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Editorial AS WE SEE IT

The President-elect, just through with a campaign when he was (probably had to be) chiefly concerned with the hard realities of politics, now faces the task of dealing with the hard realities of life, or some of them. He is quoted as having said that he entered the Presidential contest with quite definite ideas about what we as a nation should do in the Sixties. His ideas did not always appear quite definite when he was on the hustings, but perhaps they are now growing more concrete as he chooses an official family with which, and through which, he must work for the next four years. The first cabinet selection made known was that of Abraham Ribicoff, as Secretary of Health, Education and Welfare, and one of the early announced choices for key posts outside of the cabinet was that of David E. Bell as Budget Director.

Now some of the ideas expressed by candidate Kennedy seemed definitely to imply very substantial increases in Federal outlays in the field of health and education. Now the problem is how to do any such thing and keep the budget in balance without additional taxes. It is not known whether these problems were discussed with Messrs. Ribicoff and Bell, but they will have to be and they will not yield to any easy solution. Of course, the forthcoming budget will technically be the work of the Eisenhower Administration, but it will doubtless be re-tailored by the incoming regime. If it is not remade in a technical sense, the figures that are handed to the new Administration will have to be altered in actual practice if what are reputed to be the plans of the new regime are to be realized in any substantial degree.

Similar Problems Elsewhere

But the same type of problem will face many of the other appointments to places of responsibility in the Kennedy Administration. Neither the President-elect nor his party has been particularly specific about what they favor in the form of an agricultural program, but there will be wailing and gnashing of (Continued on page 26)

Outlook for the Stock Market—And Issues Currently Attractive

By Kenneth Ward, Partner, Hayden, Stone & Co., New York City, Members New York Stock Exchange*

Market analyst, maintaining that much of recent liquidation has been overdone, asserts many issues are now attractive. Expects year-end rally carrying to 625-635 on DJI Average, with 580-585 floor holding. Cites drastically irregular performance of individual issues as buttressing urgency of selectivity. Stresses importance of concentrating on value-based portfolio decisions in current "rotating" market. Lists as attractive, specific issues in following industries: airlines, aluminum, chemicals, aircrafts, electronics (the nation's number one growth industry), finance companies, foods, coppers, oils, paper, rubber and tires, tobacco, and broadcasting.

Dr. Samuel Johnson, the eminent Englishman of letters, once observed that, "People need to be **reminded** more than they need to be **instructed.**" This certainly applies to many investors today.

Kenneth Ward

Except for a year-end rally carrying to a new high of 685 on the Dow-Jones Industrials last January, the market has been slowly declining, but on a very rotating basis, for the past 12 months. Increased bearishness and pessimism during these numerous sinking spells were related with the expanding selling pressure and the depressing nature of over-all domestic business and the ever changing international news. Nevertheless, it is important that we be reminded today that everything is never completely black and that public psychology and the general news background are seldom as bearish as when the market is approaching another bottom and a buying opportunity. We should be reminded too, that the oil, steel, paper, airline, copper, aluminum, rubber, rail and other groups, plus many individual stocks, have been declining for the better part of two years. Since a great deal of this liquidation seems to have been overdone and the technical and statistical pictures are slowly improving, many stocks now appear to represent unusually attractive values. It should also be pointed out that, although the Dow Industrials have declined only about 17% from last January's high to the recent low in October, many leading stocks have dropped more than 50%. Be reminded also that no serious bear market has ever taken place with the odd-lot short selling figures at their highest in almost two years, and especially with general skepticism and bearishness so pronounced as they have been for the past several months. Incidentally, when the same bearish psychology prevailed in 1956 and 1957, with the bears becoming more and more convinced that the market was ready to collapse even further, the exact opposite took place. What most people think will happen, usually doesn't happen, and when uncertainty is greatest and prevents them from buying, then it usually is the time to make profitable purchases.

Importance of Selectivity

Although the Dow Industrial average reached that all-time high of 685, strangely enough 30% of the Big Board stocks were then selling below their 1946 peaks, or the equivalent of about 213 on the Dow Industrials, and even right now about 40% of the stocks on the Big Board are selling below their 1957 high, which was 520 on the Dow Industrials. Further illustrating how completely contrary this entire crazy-quilt market pattern has been recently, is the fact that while the Dow-Jones Industrials fell 122 points this year, seven of its 30 components actually advanced, and 16 of them outperformed the average itself. Referring to the setback from August to October in 1956, the Dow averages were off 13%, but the aircraft stocks were up substantially. In 1957, the Dow Industrials were off 20% during the (Continued on page 23)

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

The Security I Like Best . . .

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

This Week's Forum Participants and Their Selections

General Plywood — Bradbury K. Thurlow, Vice-President, Winslow, Cohu & Stetson, New York City. (Page 2)

Airwork Corporation — Lawrence S. Vlaun, of Auchincloss, Parker & Redpath, New York City. (Page 2)

BRADBURY K. THURLOW

Vice-President, Winslow, Cohu & Stetson, New York City

Members New York Stock Exchange and American Stock Exchange

General Plywood

The security I like best is in every sense of the word a special situation. Its future has no direct relation to that of the stock market, the national economy, or, for that matter, even its own industry. It is in the most widely accepted sense of the term a radical speculation at present, but if all goes well it could become a highly respected, investment grade "blue chip," yielding within a very few years 100% and more on its present market price.

Bradbury K. Thurlow

The stock is **General Plywood,** currently selling on the American Stock Exchange at around 16. The company owns a patent which, in my opinion, is one of these utterly simple devices that have in the past revolutionized vast industries and been the basis for enormous fortunes. It is in brief a wood finishing process, providing at practically no cost a smooth finished surface which is primed and sealed with a thin, plasticlike coat of lignin drawn from the wood itself. In its original application to plywood panels and doors the surface is smooth enough so that a coat of wax will provide a satisfactory finish for household decoration. Applied to wood sidings (as used in home building) it can save enough in paint costs to make wood once more competitive with aluminum. The uses to which the process is immediately (and profitably) applicable indicate a potential market well in excess of $2 billion annually. General Plywood charges a royalty based on 2% of gross sales and believes it has a sufficiently broad patent so that no process now known can challenge its money saving results.

This belief has been and is now the subject of dispute; for U. S. Plywood and Georgia Pacific are currently being sued by General for alleged patent infringement. Both big companies claim that their processes are something entirely different that they have invented by themselves. General Plywood claims these big companies have been using their patent and would have admitted the infringement long ago had they not believed General was too small and poor to defend its rights by legal action in the arduous and expensive labyrinths of the law courts. Be this as it may, General's suit against U. S. is shortly scheduled to come to trial and, depending on the outcome, General will either be left with nothing or will emerge as a successful process company in the tradition of Cluett-Peabody, Hazeltine, or Pepsi-Cola.

Obviously a layman's legal opinion can be of no value, but our patent friends have told me that infringement suits are often merely a matter of course and that a patent to be valid must be tested in the courts. The company is confident of winning, and, based on the possible rewards that would follow successful prosecution of this suit, the stock is intriguing. I estimate that by the end of 1961, assuming the suit is settled early next year, royalties from the process could be coming in at a rate of better than $5,000,000 a year (of which about $1,000,000 would come from business the company expects to have on its books before the trial takes place, in excess of $1 million would be expected the first year (plus the initial damages) from the two companies now being sued for infringement, and the balance mostly from companies who are now thought to be infringing who would presumably start paying royalties following a favorable court decision.

In 1962 I estimate this $5,000,000 figure would double and would at least redouble by the end of 1964. Assuming 52% taxes, earnings could exceed $10 a share by 1965 (the company has about 1,000,000 shares outstanding), but there seems a real possibility that by spinning off all operating units to stockholders and declaring itself exclusively a royalty company, General Plywood might well be able to avoid double taxation by distributing substantially all of its royalty income to stockholders.

The immediate question is whether or not the company can win its lawsuits. If its patent is worthless I see little or no value in the stock, but if the courts uphold it, the stock could and should in my opinion, be worth upwards of 10 times its present market price. Under today's conditions this kind of a speculation looks unique. Even considering the obvious risks I believe General Plywood is one of the most enticing capital gains opportunities I have ever seen.

LAWRENCE S. VLAUN

Auchincloss, Parker & Redpath, New York City

Members New York Stock Exchange

Airwork Corporation

My choice for the "Security I Like Best" column is Airwork Corporation, a company bolstered by an aggressive management team whose sights are set on riding the tail winds of a booming civil aviation industry to record levels in 1961 and subsequent years.

Lawrence S. Vlaun

From a postwar low of under 3,000 planes, the number of private craft sold each year increased to over 7,600 units in 1959, with around 9,000 indicated for 1960. Currently, about 50% of the nation's 75,000 registered private planes make up the business fleet, with the number expected to top 120,000 by 1975. Business flying which has increased from 2.8 million hours in 1950 to a current rate of more than 6 million hours is truly amazing when one considers that commercial air line flying hours last year were less than 4 million. It is obvious from these figures that a tremendous market exists for private plane servicing. Furthermore, with over half of the private fleet more than 10 years old, the sale of newer, faster replacement airplanes should accelerate. In particular, the newer turbine powered planes, many costing more than $1,000,000 each, are a prime market for the relatively few independent overhaul and service companies such as Airwork which are equipped for turbine work.

Shortly after its inception some 14 years ago, Airwork was appointed by Pratt & Whitney as one of four authorized shops for its engines and distributor of its parts, a business it still proudly possesses. In addition, Airwork overhauls Lycoming and Continental engines which currently power Beech, Piper, and Cessna planes. The company is also the only non-airline shop in the East authorized to overhaul Rolls-Royce Dart engines. These engines are used in airline service on the Vickers Viscount and the Fairchild F-27, and in business aviation on the F-27, and the Grumman Gulfstream.

Although Airwork's engine overhaul business accounts for approximately 28% of total sales, its contribution to over-all profit runs substantially higher. An aircraft engine is usually serviced after a time allowance of 1,200 to 1,500 hours in the air (about 300,000 air miles) or stated another way, an engine generally finds its way to a repair shop at intervals ranging from every six to twenty-four months depending upon usage. Airwork's highly skilled team of mechanics and technicians can overhaul an entire aircraft engine with its thousands of parts in four or five weeks, and a typical repair bill on a larger engine can run anywhere from $5,000 to $15,000 per unit. Since American enterprise is demanding more and more speed in travel as corporate operations become more far-flung, Airwork's overhaul work should burgeon in the years ahead not only from more flying hours per plane, but also from the sharply increasing number of private planes now being sold.

The company has on its books some 300 active engine overhaul accounts including such corporate customers as Alcoa, American Can, Bethlehem Steel, Chrysler, Ford, General Electric, General Motors, Gulf Oil and Republic Steel, just to mention a few. It also services such domestic airlines as Riddle, Mackey, Mohawk, Seaboard & Western, Trans Caribbean Airways, and TWA. Foreign airline customers include American International Airways (Belgium), Aerovias Brasil, Argentine Airlines, Ethiopian Airlines, and Saudi Arabian Airlines.

The largest part of Airwork's volume continues to lie in the sale of aircraft products for which it acts as a distributor. It handles a multitude of items manufactured by Aerojet-General, Bendix Aviation, B. F. Goodrich, New York Airbrake and the Pratt & Whitney Division of United Aircraft.

During the past three and one-half years, Airwork has been studying the entire jet picture and has come to the conclusion that the accessory part of this business should serve as a "springboard" since it offers much in terms of future sales and profit. For example, accessories on a reciprocating engine now account for about 20% of the cost of the overhaul of the complete power package. On a jet engine, accessories account for about 35%. With

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

What Steel Industry Must Realistically Face and Do

By Dr. E. Finley Carter,* *President, Stanford Research Institute, Menlo Park, California*

The steel industry is indicted for budgeting the lowest R/D allocation of any heavy industry, and bluntly advised to spend a lot more money on research over the next decade. Invited to give his views by those whom he criticizes, the distinguished research head outlines the serious problems which even singly threaten the industry and delineates what should be done to keep industry from being characterized as "staid" and "old." In addition to scientific research in metallurgy and process developments, Dr. Carter urges more research be devoted to the development of new uses for its products, to customer relations, labor-management relations, and the entire field of human behavior. You can't resist change or look backward instead of ahead, he warns in recommending knowing where to go and applying research to achieve the kind of a future desired.

Steel is everybody's business because we are all so dependent on it. Our civilization may be founded on rock, but certainly it has been built by steel. Without it, our skyscrapers, railroads, appliances, cars, and thousands of other features of our civilization would be impossible. Our national economy is closely linked to the ups and down of the steel industry. Steel touches every facet of our lives—more than any other product.

But I do not wish to describe the past, nor even the present. Instead, I prefer to discuss research—about what it means to the steel industry, and to the nation, and how we can most effectively meet the research needs that lie ahead.

I was reading *Newsweek* not so long ago, and came across an article in the business section entitled "Disappointed — But Not Despairing." Some may perhaps have seen it. The article discussed the current state of affairs in the steel industry, and what struck me about it particularly was the lead sentence. It read:

"In the staid old steel industry, it has seemed this year as though the old values and the old customs are melting clean away."

Imagine that! I had never thought of the steel industry as either staid or old. Is this the industry's image of itself, or is it rather the image that has been conveyed—perhaps to only a few people, but among them journalists who write for important publications? In either case, it is a most unfortunate occurrence. Perhaps it was once true in Great Britain, but I understand that they have done a pretty impressive job of modernizing plant since the war. And certainly it could not be said of Germany, France, Japan, or Italy. And what about the Soviet Union and Red China? And the newly-developing countries who want steel mills so badly that they sometimes seem to be willing to mortgage their souls in order to get them? Do they consider the steel industry *staid* or *old?* I hardly think so.

The Prophets of Doom

The minute we begin to consider ourselves old, we begin to go downhill, and I daresay there's not a steel man who is willing to admit that the steel industry is past its prime and heading for the skids!

Be that as it may, you know far better than I that there are prophets proclaiming trouble ahead for iron and steel manufacturers. They cite inroads of prestressed concrete, aluminum, plastics, copper, and other materials.

They talk about rising labor costs and labor unrest.

They talk about new technologies in steelmaking—technologies that are already available but which the industry cannot fully use because of the tremendous investment in present plant.

They mention the current trends in many fields towards light construction and compactness, with a consequently smaller amount of steel being used.

And lastly, of course, they talk about the inroads of foreign competition, particularly from the United Kingdom, Benelux, Germany, and Japan.

These are serious problems, even taken singly. And when an industry faces all of them at the same time, it presents heavy burdens to those who are concerned with the future. But I believe that, within this industry, there exists the strength and the vision to meet these problems head on, to solve them, and to continue carving out ever more important jobs for steel to do.

It used to be that when you asked a railroader what he did, he would answer; "I'm in the railroad business." Recently railroad people I know have undergone a rather fundamental shift in attitude. They reject confinement to the rails. Rather, they are looking for better and more efficient ways of moving people and goods. No longer do they snipe at trucking and airlines. They are too busy looking at the whole complex of transportation needs, and, in the process, finding that there are all sorts of new horizons open to them.

Does this concept suggest any new ways of looking at the steel industry? To me it suggests a pos-

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OBSERVATIONS . . .

BY A. WILFRED MAY

SPREADING MORE SECRETS

Is not one of the most valuable, simple, and accessible *indicators* being sorely neglected by the "signal" men? We refer to the number of "How-To" books which, conforming to the crowd's psychology always peaks out during a bull market's final phase, or the first stage of the following bear movement. (The reason for the latter delay is the time elapsing between the manuscript's writing and its delivery by the printer.)

The newest arrival in the Beating-the-Market family approaches "the problem" via compromise between the impersonal laying down of principles and systems, and the *How I Dunnit Myself* versions. Aptly titled "How I Helped More Than 10,000 Investors to Profit in Stocks!" by George Schaefer, *(Prentice-Hall, Inc., Englewood Cliffs, N. J., 256 pp., $4.95)*, it transfers the pressure of first-person boastful *millionairing* from the author to the 10,000 in his *inner sanctum*, with echoing testimonials from them as to how they got to "do it."

"From Wall Street to Main Street, all over America last week," reads a current advertisement of the volume, "normally quiet book stores took on some of the look of busy brokerage board rooms, as investors hurried in to get the first copies."

This raises the underlying question whether such "reader population explosion" of the *cognoscenti* (the caption emblazoned on the advertisement reads "Schaefer's New Book reveals His Stock Market Forecasting Secrets!") does not *per se* proportionately dilute the value of the formerly secrets "secrets?" In the stock market game of Musical Chairs, does this not abortively swell the number of profit-seeking players scrambling for the constant number of available chairs?

For more than 20 years a "Dow disciple" (which "aging" theory he has "revitalized" and "bolstered" with theories of his own), Mr. Schaefer has been conducting an advisory service, "The Dow Theory Trader," from Indianapolis

Along with describing some of the volume's high spots, we herein cite faults which are significant in typifying foibles that constantly pervade the market community.

"Trend" Worship

As with practically all the High Priests of the Technical Approach, Mr. Schaefer relies heavily on alleged discoverability of "The Trend." ("Primary Trend — Key to Profits. The trend tore through the Fifties, scattering fortunes among Schaefer's followers.")

In discussing Dow Theory, before introducing his amendments to it, the author pays homage to its Trend-Signaling power thus: "I believe that the safest and most reliable procedure to the truly great and worthwhile profits in stocks lies in following the primary bull trend all the way up. . . . The modern Dow theorist will try to base the greater portion of his thinking on the long primary trend. If he can find enough technical and psychological Dow Theory assurances that the major or primary trend is up, then swift or sizable reactions within a primary bull market will not alarm him. In fact the probability that the primary bull market will remain in force will do much to convince him that such reactions offer excellent opportunities to buy."

Investors' Tranquilizer

What a wonderous tranquilizer this kind of trend-faith must be to the otherwise nervous investor!

Thus, one of his Service's subscribers, in testifying how his "$135,000 grew to $500,000 with the primary bull trend," explains "In all games involving a ball, especially tennis and golf, the main thing is 'Keep your eye on ball.' In investments the ball is the *primary trend*. . . I do not discuss specific issues. I have found it gainful to keep my eye on the ball! and to leave individual stocks to those who like to get battered around from pillar to post and back again to pillar. . . . In the summer of 1953 I went to Indianapolis and spent four hours discussing the major trend with Mr. Schaefer, and asking questions of the preceptor, and gained a nice wealth of knowledge from him." (We venture the question as to how "nice" the trend knowledge gained would have been from a visit in the summer of *1960*—after, and not before, the record practically straight-line 1953-1959 bull market.)

Quite ironically, the author devotes considerable space, perhaps the most constructive part of the volume, to the psychological phases of the investor's behavior. Surely his own fascination with charted trends, in the context of *escapist* imagery, involves elements also belonging in the emotional category.

Further *tranquilization* is afforded from the volume's omission of taking into account Uncle Sam's beastly income tax bills.

A Comforting "Stop Order"

One major variation from orthodox Dow, and other, trend-chasing theories, indulged in by Mr. Schaefer, is his "50% Retracement Concept." ("In my endless search for clues [those *signals* again] to the stock market's behavior, I have developed a Concept . . . which has given me great comfort and reassurance during the trying times when the market has fallen to low ground.") This "comforting" theory holds that whenever a primary movement of several years' duration is corrected by a secondary movement in the opposite direction which fails to trace more than 50% of the preceding move, then we may conclude that the original primary movement will resume in due time.

Two major queries on this gadget come to our mind. (1) Why is this "safety belt" stretched to just 50%—in lieu of say 40% or 60%? The burden of logic is surely on our chartist-author; in the light of the so extensive ground of inaction from the market peak or trough, before one's invested position is changed. (2) In the "discovery" of a bull market following a bear market, how reconcile with either legitimate income or appreciation goals the long uninvested interval? Such investment prohibition embodies one of the cardinal drawbacks also present in Dow Theory practice. (A table previously published* in this column shows that a follower of the Dow Theory since 1896 would have missed an average of 65% of the bull swings.)

Bewildering Discretion

True it is that the author adds as a sort of saving amendment the caution that this concept should never be used alone, without other tools. But this puts the finger directly on a major weakness embraced by the *technicians*. They employ vaguely described, but constant discretion in choosing and weighting, between their various *signals* and other *tools*.

For example again expounding his "200-Day Investment Line," a *moving average* as used by such technicians as Harold Gartley and Harry Comer in the 1930's, Mr. Schaefer is quick to insert this caveat, "As with all my other technical studies discussed in this publication, *The 200-Day Investment Line* should never be considered alone. The investor must learn to fit it into its proper place among his other forecasting tools, and to use it correctly in an ever-changing market."

Again, in advocating the Dow Theory, our author sometimes inexplicably includes the antiquated Rails' Average, and sometimes not.

The Indispensable Ear

Not only does the author fail to advise his reader as to when and to what degree these discretionary indicators and tools are to be relied on; but also how conflicts between them (as the 200-Day Investment and the 50% Concept) are to be reconciled. Thus, it is evident in the instance of Mr. Schaefer along with his case history participants, and other successful technicians, that they largely, if unwittingly, "play by ear" (a faculty that unfortunately cannot be transmitted through literature).

Perhaps such intuitive faults are not realized by the author or the composers of the book's full-page advertisement in a metropolitan newspaper last Sunday. Depiction of the author's "fearless" successful prediction of the market's 1956 rally was followed by the intriguing comment, "Schaefer was as surprised as anyone—and rather amused—by the almost pinpoint accuracy of his prediction."

Let us wish for the volume's readers the similar good fortune of amusing surprises!

* * *

IN OUR MAIL BOX

From an Ex-Trader, Happy With Charts

Dear Mr. May:

I have been a reader of your column in the *Chronicle* for many years. I was greatly interested in your comments on Joseph Granville's book on *technical analysis* since I have used it in Line Chart form for more than 30-years. Richard Schabacher wrote the first books on the subject from which I first gained some knowledge, and since no commercial charts were available at that time I made my own by the hundreds. For many years now I have used Stephen's Graphic monthly charts. A cursory study of such reveals definite information as to long term trends, buying and selling points.

I have never studied economics except what I have learned from reading financial publications. I consider that I know nothing about understanding a balance sheet. The only substantial losses I have taken have been in instances where I ignored the implications of the charts. One such, my worst in 30 years, was United Fruit which in 1955 was considered by a leading statistical organization to be undervalued at 55, with a projection of 90 within three years. Of course you know what happened. The charts were saying repeatedly "sell" but I ignored them long enough to incur a substantial loss. Otherwise I have had very few small losses.

I am a country doctor in a small and poor locality—with very little financial return. Hence in my early market days I concentrated on pure trading to build up capital.

Ceased Trading

In 1946 I ceased trading and tried to concentrate on investment. My portfolio which has gradually and continuously increased in value, now consists largely in utilities, oils, foods, communications and chemicals, with a few odds and ends of steel, electronics, stores, etc.

I attribute what success I have had largely to the charts in timing my purchases at the most favorable time, and also at favorable times to sell. For many years I have sold only enough to recover all or a large portion of my original cost and retained the balance of stock remaining. I have done this since my paper profits are very large. I am 64 years old and feel that for the long run the stocks are worth more than the cash minus gains tax. I do not feel that I could operate efficiently without the aid of charts. I am for them 100 per cent. I wouldn't say it was easy or simple, but feel that they are a tremendous help and cannot see why anyone couldn't be successful over the long run by fair use and understanding of the technical approach.

May I say that I have enjoyed reading your column very much and look forward to it for a long time to come.

Lawrence Daniel Greene, M.D.
Stephentown, N. Y.
December 2, 1960.

*"Jammed Signals in That Number Game," March 24, 1960, p. 5.

G. W. Blackford Forms Own Inv. Co.

SPARTANBURG, S. C.—George W. Blackford has formed George W. Blackford & Co., Inc., with offices in the Andrews Building, to engage in a securities business. Mr. Blackford was formerly with Alex. Brown & Sons and A. M. Law & Co.

F. S. Smithers Will Admit 2 Partners

F. S. Smithers & Co., 45 Wall St., New York City, members of the New York Stock Exchange, on Jan. 1 will admit Lester E. Reeve and William H. Urell to partnership. Mr. Reeve is in charge of the firm's corporate buying department.

Janney, Dulles & Clark to Merge

PHILADELPHIA, Pa. — Two of this city's best-known investment banking and stock brokerage firms are planning to merge, effective Jan. 1, 1961.

Involved in the consolidation are Janney, Dulles & Battles, Inc., which traces its history to 1890, and E. W. Clark & Co., founded in 1837. In a joint announcement, Bertram W. Wilde, President of JD&B, and Sydney P. Clark, senior partner of the Clark firm, said that the combined company would be known as Janney, Battles & E. W. Clark, Inc. Final papers are expected to be signed Dec. 9.

Mr. Wilde will be President and Mr. Clark senior Vice President of the company, which will have its headquarters at 1401 Walnut St. Twelve branch offices will be operated: The city's Germantown section; Pittsburgh, Bethlehem, Easton, Johnstown, Lancaster, Sunbury, Norristown and York, Pa.; Baltimore, Md.; Camden and Woodbury, N. J.

Other officers will be: Theodore C. Sheaffer, senior Vice President; Winthrop H. Battles, senior Vice President and Secretary; Harry Grant, senior Vice President and Treasurer; John H. Repass, senior Vice President. Named as Vice Presidents are: Sidney S. Blake, William H. P. Townsend, John A. Thiers, William Kalellis, Stephen G. Duncan, E. Mortimer Newlin and Willard S. Boothby.

The combined firm will have memberships on the New York Stock Exchange, American Stock Exchange (associate) and the Philadelphia-Baltimore Stock Exchange.

Janney, Dulles & Battles is the outgrowth of the firms of Montgomery, Clothier & Tyler, organized in 1907; Wurts, Dulles & Co., established in 1904, and Battles & Co., organized in 1890.

E. W. Clark & Co. traces its establishment to 1837, making it one of the oldest securities firms in the United States. Founders were Enoch White Clark and Edward Dodge. Jay Cooke began his career with the firm in 1839 and became a partner in 1843. The firm was active in the government's efforts to finance the Mexican War. Jay Cooke recorded that: "On the breaking out of the Mexican War, the Government advertised for proposals for loans—at first for only 10 millions of dollars. When the bids were opened, the awards were made principally to Corcoran & Riggs, of Washington, and E. W. Clark & Co. of Philadelphia."

In Philadelphia's bi-weekly U. S. Gazette, issue of Feb. 15, 1837, there appeared an advertisement:

"E. W. Clark & Co., Stock and Exchange Brokers, No. 25 South Third Street, will purchase Eastern, Western, Southern and most kinds of Bank Notes at the lowest rates of discount.

"Spanish, American and English gold bought and sold on favorable terms.

"Stocks of all kinds bought and sold on commission, on the usual terms."

Herzfeld & Stern To Admit Partners

Herzfeld & Stern, 30 Broad St., New York City, members of the New York Stock Exchange, on January 1 will admit Morris Lamer and Irving D. Karpas, Jr. to general partnership, and Francis Lamer and Barbara W. Karpas to limited partnership.

The State of TRADE and INDUSTRY

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

Prospects for keeping the adjustment in general business moderate and promoting an upturn in 1961 appear favorable, assuming continuation of a positive approach to the future, the Chase Manhattan Bank says in the current issue of its bi-monthly review, *Business In Brief*.

"In the present situation it is important to remove the uncertainties which always surround a change in the national administration," the review says. "Prompt action by President-elect Kennedy to develop and announce programs that will contribute to prosperity and growth, while maintaining price stability, would go far towards assuring confidence."

At the moment it is impossible to tell precisely what programs of an economic character the Kennedy administration will embrace. But in view of the tremendous responsibilities the nation confronts it is to be hoped that the policies adopted will build on America's vast strength by maintaining the integrity of the dollar and encouraging the increase in investment necessary for substantial economic progress, the review says.

Most of the significant business indicators have moved moderately downward since July, the Chase Manhattan review reports, listing these four:

Gross national product in constant dollars dropped from an annual rate of $505 billion in the second quarter to $501.6 billion in the third, a decline of seven-tenths of 1%.

The index of industrial production is off from 110 in July to 107 in October. Output of both durable and non-durable goods has turned down.

The unemployment rate, seasonally adjusted, rose from 4.8% in February to 6.4% in October, while employment has been on the decline since June.

Housing starts have been well below last year. The Commerce Department estimate for 1960 as a whole has been scaled down to 1,250,000 units — almost one-fifth below the near-record 1959 level.

At the same time, *Business In Brief* stresses, several favorable signs are in view:

The money supply has been increasing since May. The greater availability of funds at lower interest rates can help moderate the over-all adjustment and provide the basis for a subsequent revival of business activity.

Government purchases of goods and services are rising. New orders for defense items more than offset declines in private orders for durable goods in August and September.

Retail sales picked up in October, in part because of a vigorous sell-off of 1960 model cars. Yet this strength at retail can be an important sustaining force in a period of inventory adjustment.

Preliminary signs point to the possibility that the adjustment in business expenditures for new plant and equipment could be more moderate than in earlier post-war periods. The lack of excess in expanding capacity in 1959 and 1960 could prove to be a favorable factor in 1961.

Bank Clearings 3.7% Above the Same 1959 Week

Bank clearings last week showed 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, Dec. 3, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 3.7% above those for the corresponding week last year. Our preliminary totals stand at $28,787,245,539 against $27,756,503,863 for the same week in 1959. Our comparative summary for the leading money centers for the Dec. 3rd week are viz:

Week Ended Dec. 3—	000s omitted 1960	000s omitted 1959	%
New York	$15,416,878	$14,688,406	+ 5.0
Chicago	1,358,986	1,388,094	— 2.1
Philadelphia	*1,150,000	1,191,000	— 3.4
Boston	869,181	848,146	+ 2.5

*Estimated.

Slight Steel Upturn in January Will Not Be Real Recovery for Year

January steel production may show the first upturn since last June, *The Iron Age* reports. Steelmakers are encouraged by scattered indications of a better order volume for production after the first of the year.

But, the magazine cautions, the upturn can not be considered the first step of a major recovery. Instead, the improvement will be the effect of seasonal factors coming after a depressed December.

Orders for December are at a low ebb. In addition, many plants are contemplating complete shutdowns for days at a time. These factors may make December the low point of the entire recession period for the steel industry, *The Iron Age* comments.

The January upturn will be based primarily on improved automotive orders, balancing out of low steel inventories, and seasonal improvement among some steel consumers.

But even so, the January pickup will be a modest one, and reminiscent of many of the false starts that have encouraged, then let down the hopes of the industry at intervals since last June.

Most of the improvement will be in automotive centers, with January now shaping up as a "fairly decent month." This is on the basis of orders placed by auto makers for their January production.

In contrast, steel shipments to auto makers in December will be close to the low point for the year. But in Detroit, the feeling is that once the year-end situation is out of the way there will be a more regular pattern of steel ordering.

Except for the automotive factor, there is little to cheer about in advance ordering. Current reports indicate orders are still no stronger than enough to sustain operations of 45 to 47% of capacity. This will be reflected in the low operations this month.

Meanwhile, Dec. 1, when steel wages went up under terms of the current contracts, passed with little or no notice—and no price changes. Nor are any looked for in the near future. Smaller companies and those which have been hit adversely by their product mix are having a hard time staying in the black. But with the industry hard-pressed to hold its price line, there is little chance for relief until operations recover.

As it stands now, the steel industry will not produce 100 million tons this year. The low rate of December operations will probably put the total for the year at 98 to 99 million tons.

Output to Inch Upward from Last Week's 49.3% of Capacity

Hopes for a 100-million-ton steel production year are fading, *Steel*, the metalworking weekly, said.

To reach 100 million tons by year-end, the industry would have to operate at an average 52.5% of capacity this month. Odds are against it because: (1) Last month's orders (no better than October's) will be this month's production and shipments. (2) Output will be curtailed between Christmas and New Year's Day.

The industry has looked high and low for signs of an upturn, but it has found customers aren't going to step up their buying until next year.

Instead of ordering more steel this month than they bought in November, they will probably take less. Reasons: They will need less—especially if they are in industries that are declining seasonally. And they are trying to keep inventories down because: (1) They want to show a good cash position when they close their books. (2) Some states will tax them on year-end value of inventories.

There are a few bright spots. Appliance makers have stepped up buying sheets a little as they accelerate new model production. And suppliers of oil country tubing and casing should profit from a recent drilling upturn, though it may be a few weeks before increased consumption is translated into new orders.

This week, *Steel* says mill operations will be a little higher than last week's 49.3% of capacity, but the magazine doesn't expect the rate to go much above 50% at any time in December. Operations will drop back into the forties during the Christmas week.

Last week's output of 1,404,000 ingot tons brought the November total to about 6,175,000 tons—the lowest of any month this year. At the end of November, steel production was close to 93.4 million ingot tons.

Iron and steel scrap exports are running at a near record pace this year, providing a much needed lift for a market beset by lagging domestic demand, *Steel* said.

Exports have had a bolstering effect on prices at some points, particularly in the East. *Steel's* price composite on No. 1 heavy melting grade last week held at $28.83 a gross ton (lowest since August, 1954) for the fourth straight week.

Traders confidently expect that more than 6 million net tons will be moved abroad this year. The total could reach 6.7 million tons, only about 100,000 less than the record 6.8 million shipped out of the country in 1957.

Japan is the largest purchaser of U. S. export scrap. It took 2.2 million net tons in the first eight months this year. That's half of the total for the period, 4,522,174 tons.

This Week's Steel Output Based On 48.3% of Jan. 1, 1960 Capacity

The American Iron and Steel Institute announced that the operating rate of steel companies will average *85.7% of steel capacity for the week beginning Dec. 5, equivalent to 1,376,000 tons in ingot and steel castings (based on average weekly production of 1947-49). These figures compared with the actual levels of *86.7% and 1,393,000 tons in the week beginning Nov. 28.

Actual output for last week beginning Nov. 28, is equal to 48.9% of the utilization of the Jan. 1, 1960, annual capacity of 148,570,970 net tons. Estimated percentage of this week's forecast based on that capacity is 48.3%.

A month ago the operating rate (based on 1947-49 weekly production) was 91.4% and production 1,468,000 tons. A year ago the actual weekly production was placed at 2,732,000 tons, or *170.1%.

*Index of production is based on average weekly production for 1947-49.

Auto Industry to Hit Second Largest Production Year In History

The auto industry has aligned its production schedules and is

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TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The state and municipal bond market has been dull since last reporting. During the past week little of note in the municipal bond business has occurred north of Hollywood, Fla. and the market has continued to interpret this with a sidewise motion. The *Commercial and Financial Chronicle's* state and municipal bond yield Index reflects but little change in the average high grade offering during the period. The composite yield was 3.237% on Nov. 30, and presently it stands at 3.25%.

Since early summer the tax-exempt bond market has varied in sensitivity and receptivity but it has actually fluctuated very little as measured by the various indices. On Aug. 17, the average indicated yield, according to our Index, was 3.20%; only three one-hundredths away from the current figure.

The tone of the market for Treasury issues has shown some slight improvement during the past several sessions. Regardless of this, high grade corporate issues have been drifting lower recently as new issue volume has intermittently dispelled immediate interest on the part of buyers. The marked success on Tuesday, Dec. 6, of the Northern States Power issue, elevated the tone a shade. The municipal bond market has been steadier than the general corporate bond market, due partly to a lesser new issue supply and partly to the annual activity in tax-exempt bond exchanges for tax purposes that prevails at this season.

The recent sharp increase in free reserves, and the expectations deriving from the political sphere, have failed to promote the dynamic bond market projected by many a few months back. With the public generally, and investors particularly, comprehending the precarious situation involved in our sizable unbalance of international payments, there seems little likelihood of an upward bond market trend despite the heralded business lull, socalled. In municipals the holiday respite from new issue volume may lure dealers toward unrealistic commitments as against the underwriting problems posed by the early new year's expectant heavy volume.

About the Port Authority

We have often expressed admiration for the splendid over-all contribution made by the Port of New York Authority in our area's development. The recent Congressional sub-committee investigation has not altered our opinion. We believe this vast, fast moving organization, far from being unresponsive and bureaucratic, has been a symbol of efficiency and integrity. We are sure this reputation is general.

However, we continue to be hopeful that the Port will not become involved in the mass transportation business in and about New York. Somehow the politics of the general situation has inextricably involved the Port with a problem that might otherwise better be alleviated at least for the foreseeable future.

We would like to repeat our contention that New Jersey commuters may efficiently, comfortably and perhaps more cheaply be conveyed to New York via existent routes and facilities than by an expensively fabricated monopolistic tax-free tube scheme. These railroads can continue to operate, and perhaps do a better job, if given some belated and reasonable tax relief and more expedient and reasonable rate decisions.

The States of Connecticut and New York seem to be responsive to their woes and are constructively dealing with their railroads. New Jersey should exert the same type of leadership and save for its commuting citizens the fine railroad-ferry commuting services that for years have done an adequate job under staggering tax inequities and greatly diminished traffic.

Squeeze Play

It appears to many that in the rejection by New Jersey officials of the railroad's plea for some reasonable tax relief the Port Authority is being used in a political squeeze that will devolve no credit to anyone. That political leadership should stand by and in effect sabotage the indispensable railroad-ferry facilities that have easily handled through the years many times the traffic that now existis, in favor of an expensive tube system operated by the Port Authority which body has been persistently criticized on both sides of the Hudson as being too big, does no credit to the State of New Jersey. We are convinced that the commuting public will be done a disservice through this expensive mass transportation monopoly.

The response the Jersey Central recently got on its commuter questionnaire is indicative in this respect. It appears to many that the Port Authority is being placed in a disadvantageous posture that it long resisted based on its studies and convictions, but which it now seems compelled to accept.

Recent Financing

Since last reporting there have been only a few interesting new issue sales. On Dec. 2 the State of Delaware, well known for its high grade credit, awarded $3,299,000 (1961-1980) bonds to the group headed by Kidder, Peabody & Company and including Bear, Stearns & Company, Laidlaw & Company, Alex. Brown & Sons, and B. J. Van Ingen & Company along with others. The bonds were priced to yield from 1.60% to 3.15%. Since reoffering, the issue is reported about two-thirds sold.

On Dec. 5, Peoria, Ill., School District #150 awarded $7,800,000 (1961-1980) bonds to the syndicate headed by Blyth & Company, Inc., the Continental Illinois National Bank and Trust Company, The First Boston Corporation, C. J. Devine & Company, Harriman Ripley & Company, Inc., as well as others. The bonds were priced to yield from 1.60% to 3.30%. The issue is reported about half sold.

On Tuesday, Dec. 6, $10,000,000 San Diego, Calif., School District (1963-1982) bonds were awarded to the Bank of America, the Morgan Guaranty Trust Company, The First Boston Corporation, Smith, Barney & Company, and other dealers. The bonds were reoffered at prices to yield from 2.00% to 3.65% for the 1981 maturity. The 1982 bore interest at ¼ of 1% and was not reoffered. The offering is reported as meeting with fairly good investor reception with 70% sold.

Additionally, on Dec. 6, the City of Detroit, Mich. awarded $8,530,000 various general obligation (1962-1985) bonds to the Bankers Trust Company, The First National City Bank of New York, Blyth & Company, Inc., The First Boston Corporation, Salomon Brothers & Hutzler, group. The bonds were priced to yield from 2.00% to 3.85% for the 1983 maturity. Bonds due 1984-1985 bore interest at ¼ of 1% and were priced to yield 4.50%.

Also on Tuesday, State of West Virginia sold $2,000,000 (1961-1985) bonds to the group headed by Halsey, Stuart & Company, Inc. and including Phelps, Fenn & Company, Blair & Company, Inc., A. E. Masten & Company, and others. The bonds were priced to yield from 1.60% to 3.35%. The issue is reported as being better than half sold.

The $5,900,000 Nashville, Tenn. various purpose (1961-1997) bonds were awarded to the group managed by The First National Bank of Chicago, Continental Illinois National Bank and Trust Company and the Equitable Securities Corporation and including Goldman, Sachs & Company, The First National of Memphis, and others. The balance at this writing is $3,300,000.

Yesterday (Dec. 7) the Maryland State Roads Commission awarded $12,500,000 (1962-1976) bonds to the group managed by Eastman Dillon, Union Securities & Company and Halsey, Stuart & Company which included C. J. Devine & Company, White, Weld & Company, Salomon Brothers & Hutzler, and other dealers. The bonds were priced to yield from 1.90% to 3.35%. The issue is two-thirds sold.

Also on that day the City of Wilmington, Del., well known for its excellent credit, awarded $7,050,000 various purpose (1961-1985) bonds to The First Boston Corporation, Phelps, Fenn & Company, Goldman, Sachs & Company, Glore, Forgan & Company, Stone & Webster Securities Corporation, and others. The bonds are priced to yield from 1.60% to 3.25% and it is reported that the issue seems to be going fairly well, with about one-third sold.

Also awarded on Wednesday were $8,500,000 Fairfax County, Virginia (1962-1986) bonds. This general obligation issue was won by a syndicate headed by The Chase Manhattan Bank, Blyth & Company, Inc., and Kidder, Peabody & Company. Others in the group included Goldman, Sachs & Company, Harriman Ripley & Company, Inc., Salomon Brothers and Hutzler, and A. C. Allyn & Co. The bonds were priced to yield from 1.90% to 4.00% in 1985; the 1986 maturity bore a ¼ of 1% coupon and was priced to yield 4.50%. The issue is reported as better than 60% sold.

Dollar Bonds Static

The turnpike and other revenue bond issues, although firm during the week, received relatively scant investor attention. These issues in past years have been extensively used for tax loss purposes at this period. This year, however, due to their improved market status, these issues have been but little involved in tax trading. The *Smith, Barney & Company Turnpike* Bond Index stood at 3.87% on Dec. 1, the last reporting date. This was unchanged from the previous week.

Looking Ahead

Although the new issue calendar is only moderately heavy during the Holiday period, it has begun to build-up beyond the first of the new year. The advertised total is now well over $300,000,000. The largest issues currently on the calendar are $25,000,000 State of Michigan, Expressway revenue bonds and $95,615,000 Public Housing Administration bonds for Dec. 14; $16,053,730 New Mexico bonds for Dec. 19; $14,373,000 State Colleges of California for Dec. 21, and $95,000,000 State of California bonds for Jan. 11. We expect the calendar to further expand in January.

There are no new negotiated type issues up for sale in the near future.

The *Blue List* total is reported as $383,869,200 on Dec. 8. This is up over $15,000,000 in the past week but is considerably below the $450,000,000 total approximated in mid-July. A continuation of the side-wise market seems likely.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.65%	3.50%
Connecticut (State)	3¾%	1980-1982	3.30%	3.15%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.30%	3.15%
New York (State)	3%	1978-1979	3.15%	3.00%
Pennsylvania (State)	3⅜%	1974-1975	3.00%	2.90%
Vermont (State)	3⅛%	1978-1979	3.15%	3.00%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.30%	3.15%
Los Angeles, Calif.	3¾%	1978-1980	3.70%	3.55%
Baltimore, Md.	3¼%	1980	3.40%	3.25%
Cincinnati, Ohio	3½%	1980	3.20%	3.05%
New Orleans, La.	3¼%	1979	3.65%	3.50%
Chicago, Ill.	3¼%	1977	3.65%	3.50%
New York City, N. Y.	3%	1980	3.60%	3.55%

December 7, 1960 Index=3.25%

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.

Dec. 8 (Thursday)			
Concord College, State Board of Education, West Virginia	1,648,000	1962-1989	2:00 p.m.
East Lansing, Mich.	2,500,000	1962-1995	8:00 p.m.
Otter Creek School Building Corp., Indiana	1,650,000	1963-1990	1:00 p.m.
Dec. 9 (Friday)			
Abilene Ind. Sch. Dist., Texas	1,750,000	1962-1985	1:30 p.m.
Dec. 12 (Monday)			
Boise Ind. Sch. Dist., Idaho	2,150,000	1962-1980	Noon
Carmel Unified Sch. Dist., Calif.	1,995,000	1962-1981	11:00 a.m.
Madison Township Local School District, Ohio	1,000,000	1962-1981	Noon
Dec. 13 (Tuesday)			
Coronado Unified Sch. Dist., Calif.	1,250,000	1962-1986	10:30 a.m.
Dade County, Florida	12,000,000	1961-1990	11:00 a.m.
Durham County, North Carolina	3,500,000	1962-1984	11:00 a.m.
Los Angeles County Hospital Dist. California	7,000,000	1962-1980	9.00 a.m.
South Bay Union High Sch. Dist., Calif.	1,000,000	1962-1981	9:00 a.m.
Wappinger, Poughkeepsie, Etc. Central Sch. Dist. No. 1, N. Y.	3,658,000	1961-1989	2:00 p.m.
Whitewater Joint Sch. Dist. No. 1, Wisconsin	1,200,000	1961-1977	2:00 p.m.
Dec. 14 (Wednesday)			
East Baton Rouge Parish Sewer District, La.	7,000,000	1962-1991	6:00 p.m.
Michigan (State of)	25,000,000	1963-1984	11.00 a.m.
Marion, Virginia	1,000,000	1962-1981	Noon
Pierce County, Clover Park Sch. Dist., No. 400, Washington	1,000,000	1963-1981	11:00 a.m.
Public Housing Administration, Washington, D. C.	97,615,000	1961-2000	Noon
Tonawanda, New York	3,458,000	1961,1988	3:00 p.m.
Union County, N. J.	1,820,000	1961-1975	11:00 a.m.
Western Municipal Water District, California	1,150,000	1965-1989	10:00 a.m.
Yorktown, Somers, Etc., Central School District No. 1, New York	1,100,000	1961-1990	2:00 p.m.
Dec. 15 (Thursday)			
Elgin Local School District, Ohio	1,248,000	1962-1981	Noon
Huntington & Oyster Bay Central School District No. 2, New York	3,047,000	1961-1990	2:00 p.m.
*Oklahoma City Improve. Author., Oklahoma	45,000,000	--------	--------

*A negotiated sale of a minimum of $45,000,000 and a maximum of $65,000,000, to be underwritten by a syndicate managed by John Nuveen & Co., Allen & Co., B. J. Van Ingen & Co., Inc., and Leo Oppenheim & Co.

Dec. 17 (Saturday)			
University of Nevada, Nev.	2,012,000	1962-1999	11:00 a.m.
Dec. 19 (Monday)			
Grand Forks, North Dakota	2,815,000	1963-1982	7:30 p.m.
Piqua, Ohio	1,000,000	1962-1981	7:00 p.m.
Dec. 20 (Tuesday)			
Dover City School District, Ohio	1,876,000	1962-1983	Noon
Kent County, Michigan	3,975,000	1961-1975	11:00 a.m.
Dec. 21 (Wednesday)			
Bath Local School District, Ohio	1,750,000	1962-1981	8:00p.m.
Jefferson County, Kentucky	1,850,000	1961-1980	1:30 p.m.
Richmond, Virginia	7,580,000	1962-1981	Noon
State Colleges of California	14,173,000	1962-1998	10:00 a.m.
Teays Valley Local Sch. Dist., Ohio	1,760,000	--------	--------
Dec. 22 (Thursday)			
University of Indiana	1,715,000	1962-1999	10:00 a.m.
Dec. 28 (Wednesday)			
Hartford Co. Metro. Dist., Conn.	4,000,000	--------	--------
New Mexico	8,000,000	1962-1971	2:00 p.m.
Jan. 3 (Tuesday)			
Cerritos Junior College District, Calif.	2,300,000	1962-1981	9:00 a.m.
Jan. 10 (Tuesday)			
Los Angeles Sch. Dist., Calif.	30,000,000	--------	--------
Jan. 11 (Wednesday)			
California	95,000,000	--------	--------
Jan. 12 (Thursday)			
Jackson County, Mich.	1,750,000	--------	10:00 a.m.
Livonia School District, Mich.	4,440,000	1962-1990	8:00 p.m.

Banks Must Regain Role As Private Credit Suppliers

By Dr. E. Sherman Adams,* *Vice-President, The First National City Bank of New York, New York City*

Though earnings this year will reach record levels, Dr. Adams perceives a doleful future for banking in terms of earnings and of maintaining its role as an important supplier of short-term credit. The former banking association economist who recently became a banker says we've reached a point where there's little justification for the Federal Reserve to shrink the money supply further when it results in a shifting into other highly liquid assets. Remedial suggestions made deal with improving management itself, the use of non-monetary techniques instead of money supply contraction to thwart inflation, and ways to build up demand time deposits. Dr. Adams claims excess liquidity has been largely squeezed out of the banking system, and substantial changes have occurred in business and consumer liquidity position, which necessitate a faster bank deposit growth and not a suicidal policy of further contracting banking.

If you like dealing with challenging problems, then banking is where you should be. For this is what the future of banking will be full of: challenges of all sorts and varieties, especially big ones.

Dr. E. S. Adams

One reason is that money has become far less popular than it used to be. To be sure, we seldom see people making bonfires of the stuff. Nevertheless, the popularity of bank deposits versus other liquid assets has been fading fast over the past 15 years. On a relative basis, banking has been a declining industry.

This poses some tough problems. Can this trend be reversed? If so, how? If not, then how can banking continue to perform the important role it should in the American economy? And incidentally, what will banks do for earnings?

Because, clearly, if this trend continues, the expansion of bank loans will have to slow down over the years ahead. Since 1946 bank loans have tripled. This was possible because the banks were super-liquid at the end of the war. But now they are not. Most of their liquidity has been used up. A large portion of banks' remaining assets not in loans consists of untouchable legal reserves and untouchable pledged securities. If deposit expansion continues to lag, the commercial banks will not be able to play anything like the role they have in recent years in meeting private demands for credit.

Think of the implications for bank earnings. Since 1946 the trend of bank operating expenses has been inexorably upward.—up almost 10% per year. Until now this has been offset largely by two fortuitous factors: rising interest rates and rapidly expanding loan portfolios. But today these two strongly favorable trends are changing. It is perfectly plain that bank loans and interest rates cannot possibly continue to rise at the pace of the past 15 years. Hence, a squeeze on bank earnings is now in the making.

Yes, we have plenty of problems. These and more besides. So, let's put another log on the fire and do some pondering about them. And in so doing, let us try, if we can, to search out the essential.

How Much Growth?

By way of a backdrop, let us consider briefly the environment in which banking will be operating. First, how rapidly will our economy grow? Second, what is likely to happen to the level of prices?

These are both questions on which there are several schools of thought — not to mention a few kindergartens. Nevertheless, I think there are some useful generalizations we can make regarding them with a reasonable degree of confidence.

As for growth, the over-optimistic expectations with which so many orators greeted the 1960's have been considerably deflated in recent months. So far the Sixties haven't even gotten off their launching pad. This is disappointing but hardly cause for despair. There are still excellent reasons for expecting substantial growth in the American economy over the coming years. Our labor force is expanding; technology is advancing rapidly; and we are generating a large volume of savings available for investment. What is more, we have an unconditional guarantee from Cupid himself that there will be a record number of new families formed over the coming decade.

It is significant that the fostering of economic growth has now become a major objective of public policy, and in view of the Soviet menace, it will doubtless continue to be for many years to come. How much influence this will have on our rate of growth remains to be seen. If well conceived, governmental policies clearly can encourage growth, but if poorly conceived, they may do just the opposite. My own belief is that, despite some mistakes, governmental concern with economic growth should prove on balance to be beneficial.

How Much Inflation?

What about inflation? Is this demon dead or only dormant? On this subject too, the exaggerated expectations of a year ago have been deflated. And here too we should avoid swinging to the opposite extreme. The danger of creeping inflation in the American economy has by no means disappeared. Federal fiscal policies and the wage-price spiral still constitute a threat to the stability of the dollar. We cannot afford to relax our vigilance toward these dangers.

On the other hand, the strong inflationary pressures produced by World War II and the Korean War have now run their course. In their absence, we should be able to achieve reasonable price stability. Moreover, we now have a balance of payments problem hanging over our heads like a sword of Damocles sharply reminding us of the penalties of failure.

The outlook, then, is for a reasonably stable price level and for substantial economic growth. This expansion will naturally generate large demands for credit. It will also mean an increase in the public's holdings of liqiud assets—money and near-monies, ranging from Treasury bills to savings and loan shares. The extent to which the banks will be able to share in supplying these future credit needs will depend upon how large this increase in liquid assets is and how it is divided as between bank deposits and money substitutes.

So the key question is: What is the outlook for bank deposits? Briefly, whither money?

Four Categories of Deposits

It has been suggested that money is becoming the poor man's credit card, and if present trends continue, we may run out of poor people. But even granting that credit cards may have a glorious future, money is not likely to become obsolete. Nevertheless, the public has in recent years shown a strong preference for near-monies over money.

The chief reason, of course, has been the recovery of interest rates to more normal levels. This change is in all probability permanent, and we should bear this constantly in mind in analyzing the future of bank deposits.

Ordinarily, we talk about two main classes of bank deposits: demand and time. Instead, for purposes of this analysis, I should like to suggest a different, four-way breakdown based upon the needs and motives of depositors rather than the traditions of bank bookkeeping, as follows:

(1) *Purpose Cash*—Demand deposits maintained because their owners regard them as necessary, either as working cash or as compensating balances.

(2) *Purpose Savings*—Personal savings accumulated in comparatively small amounts for specific purposes: rainy day reserves, vacation money, down payment money.

(3) *Excess Funds*—Funds which are not needed as working balances but which could be either deposited with banks or invested in the short-term money market.

(4) *Investment Savings*—Personal savings which are in excess of Purpose Savings and constitute part of people's permanent investment funds.

This breakdown is obviously unsatisfactory for some purposes. However, it may be helpful in analyzing what has been happening to banking and in appraising the future.

For example, it seems clear that over the past 15 years, bank deposits have come increasingly to consist of Purpose Cash and Purpose Savings. Years ago a large part of our deposits consisted of Excess Funds and even a goodly amount of Investment Savings. Today commercial banks are no longer competing effectively for these types of funds and they have been flowing elsewhere.

Now the question is: What does the future hold for each of these four categories of deposits? First, what about Purpose Cash—needed checking accounts, the specialty of the commercial banks?

More Work and Less Balance

As our economy grows, it would seem reasonable to expect that the needs of both business firms and individuals for working balances should grow too. Also, as incomes rise, an increasing proportion of the population can afford to establish checking accounts. Far more important is the fact that over the coming decade many people already using checking accounts will be moving up into income brackets where they will have reason to maintain larger bank balances than they do now. These larger personal checking accounts should have a promising potential over the coming years.

These are consoling thoughts and we should cherish them. Unfortunately, however, they require some amendment.

One unconsoling amendment is that the working balances of corporations have been rising much more slowly than the volume of

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Aircraft Industry—Bulletin—Courts & Co., 11 Marietta Street, N. W., Atlanta 1, Ga.

Bank Credit Analysts — Monthly appraisal of economic conditions in the U. S. A. as they affect business and the stock market—Bank Credit Analysts, 680 Sherbrook Street, West, Montreal 2, Canada—$100 per year.

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

Bank Stock Notes — Circular on leading New York City Banks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

Common Stock Comparisons—Comparative figures on Canadian issues — Equitable Brokers Limited, 60 Yonge Street, Toronto 1, Ont., Canada.

Depressed Issues for short-term capital gains — Bulletin — Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also available are data on **American Hospital Supply Corporation, General Cable Corp., General Dynamics Corp.** and **Penick & Ford Ltd., Inc.**

Depressed Stocks—Bulletin—Walston & Co., Inc., 74 Wall St., New York 5, N. Y. Also available is a bulletin on seven speculative stocks with scientific know-how and a report on **North American Aviation.**

Electric Utilities — Survey with particular reference to **Niagara Mohawk Power, Southern California Edison, Tampa Electric, Union Electric, Cleveland Electric Illuminating,** and **Commonwealth Edison**—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Fire & Casualty Insurance Industry—Analysis—Dreyfus & Co., 2 Broadway New York 4, N. Y.

Foreign Exchange Quotations—Table of shillings and pence, and quotations on 182 foreign currencies — Manufacturers Trust Company, 55 Broad Street, New York 15, N. Y.

Gold—Discussion in current issue of "Investor's Reader" — Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 70 Pine Street, New York 5, N. Y. Also in the same issue are discussions of **Bell & Howell Company, International Nickel Company of Canada, International Rectifier Corp., Columbia Gas System, General Cigar, United Steel Companies of Great Britain.**

Growth Leaders — Discussion in monthly investment letter—Carreau & Company, 115 Broadway, New York 6, N. Y. Also available is a bulletin on **New Yorker Magazine, Revlon, Simplicity Pattern, Von's Grocery** and **Winn Dixie Stores.**

Investment in Education—Review—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Japanese Market — Review—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are analyses of **Sumitomo Metal Industries, Ltd.** and **Yamatake Honeywell Keiki Co. Ltd.**

Japanese Stock Market — Survey —Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available are analyses of **Yawata Iron & Steel; Fuji Iron & Steel; Hitachi Limited** (electronics); **Kirin Breweries; Sumitomo Chemical; Toyo Rayon; Toanenryo Oil Company; Sekisui Chemical Co.** (plastics); **Yokohama Rubber Co.;** and **Showa Oil Co.**

Money Supply—Analysis—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available are memoranda on **American Metal Climax** and **Koppers.**

Oil Companies — Memorandum—Carl H. Pforzheimer & Co., 25 Broad Street, New York 4, N. Y.

Outlook for 1961 — Bulletin—Bankers Trust Company, 16 Wall Street, New York 5, N. Y.

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

Primer on State Securities Regulation—Published by Investment Bankers Association—Investment Bankers Association, 425 Thirteenth Street, N. W., Washington 4, D. C.

Selected Common Stocks—Brochure—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Small Business Investment Companies — Bulletin — Dempsey-Tegeler & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Textbook Publishing Industry—Analysis—with particular reference to **Crowell Collier, Harcourt, Brace & World, Holt, Rinehart & Winston, McGraw Hill, Prentice Hall** and **Random House**—Sutro Bros. & Co., 80 Pine Street, New York 5, N. Y.

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Adams Mills — Memorandum—Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y. Also available is a memorandum on **Great Northern Paper.**

Air Products Inc.—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Air Products Inc.—Report—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available are surveys of **Deere & Co., International Harvester, Massey-Ferguson** and **Cockshutt Farm Equipment.**

Allegheny Pepsi Cola—Analysis—Weil and Company, Incorporated, Woodward Building, Washington 5, D. C.

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

American Laboratories, Inc.—Analysis — California Investors, 3932 Wilshire Boulevard, Los Angeles 5, Calif.

American Machine & Foundry—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are chart analyses of **Columbian Carbon** and **Deere & Company,** and two **Portfolios for 1961.**

American Metal Climax—Data—F. P. Ristine & Company, 15 Broad Street, New York 5, N. Y. Also available are data on **Borden Company** and **Duffy Mott.**

Anheuser Busch — Analysis Shields & Company, 44 Wall St., New York 5, N. Y. Also available are analyses of **Peabody Coal, American International Bowling,** the **Air Freight Industry** and a brief survey of 12 major industries.

Bank Building and Equipment Corporation of America—Survey Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo. Also available is a memorandum on **G. E. M. International Inc.**

Beatrice Foods — Review in December Investment Letter—Hayden, Stone & Co., 25 Broad Street, New York 5, N. Y. Also in the same issue are data on **Martin Co.** and **Puritan Sportswear.**

Boston Capital Corp.—Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

California Packing — Report—Gerald S. Colby, 31 Milk Street, Boston 9, Mass. Also available are reports on **Gruman Aircraft** and **Southern Railway.**

Campbell Taggart Associated Bakeries Inc. — Memorandum—Dallas Union Securities Co., Adolphus Tower, Dallas 2, Texas. Also available are memoranda on **Frito Co.** and **Republic National Bank of Dallas.**

Can Fer Mines Ltd.—Analysis—Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

Cincinnati Milling Machine Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Cities Service—Review—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also in the same circular are reviews of **Peoples Gas** and **Quaker Oats.**

Cities Service Company—Analysis—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Coca Cola Bottling Co. of New York — Survey — Abraham & Co., 120 Broadway, New York 5, N. Y. Also available is a survey of the **Nickel Plate Road.**

Dixon Chemical Industries, Inc.—Report—Mackay & Company, 524 Washington Street, Reading, Pa.

Electronic Associates, Inc.—Report —Meade & Company, 27 William Street, New York 5, N. Y.

Farrington Manufacturing—Memorandum — Albert Teller & Co., 123 South Broad Street, Philadelphia 9, Pa.

Ferro Corporation — Analysis—F. S. Moseley & Co., 50 Congress Street, Boston 2, Mass.

First Wisconsin Bankshares Corporation — Report — Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 1, Wis.

Food Machinery & Chemical — Data — Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill. Also available are data on **Philips Lamps** and **Wahlgreen.**

Gardner Denver Co. — Report — Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **General American Oil Company of Texas.**

General Plywood—Bulletin, Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y. Also available is the firm's December Market Commentary.

Hazeltine Corporation — Analysis —Penington, Colket & Company, 70 Pine Street, New York 5, N. Y.

International Telephone & Telegraph—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Jantzen, Inc.—Report—Pacific Northwest Company, 1000 Second Avenue Seattle 24, Wash.

Lancer Industries, Inc. — Analysis —George, O'Neill & Co., Inc., 30 Broad Street, New York 4, N. Y.

H. W. Lay & Co. — Analysis — Johnson, Lane, Space and Co., Inc., Florida Title Building, Jacksonville 2, Fla.

Martin Company—Analysis—Robert Garrett & Sons, Garrett Building, Baltimore 3, Md.

Metro Goldwyn Mayer—Review—Stern, Frank, Meyer & Fox, Union Bank Building, Los Angeles 14, Calif.

Metro Goldwyn Mayer—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available are reports on **John Morrell & Co.** and **Atlas General Industries.**

Metropolitan Broadcasting Corp. — Analysis — J. R. Williston & Beane, 2 Broadway, New York 4, N. Y. Also available is an analysis of **Rohr Aircraft.**

Miles Samuelson — Review — Stearns & Co., 72 Wall Street, New York 5, N. Y. Also in the same issue of the "Gutman Letter" are data on **Eldon Industries.**

Moore Products Co. — Analysis — Charles A. Taggart & Co., Inc., 1516 Locust Street, Philadelphia 2, Pennsylvania.

Morse Electro Products—Analysis —Irving Weis and Company, 40 Exchange Place, New York 5, New York.

New York Central Railroad — Analysis—H Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available are data on **United Air Lines and Delta Air Lines.** And bulletins on **First National Realty & Construction Corp.** and **Railroad Merger** opportunities.

North American Merchandising Company — Analysis — Parker, Ford & Company, Inc., Vaughn Building, Dallas 1, Texas.

Ocean Drilling & Exploration Co. — Memorandum — R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Pacific National Life Insurance Co.—Memorandum—Schwabacher & Co., 100 Montgomery Street, San Francisco 4, Calif. Also available is a memorandum on **Purex Corp.**

Paterson Dental Supply Co.—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on **American Greeting Corporation.**

Pittsburgh Plate Glass Co. — Review — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Food Fair Stores, Inc.**

Purex Corp., Ltd. — Analysis — William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif. Also available is a memorandum on **Diners' Club.**

St. Regis Paper—Data—Cooley & Company, 100 Pearl Street, Hartford 4, Conn. Also available are data on **Westinghouse Air Brake** and **Audio Devices.**

Schering Corp. — Bulletin — Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

Sheraton Corp. — Memorandum — Treves & Co., 1475 Broadway, New York 36, N. Y.

Sperry Rand — Memorandum — Laidlaw & Co., 25 Broad Street, New York 4, N. Y.

Synod of Washington of the United Presbyterian Church—Bulletin—B. C. Ziegler and Company, Security Building, West Bend, Wis.

Telechrome Manufacturing Corporation—Analysis—R. S. Dickson & Company, Inc., Wachovia Bank Building, Charlotte 1, N. C. Also available are analyses of **Technical Operations, Inc., Southern Nitrogen Company** and **Spur Oil Company.**

Texas Gulf Producing — Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

Texas Gulf Sulphur Co.—Data—Schirmer, Atherton & Co., 50 Congress Street, Boston 9, Mass. Also available are data on **Ionics, Inc.** and **Craig Systems.**

Thatcher Glass Manufacturing Co. —Analysis—Purcell & Co., 50 Broadway, New York 4, N. Y.

Tokyo Marine & Fire Insurance Co., Ltd.—Analysis—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. Also available are analyses of **Sony Company, Tokyo Shibaura Electric Co., Ltd., Oki Electric Industry Co., Ltd., Toyo Rayon Co. Ltd., Mitsubishi Shibuilding & Engineering Co., Ltd., Sumitomo Chemical Co., Ltd., Takeda Pharmaceutical Industries, Ltd.,** and **Koyo Seiko Co. Ltd.**

United Keno Hill—Analysis—Draper Dobie & Company, Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada. Also available is the December "Blue Book" containing a resume of 29 **Gold** stocks, **11 Base Metals,** and **10 Oil & Gas** issues.

Utah Construction & Mining Company—Analysis—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Vitramon, Inc. — Memorandum — Porges, Singer & Co., 37 Wall Street, New York 5, N. Y.

Weingarten Markets Realty Co.—Memorandum—Moroney, Beissner & Co., Bank of the Southwest Building, Houston 2, Texas.

Weyerhaeuser Company — Analysis — Hornblower & Weeks, 40 Wall Street, New York 5, N. Y. Also available are data on **American Bakeries Company, General Steel Castings, Heyden Newport Chemical** and **Brown Company.**

Edmonds to Be V.P. Of Chace Whiteside

BOSTON, Mass.—Effective Jan. 2, William J. Edmonds will become a Vice-President of Chace, Whiteside & Winslow, Inc., 24 Federal Street, members of the New York and Boston Stock Exchanges.

Form J. Laurence Co.

J. Laurence & Co., Inc. has been formed with offices at 117 Liberty St., New York City, to engage in a securities business.

The Backward Art of Stockholder Communication

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

Pointing out the desirability and the need for more frequent and friendly newsletters to shareholders informing them of the plans, progress and profitability of their company.

This article is the result and the end product of cleaning out an old file which bore the caption, "Informing Corporate Partners." All of a sudden the clippings and articles I'd been squirreling away in an accordion type catchall for years, delivered a message to me. It was this: That despite our corporate genius for efficient, automated production, smart packaging, swift transportation, sleek advertising and impact selling, we are still in the ox-cart era in the field of stockholder relations.

Consider this memo from the Chairman of the Board of a renowned company you'd instantly recognize: "I know we usually send something out to stockholders four times a year, but this quarter we lost money. So tell 'em nothing!" This Neanderthal gem of executive candor was not uttered in 1890, but in 1959! It spotlights the theme of this article; that in hundreds of cases stockholders, even in this enlightened age of People's Capitalism and of "togetherness," are told just as little as possible, and not treated as eager, interested and intelligent business partners entitled to know the score, and, with the slightest encouragement, eager to be company ambassadors and avid salesmen.

True, a number of companies have been doing a splendid job in this area of shareholder liaison—such companies as General Electric, W. R. Grace & Co., American Cyanamid, Franklin Life Insurance Company, Marquette Cement, United States Steel, DuPont, and most major utilities, to name but a few. But a myriad of other companies have simply not updated themselves to an appreciation of the facts (1) that stockholders are partners and entitled to be informed, whether the news is good or bad (2) that stockholders can help sell company products, service and securities (3) that stockholders are a major reservoir of capital for future expansion (4) that contented (and informed) stockholders are likely to hold their stock indefinitely, and thus (by not liquidating or by buying more) strengthen the market in the company's shares.

Buoyant share markets benefit everyone — stockholders are delighted when their issue is a "market leader"; corporate prestige is enhanced by higher price/earnings ratios; and higher share prices make the raising of additional capital easier and less costly.

Why Stockholders Sell

If contented and informed, stockholders tend to hold onto their shares through thick and thin, then what are some of the reasons why shareholders, aloofly treated, may sell their stock even though earnings are satisfactory and dividends maintained? The answer to that goes back to basic psychology. Everyone likes to feel he "belongs," that he's on the team, a member of the club. If a shareholder gets nothing from management except two or three stodgy letters in the course of a year, and an annual report that only a lawyer coud read, or an accountant understand, he may lose interest in the company and sell his stock. Particularly is he likely to do so if other companies, whose shares he holds, send him friendly and newsy progress letters throughout the year, and an annual report narrative in style and panoramic in its description of corporate activity.

In general people sell stock (1) when they need money (2) to cash in on a profit (3) in times of international crisis and tension (4) when there's a drastic decline in earnings or reduction in dividends in a particular issue (5) when some other stock in the same general price range appears more attractive. Now on two of these points the relationship between management and the stockholder will have little influence on the decision to sell. But on points (2), (4) and (5) proper liaison and candid communication between management and a shareholding partner can do much to keep the latter from selling his stock and, to that extent, causing a deterioration of corporate values.

For example—a major company had shown an upward earnings trend for a decade and then, for two years, stood still. Why? Because this company had acquired several smaller ones by merger, and it took time for these new units to be assimilated, and to make their appropriate contribution to the cash register. The company, in its periodical reports, tersely announced these various acquisitions. It failed, however, to describe the major long term upthrust in earnings these additions would make possible; and it failed to say that 18 months would be needed to fit them into the organization and put them "on stream" on an earnings basis. What was the result? Many stockholders, noting that earnings had stopped expanding, concluded that the company was slipping and sold their shares. If they had been effectively informed they would have held on and awaited the rise to new heights in earnings and dividends that later materialized.

Even in cases where earnings fall off badly and dividends are reduced or suspended, shareholders won't rush to liquidate their holdings if they are given some assurance that the corporate slump is temporary, that resurgence in earning power may be expected in due course, and that management is working resolutely to that end. Dumping of stock by disgruntled holders can cause a contagious and cumulative deterioration in share prices.

Thus, in good times or in bad, it's financially important to keep the corporate messages flowing to stockholders. Regardless of corporate size, the partners like to hear about new plants and products, fine earnings and bright prospects; and they'll remain loyal in less prosperous times, if they're kept advised and treated with frankness and sincerity.

Companies Going Public

This achievement of stockholder rapport is not only desirable (and profitable) for companies whose securities have long been on the market, but it's vital for companies "going public." When, through an underwriting, company stockholders suddenly expand from a dozen to perhaps several thousand, the problem of comprehensive stockholder communication arises for the first time.

Of course, subscribers to the new offering are fully informed about the company at the time, via prospectus. But after the issue has been "out" for a year or so, and the animated early trading in the issue has subsided, stockholders are often neglected by a management accustomed to a closely held company and with no experience in, or appreciation of, stockholder communications. It is for such managements that this article has a particular message — the message that correct shareholder relations can enhance corporate values and build corporate prestige.

The days when a Gould, a Fiske, or an Insull could run a public corporation like a private satrapy and without telling their shareholders what they are doing, are gone forever. The best managed and most successful corporations today have found that taking stockholders into their confidence is good business. Treated thus, shareholders are unlikely to sell, and often increase their holdings. They become eager salesmen for the products, the services and the securities of the company they're proud of. A happy stockholder is a corporation's best friend!

Ball, Burge To Admit Blaine

CLEVELAND, Ohio—Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges, on Jan. 1 will admit Robert T. Blaine to partnership.

Betts, Borland To Admit Partner

CHICAGO, Ill.—Betts, Borland & Co., 111 South La Salle Street, members of the New York and Midwest Stock Exchanges, on Jan. 1 will admit Hugh J. O'Connor to partnership.

Wyllie & Thornhill Now Corporation

CHARLOTTESVILLE, Va. — Effective Dec. 1, the firm of Wyllie & Thornhill, 205 East Market St., will be incorporated and be known as Wyllie & Thornhill, Inc.

The new corporation will take over all the assets and liabilities of Wyllie & Thornhill, which was established in Charlottesville 10 years ago by Thomas H. Wyllie and G. Ernest Thornhill. At the beginning, the firm's entire personnel consisted of three people and has now grown to the number of 18 with the home office located in Charlottesville and sales offices in Lynchburg, Orange and Winchester.

The firm's scope of operation includes the brokering of stocks and bonds, mutual funds, U. S. government obligations and municipal bonds. In addition to its brokerage activity, the firm is a principal underwriter of bonds of Virginia municipalities and counties and other sub-political divisions of Virginia as well as participating in a number of national corporate and municipal bond underwritings.

G. Ernest Thornhill will be Chairman of the Board of the new corporation. Thomas H. Wyllie will be President. William Thompson Tomes has been elected to the Vice-Presidency.

Montie R. Smith has been elected Treasurer, and Charles Elmo Stevens has been named Secretary.

Miss Elizabeth Butzner has been elected Assistant Vice-President. Miss Barbara Faye Hawkins has been elected Assistant Secretary.

Thomson & McKinnon Add

CHARLOTTE, N. C. — Mark A. Kane has been added to the staff of Thomson & McKinnon, Liberty Life Building.

Goodbody to Open New Chicago Br.

CHICAGO, Ill. — Goodbody & Co., one of the nation's largest stock brokers, will open an elaborate new brokerage office in the Main Lobby of The Merchandise Mart, it is announced by Leonard J. Paidar, resident partner in charge of the firm's Chicago office and by W. O. Ollman, General Manager of The Mart.

The new Goodbody & Co. facility will be the only stock brokerage office in The Mart and will open early in December.

It will make available to customers north of the Chicago River the extensive facilities of the Goodbody wire system which now serves 42 offices in major cities throughout the country.

James V. Martinello, Jr., currently a registered representative in the Downtown office of Goodbody, will manage the new Mart offices and he will be supported by a staff of personnel experienced in all phases of the investment brokerage business.

Goodbody & Co., which is nationally known for its extensive investment research, is one of the oldest brokerage houses in the United States. Its headquarters are at 2 Broadway, New York City. Its managing partner, Harold P. Goodbody, a frequent visitor to Chicago, is the grandson of Robert Goodbody, who founded the firm in 1891. The main offices of Goodbody in Chicago are at One North LaSalle Street.

Rejoins Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Lauretta F. Savory has rejoined the staff of Dempsey-Tegeler & Co., 210 W. Seventh St. Miss Savory has recently been with Mitchum, Jones & Templeton.

Our Gold Reserve Ratio

By Walter E. Spahr, *Executive Vice-President, Economists' National Committee on Monetary Policy, New York City*

Factual analysis is made (1) of our present gold reserve ratio to non-gold money and bank deposits, (2) of our past ratio experience, (3) of what the ratio would be if the present Federal Reserve surplus —computed as being able to add about $240 billion to member bank deposits—were exhausted, (4) of how low a safe ratio for redemption can go without deflating Federal Reserve and member bank credit, and (5) of the choice before us if the worst were to happen. To avoid the latter, Dr. Spahr outlines what should and should not be done; points out that redemption tends to decrease the demand for gold and draw gold to the gold stock; and asks if we are willing to institute without delay the necessary correctives to save our dollar

The Present Ratio

The ratio of U. S. Treasury gold stock to all nongold money and bank deposits stood at 6.8% as of Oct. 26, 1960. Nongold money and deposits comprise deposits and notes of Federal Reserve banks, net demand and time deposits of all other banks, and Treasury currency outstanding.

Walter E. Spahr

Comparison With 1915-32

During the period 1915-1932 the range of the yearly (average monthly) ratios was from 6.7% in 1920 to 10.9% in 1917. The average of the yearly ratios for the period 1915-1932 was 8.6%.

In 1920, when the ratio of our monetary gold stock was down to 6.7% (average monthly), eight of the 12 Federal Reserve banks were paying tax penalties because of deficient reserves. Some of the principal rediscount rates were raised in January and May, 1920, to 6% and 7% to preserve the reserve structure and to restrict or contract the use of Federal Reserve bank credit. A partial consequence was the economic contraction from April, 1920, to July, 1921, as measured by the Reserve Board's index of production in basic industries, and a fall in prices from May, 1920, to June, 1921, as measured by the Board's index of wholesale prices.

With a gold stock ratio of 6.8% as of Nov. 30, 1960, the Federal Reserve banks had a relatively large surplus reserve of $6,113,000,000. This would (theoretically) permit the Reserve banks to add $24,452,000,000 to their notes and deposits (of $45,989,000,000 as of Nov. 30) before the reserve ratio would be reduced to the required minimum 25%. If this possible expansion of Reserve bank credit took the form of deposits, and if all these were reserves for member banks, then the latter could add approximately $240 billion to their deposits if the present ratios between demand the time deposits prevailed and if present ratios of reserve requirements for member banks remained unchanged. Time and demand deposits of all banks stood at $218,900,000,000 as of Oct. 26.

If the surplus reserves of Federal Reserve banks were exhausted, if the deposits of member banks and Federal Reserve banks were each reduced by the same amount (each by $6,113,000,000), and if the volume of Federal Reserve notes and Treasury currency outstanding remained unchanged, the ratio of Treasury gold stock (reduced from the $18,552,000,000 for the week ending Oct. 26, to $12,439,000,000), to nongold money and bank deposits would stand at approximately 4.8%.

Apparently, considering the variables involved, a ratio now of 5% of monetary gold stock to nongold currency would compare with approximately 7% during the period 1915-1932.

These ratios have limitations in value because they do not recognize the psychological reactions of people, governments, banks, and other institutions when credit is greatly extended and central bank and gold reserve ratios are falling. Even with our relatively large surplus reserve in the Federal Reserve banks, we have been losing gold at a disturbing rate since Feb. 19, 1958, and there is much discussion of the present and possible future value and status of the U. S. dollar.

The fact nevertheless is that this country maintained a gold standard and a redeemable currency when the yearly gold ratios, 1915-1932, ranged from 6.7% to 10.9% except for the period Feb. 20, 1918, to June 26, 1919, during which the Treasury and Reserve Board, under Executive orders, prohibited the exportation of coin, bullion, and currency, and controlled transactions in foreign exchange. (The lifting of controls, June 26, 1919, did not apply to Russia until Dec. 18, 1920.) Domestic redemption was maintained during the period Feb. 20, 1918-June 26, 1919, while control of foreign currency transactions was exercised in the interest of our war effort and immediate post-war adjustments.

The Bottom Ratio at Which We Could Institute Redemption Without Deflation of Federal Reserve and Member Bank Credit

In the light of experience, how low may the gold ratio be and still permit the institution of redemption safely and without deflation, or any important amount of deflation, of Reserve and member bank credit? The answer probably remains in the area of guessing because of the many different variables involved when one period of time is compared with another. This author has been inclined to estimate that a ratio of 7% might well be the low point if conditions such as those of 1915-1932, particularly those of 1919-1920, prevailed. But with our large surplus reserves in Federal Reserve banks, and considering the deficits in such reserve in the 1920s when the requirements were at a higher level — 40% against Federal Reserve notes, and 35% against deposits, compared with a 25% requirement against each at present—it seems reasonable to suppose that the safety zone may well reach down to the 5% ratio.

The paramount consideration is that the institution of redemption tends to draw gold to the country instituting redemption. And much of the gold now earmarked for foreign account — $11,186,000,000, as of Oct. 31, 1960, as compared with $4,060,900,000 (Sept. 30, 1949) when Treasury gold stock was at its peak of $24,691,000,000 —probably would be released from the earmarked account and be added to our gold stock. Both should lift sharply and rapidly our ratio of gold stock to non-gold currency.

Another important consideration is, that the demands for redemption fall to a low level as soon as a non-gold currency becomes redeemable. For the decade 1923-1932, the average of the yearly percentages of gold stock drawn into domestic use was 2.52 with the common top percentage being approximately 3%. The average withdrawals by foreign claimants as a percentage of our total gold stock was 1.81. In six of those 10 years there was a net inflow of gold, the heaviest year of withdrawal being 7.3% in 1928.

The strong tendency of gold to flow to the nation which institutes redemption makes it extremely difficult, possibly impossible, for anyone to state with assurance as to accuracy just how low a gold reserve ratio may be and prove safe and adequate when redemption is instituted. If foreign psychological reactions are favorable, as they commonly tend to be when a nation institutes redemption, the ratio could be relatively low—say, below the 5% estimate—since it should increase quickly after the currency becomes redeemable.

Domestic psychological reactions can be counted upon to be favorable because they reverse themselves promptly after a currency becomes redeemable. Of course, the common reaction, while the people are living under an irredeemable currency, is not favorable to redemption. Consequently it is necessary that such a reaction be ignored by the money doctors since the reversal of psychology is prompt and practically universal as soon as a convenient non-gold currency is made redeemable in an inconvenient gold money.

For example, on the first day of redemption in New York, Jan. 2, 1879, some $400,000 of gold was presented for paper money and only $135,000 of paper money for gold. At the end of three days, reports on the redemption process disappeared from the newspapers as a newsworthy item. Gold flowed in to the banks and Treasury from domestic hoards and from abroad. The demands, domestic and foreign, for government securities were unusually heavy, and by March, 1879, a business expansion was under way commonly called the "gold redemption boom." Yet, in 1878, and earlier, there was a near hysteria as to the calamity which the mass of people believed would befall this country if redemption were instituted.

Current comments on the dangers, or impossibility, of instituting a redeemable currency are fundamentally the same as those of 1878. This is a uniform reaction of the very great majority of people, including many who pass as responsible leaders, living under an irredeemable currency. This type of reaction should be expected; but it is not evidence of wisdom in respect to redeemable versus irredeemable currency.

Our Urgent Need Now

The need is urgent that our government take proper steps promptly to terminate our loss of gold and to draw it to us and to provide a valid basis for faith in our dollar. The proper devices to employ are the following:

(1) Congress should pass a law in the very near future authorizing the institution of redemption at the present statutory rate of $35.00 per fine ounce of gold. Congress should be called into special session for this purpose, and the date for instituting redemption should allow for no more time than is necessary for the mints to provide gold coins. The passage of the law should draw gold to us and cause release of much of that in the earmarked account.

(2) Rediscount rates should be raised sharply, and repeatedly if necessary, to hold funds in this country, to draw them to us, and to restrict the unsound uses of credit.

(3) The government should cut its foreign spending, lending and similar programs sharply, terminating all possible except those that would clearly and directly impair our military strength. Government spending to maintain high domestic prices also should be terminated.

Some Things We Should Not Do

(1) Federal Reserve bank reserve requirements should not be reduced. To do so would be to weaken the already inadequate bases for confidence in our currency.

(2) Our dollar should not be devalued again since that is coin clipping or counterfeiting; and that would be a thoroughly dishonest and irresponsible act on the part of our national government. If a nation's credit is so over-extended and the non-gold currency is so depreciated in terms of the standard gold unit that redemption could not be instituted under any reasonable circumstances within the foreseeable future—as in Germany, for example, 1920-1923—then the painful choice is between radical deflation of the currency and a devaluation of the standard monetary unit. The United States is not in this position; but the time has clearly arrived when proper corrective measures need to be taken, and promptly, as is illustrated by our persistent loss of gold and to some extent by the recent speculative activities in gold on the London market.

(3) We should not establish a speculative gold market in this country. The only proper gold market, considering the function of gold as money, is the free market that is an integral part of a gold standard. A speculative gold market under irredeemable currency serves no useful or proper purpose; it merely misleads the people as to the monetary issues involved.

(4) No restraints should be placed upon people who wish to speculate in existing free markets abroad. To do so is to embark upon exchange controls which is a common characteristic of a dictatorial government with a weak currency.

(5) No embargo should be placed on the outward movement of gold or on the earmarking of gold for foreign account. The Treasury and Reserve banks should pay gold upon demand even though the latter's reserves fall below the legal minimum limit at which point tax penalties for deficient reserves begin to operate. An embargo on gold movements from our Reserve banks and Treasury could be expected to subject our dollar to a pronounced discount in foreign exchanges. Such an embargo would have little in common with our controls of 1918-1919 under conditions of war.

The Day of Reckoning Is at Hand or Rapidly Approaching

Our loss of gold is a logical consequence of the government programs we have been pursuing in this country. The gold ratio of 6.8%, Oct. 26, 1960, is a sharp reduction from the 24.6% for 1941, the 13.0% for 1949, and the 10.4% Jan. 28-31, 1953. The purchasing power of our dollar, as measured by indexes of wholesale prices, has been brought to its lowest level since 1749. Managed irredeemable currency is bringing home once more, and to us this time, one of the very old lessons of monetary history. The choice now is between preservation of our dollar and abandonment of the programs which have finally brought us face to face with a heavy loss of gold or the ruination of our dollar if such programs are continued or more elaborate ones are instituted.

The time available for turning to the path of economic, monetary and fiscal sanity to save our dollar would appear to be relatively short. Nibbling at the problem, as we have seen such efforts up to date, cannot be expected to solve our monetary problem in any effective or lasting manner. The urgent need now is for institution of the proper and necessary correctives; and the serious question in this respect is whether we have enough men in strategic positions who recognize the correctives needed and who can and will put them into effect.

J. H. Brooks Will Admit Partners

SCRANTON, Pa.—On Jan. 2, J. H. Brooks & Co., Scranton National Bank Building, members of the New York Stock Exchange, will admit Walter A. Wolf and F. Philip Christian II to partnership. Mr. Wolf will make his headquarters in the firm's Hazleton office.

Butcher & Sherrerd To Admit Two

PHILADELPHIA, Pa.—On Jan. 1 Butcher & Sherrerd, 1500 Walnut Street, members of the New York and Philadelphia-Baltimore Stock Exchanges, will admit James J. McAtee and John B. Richter to partnership. Mr. Richter is in the firm's municipal bond department. Mr. McAtee is manager of the trading department.

Russia's Aggressive Role in World's Petroleum Markets

By Arthur H. Dean,* *Partner, Sullivan & Cromwell, Esqs., New York City*

Searching appraisal is made of the Soviet bloc's effect upon the world's oil market to date, and of the probable scope and nature of their activities in the years to come. For the short term the Soviet bloc is expected to increase their exports 50% over the present daily 400,000 barrel rate which, however, would be quite short of their production capacity. The urgency to export is seen doing one of two things. It may either prompt them to cut price and run the risk of damaging their relations with oil-producing countries, or to get the best possible export price. Mr. Dean counsels against State Trading to meet the former kind of competition, suggests what the Free World oil producers should do to preserve their "intangible, but very real, advantage over the Marxists," and notes that sales resistance is developing to the inferior quality of Soviet oil.

Following an absence of some two decades, the Soviet Union in recent years has reappeared as a major competitive factor in international petroleum markets. The Soviet's decision to reenter those markets appears to be related in part to certain economic needs of the Soviet bloc countries, which in this case fit in very nicely with their political and disruptive aims. However, in recognizing the economic motivations of the Soviet's current export drive, we should not forget Premier Khrushchev's words to the 20th Congress of the Communist Party of the Soviet Union in February, 1956:

Arthur H. Dean

". . . It does not at all follow from the fact that we stand for peaceful co-existence and economic competition with capitalism, that the struggle against bourgeois ideology, against the survivals of capitalism in the minds of men, can be relaxed. Our task is tirelessly to expose bourgeois ideology, reveal how inimical it is to the people, show up its reactionary nature."

We have seen much evidence in recent years of the Soviets' willingness to use trade with countries of the Free World to advance their ideological and political influence.

Seizing the opportunity presented by the Castro revolution in Cuba, the Russians moved in promptly with offers of trade and credits. They have secured a $100 million trade agreement for the supply of Russian crude oil and other goods to Cuba in exchange for the purchase of large quantities of Cuban sugar, thereby gaining a position of influence in a country only 90 miles from our shores. And by thus assuring the Cuban Government of crude oil supplies, the Soviets made a major contribution to the seizure of the privately owned refineries in Cuba.

Whether or not the Russians wanted to buy sugar or sell oil for economic reasons, the primary motivation behind their trade with Cuba has been the desire to extend their political influence to the Western Hemisphere and to disrupt and injure our interests in the process.

Similarly, Russian efforts to gain a political foothold in the Middle East have been marked by trade agreements and extensions of credit, primarily to the United Arab Republic, and on a smaller scale to Iraq, Iran, Turkey and Yemen. A striking example of the use of trade for political and disruptive purposes in this area is the recent purchase of an undisclosed quantity of Iraq's royalty oil by East Germany and Communist China at prices claimed to be 4% **above** current postings—this at a time when the Soviets are cutting petroleum prices all over the world!

The Russians are alert to the possibilities of extending their influence in the newly emerging countries of Africa by use of trade agreements. When Guinea severed its ties with France, the Soviets moved in quickly with offers of trade and aid. The bulk of Guinea's exports are now going behind the Iron Curtain, the Soviet technicians are everywhere in their country. The Soviets' investments in that country have already paid rich political dividends.

In August of this year, the Soviet Union and Ghana signed a series of trade agreements providing, among other things, for supplies of Russian petroleum products.

The Soviets have sought to promote their diplomatic relations with other countries by agreements to purchase commodities which happen to be temporarily in surplus supply. Notable in this category have been Soviet purchases of Uruguayan wool, Burmese rice, Ceylonese rubber, India hemp, jute and printed cloth, Chilean copper and Icelandic fish.

I mention these few examples of Soviet trade activities which have been motivated in a direct way by **political** considerations because it is important to remember that the extent of Soviet exports of petroleum will be defined and limited to a very large degree by the political and diplomatic requirements of the Soviet bloc states.

In saying this, I do not mean to imply that the Soviets conduct their foreign trade without regard to economics or the profit motive. Far from it!

But since my remarks will be largely devoted to certain **economic** factors affecting Soviet petroleum exports, I want to be very clear at the outset that these economic considerations are inextricably intertwined with the political and diplomatic goals of the Communist countries. This fact makes the job of seeking to measure and define the probable future scope of Soviet petroleum exports an extremely hazardous one.

With this cautionary word, let me turn to the current facts of Soviet competition in the international petroleum markets.

The Current Situation

There can be no question that the Soviet bloc countries are presently in the world petroleum markets in a substantial way.

It is almost as certain that they intend not only to maintain their current rate of exports but to increase it if possible by vigorous competitive activity.

In 1958 Soviet bloc exports of crude oil and products to the Free World amounted to approximately 218,000 barrels per day. During 1959, these exports jumped to some 300,000 barrels per day, and at the present time they are running at a rate of close to 400,000 barrels per day.

The latter increase is largely accounted for by the recent commencement of large-scale deliveries of crude oil to Cuba, which during the third quarter of this year were in the neighborhood of 61,000 barrels per day.

Thus, the Soviet bloc has increased the volume of its petroleum exports by almost 100% in two years' time, an accomplishment— assuming it to be profitable—that even a good capitalist might envy!

Now, of course, 400,000 barrels per day is not a very susbtantial portion of the total estimated Free World demand for petroleum, which in 1959 amounted to 17.8 million barrels per day. But a clearer picture of the significance of these volumes of Soviet exports is seen if we consider them in terms of the demand in the areas to which they are directed.

Well over half of the total Free World consumption of petroleum occurs here in the United States and in Canada. These two countries do not now import any Soviet crude oil or products and are most unlikely to do so in the foreseeable future. When this fact is taken into consideration, it appears that Soviet exports currently comprise about 5% of Free World demand outside of the United States and Canada.

The countries of Free Europe, with a demand approaching one-quarter of the Free World's total (4.2 million barrels per day), are currently the Soviets' best customers for oil and offer them the best prospects for additional sales. Soviet oil today accounts for 80% of the total supply to Finland and 27% of Greece's total petroleum imports.

In Italy, total demand in 1959 amounted to 390,000 barrels per day of which the Soviets supplied 45,000 barrels per day or 11.5% of the total. This year, Italian purchases of Soviet crude oil are scheduled to double to 90,000 barrels per day, thereby increasing the Soviet position in the Italian market to over 20%.

Recent newspaper reports have stated that E. N. I., the petroleum entity of the Italian Government, has received a further offer of substantial additional supplies of crude oil which, if accepted, will again susbtantially increase the Soviet supply position to Italy.

The latest Italian purchases of Russian crude oil are reported to be at a price of $1 per barrel f.o.b. Black Sea for 31 deg. gravity crude oil. Taking account of the Black Sea/Persian Gulf transportation differential, this price is the equivalent of about $0.80 per barrel for comparable Persian Gulf crude oil. This figure is about equal to the royalty payments which the private companies must make to the various Middle East Governments on each barrel of crude oil they produce.

The significance of Soviet petroleum exports goes far beyond their actual volumes. Recent events in India illustrate the extent of the problem confronting the private oil companies of the Free World.

Offers of crude oil were made to the Indian Government by the Russians which were priced between 10% and 20% below the prices at which the privately owned refineries were importing crude oil. As a result of these offers, the private companies found it necessary to revise downward the prices at which crude oil was being supplied to India notwithstanding the fact that those prices had been carefully worked out and agreed to by the companies concerned and Indian Government officials some time before.

Notes Their Competitive Tactics

The striking success of Soviet efforts to increase the volume of their petroleum exports during the recent past can be attributed in part to competitive tactics that no private company is in a position to match.

By virtue of its position as an organ of a totalitarian state, the Soviet Petroleum Export Agency is able to offer terms to prospective purchasers which cannot effectively be met by private companies, including the unlimited acceptance of local currencies, and even commodities, in payment for crude oil or products.

Because the private companies must obtain hard currencies to pay royalties, operating expenses, interest, taxes and dividends, they are not able to sell their oil entirely for soft currencies. The Soviets' willingness to take such currencies or local commodities gives them a tremendous competitive advantage, particularly in the underdeveloped countries of the world.

The Soviets have also demonstrated a willingness to cut price substantially below prevailing market prices.

In many cases it is difficult to measure the price being paid for Soviet oil because a particular deal may have tie-in arrangement, or may be a barter transaction, or may provide for payment in local currencies. In other cases, such as the current shipments being made to Cuba, price details simply are not made public. However, examples of Soviet petroleum sales in the recent past indicate that their prices have been about 10 to 20% below prevailing market prices.

The Russians recently concluded a six-year contract for the sale of crude and fuel oil to Japan. Shipments of 22,000 barrels per day are scheduled for this year, rising to 28,000 barrels a day in 1961 and 34,000 barrels a day in 1962. The prices of the various crude oils involved in this deal are between $2.01 and $2.16 per barrel delivered to Japan. These prices have been estimated to be about 22 cents a barrel below the average delivered price currently being paid by Japanese refiners for comparable Persian Gulf crude oils.

Some 12,000 barrels per day of crude oil and 2,000 barrels per day of diesel fuel are currently being shipped by tanker from Black Sea ports to Brazil. These deliveries are being made under a trade agreement providing for reciprocal purchases by the Russians of Brazilian coffee.

In addition, Russian petroleum products are now going to India in considerable quantities.

The Soviet Union has agreed to sell 1.5 million tons of kerosine and diesel fuel over the next four years to the new, government-owned Indian Oil Company. Prices are reported to be 12 to 20% below Persian Gulf postings and the Russians have agreed to take payment in rupees. Recent newspaper reports indicate that the quantities of products covered by this agreement may soon be increased sharply, although it is also reported that the Indian Oil Company has had difficulty finding customers for the initial shipment of 11,000 barrels of diesel fuel delivered under the contract.

Russian sales efforts have extended even to our own country. Interamerican Refining Company reported in June that it had received a cabled quotation on an

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Business Recession Can Be Checked Sans Pump Priming

By Joseph H. Taggart,* *Dean, Graduate School of Business Administration, New York University.*

Dean Taggart's analysis of the economy and its principal components convince him that we are in mild recession, one where the unfavorable factors are stronger than the favorable ones. The economy, nevertheless is found to be essentially sound with no sector showing dangerous weaknesses. Based on the expectation of more vigorous governmental activity in the economic area with the new Administration, and an upward push from consumer spending on non-durables and spending, Dean Taggart predicts the ending of our recession by the end of the first half of 1961. Turning to the challenging problem of the cold war, he warns against the proposed cures of massive government spending or of turning our backs on the free enterprise system. He announces that his school will make a study of Administrative and legal practices inhibiting free enterprise and will recommend to President-elect Kennedy those changes that will aid our growth.

Analysis of the business outlook can be accomplished in a variety of ways. I propose to discuss the subject under three headings: (1) The Past Record; (2) The Present Situation; and (3) The Outlook.

Dr. J. H. Taggart

Regarding the past, the present, and the future, I shall present definite conclusions without the customary "hedge clauses" and "ifs, ands, and buts" which some may have learned to expect from an individual who makes his headquarters in the Wall Street area. Nevertheless, I shall reserve a right to set forth certain qualifications later on as a fourth and last section of this paper.

The Past Record

"The study of history," writes John Steinbeck, "while it does not endow with prophecy, may indicate lines of probability." In retrospect, the postwar period, largely the decade of the 1950's, appears as a unique economic experience. Great wars of history have been followed generally by depressions, but no real depression followed World War II. Instead, the period was one of economic progress interrupted by three moderate recessions (those of 1948-49, 1953-54, and 1957-58). From these the economy recovered partly because of free market influences, partly because of government action, particularly in 1957-58. During this period, the dominant tone of economic life was inflationary. This was true not only for the United States but for the world. At the end of the war there was in the United States an excess of actual and potential purchasing power over the available supply of goods and services. There were shortages of all categories of consumer and producer goods; there was need for new plant and equipment, for new sources of energy and for transportation facilities. There was pent-up demand for residential housings, and for schools and public buildings. The demands of the Korean War and of the Cold War intensified these needs.

As the fifties wore on, these conditions changed. The abnormally high liquidity of the economy disappeared; government, business, and consumer debt increased sharply, our expanding economy met the accumulated shortages of passenger cars, machine tools, and split-level homes; the capacity of industry, agriculture, and mining was greatly increased. Masses of statistics could be cited to show what happened during this truly fabulous period, but I shall use only a few. In the decade of the 1950's, the Gross National Product rose 87% in current dollars, the FRB index of industrial production 64%, disposable personal income 73%, residential construction 155%. Prices at the consumer level increased 22%. Federal debt increased only slightly, but state and local debt was up over 200%. Mortgage debt rose about the same, but the heavy demand for consumer durable goods caused instalment debt to increase by over 300%. Large business demand caused bank loans to be expanded and interest rates rose. Prices of common stocks rose partly because earnings and dividends increased but also because the market's appraisal of equities became much more favorable. Also, there was the desire to hedge against inflation. At the end of 1949 the Dow-Jones industrial average was 200, at the end of 1959, about 700.

In the meantime, international conditions changed. At the end of the war, the United States was the only great industrial power left unscathed. Great Britain, the countries of Western Europe, and Japan were economically prostrate. Monetary systems were in disorder, American goods and American dollars were in great demand. Through the late 1940's, heavy export balances were generated by the needs of the postwar world. As a result, gold accumulated in the United States, but by the early 1950's conditions had begun to change; the reduced American export surplus was exceeded by the outflow of government and private funds. Gold movements were reversed. Again, the rebuilding of industrial capacity in other countries — much of it through American aid, notably the Marshall Plan—meant a stronger Free World: it meant also growing competition for the United States at home and abroad. Our country was no longer the only major industrial power! The dollar had become one strong currency among many.

Thus, it is evident that the economic climate has changed. The peculiar forces which generated the postwar boom have lost their strength. The economy is now subject to new and as yet not completely clear influences. The change may seem to have happened quickly and unexpectedly, but it has not been sudden. Signs were in evidence in 1956 and 1957 as the growth rate slowed down.

For the period 1946-59, the growth of the economy was at a 3.6% annual rate. It is significant that the rate was 4.6% in the first part as against 2.4% in the latter years. Many sectors of the economy, however, continued to move upward throughout the period so that the general picture was one of progress. Rapid recovery from the recession of 1957-58 through massive government expenditures tended to conceal the environmental changes and to create optimism regarding 1960 and the decade of the sixties.

The Present Situation

The year 1960 started out in high gear. In January the FRB production index reached an all-time high and in the first quarter Gross National Product crossed the $500 billion mark. There were strong forces at work within the economy during the first half of 1960. There was renewed accumulation of inventories which had decreased during the steel strike. State and local government expenditures increased, as did plant and equipment spending by business. There was also strong consumer buying of non-durable goods and services. In addition the balance of payments position showed improvement as exports increased.

But there were weak spots which became more and more apparent as the year progressed. The rate of inventory accumulation declined, residential housing starts fell, consumer durable goods, such as household appliances and furniture, were in weak demand. As a result, activity in various industries was adversely affected — in steel, aluminum, copper, and coal. The economy instead of continuing its initial rise began to move sideways along an uneven and uneasy plateau. Beginning in March the Federal Reserve began to buy bills; in June the rediscount rate was reduced from 4% to 3½%. These credit measures appeared to have little effect: there developed increased uneasiness about the state of business health.

In the third quarter the weak forces gained the ascendancy, and it is my opinion that we are now in a recession. There is always debate about the use of the term recession. I define recession as occurring when unfavorable economic factors are stronger than the favorable ones in a given economic situation. Certainly, by this definition we are in a recession, albeit a mild one. The FRB index dropped three joints during August and September. GNP in the third quarter declined. Inventory accumulation has stopped! Housing starts after an abortive rise in August dropped again; even personal consumption expenditures, notably those for durables, registered a slight decline. The strong sectors continued to be state and local government spending and, to a lesser extent, Federal spending for defense and highway construction. At the moment, expenditures for plant and equipment continue at a high level, although less than earlier plans indicated.

Again, in August the Federal Reserve reduced the rediscount rates to 3%; at the same time it reduced reserve requirements of the Central Reserve City Banks (New York and Chicago) and increased the amount of vault cash that banks could count as reserves. It is noteworthy that there has been little response to more plentiful and somewhat less costly money. In previous periods of recession, residential housing was stimulated by these factors, but in 1960 the reaction has been disappointing. It is my belief that this is an important difference and one which illustrates the change in the economic climate. Demand for housing has been dulled by the massive building program of the postwar years.

It is now the second month of the fourth quarter and there is no change in the recessive character of the economy. Thus far the heralded seasonal increases in heavy industry have not occurred. The steel industry has not yet raised its operating rate, although here it seems certain that 52% is substantially under the rate of consumption.

In October the Federal Reserve authorities took further steps toward increasing the lending and investing power of the banking system by eliminating the difference between Central Reserve City and Reserve City Banks, as well as permitting all vault cash to be used as reserves. These changes will provide assistance for the Christmas season, but they should also serve to build anti-recession resources. Nevertheless, as of Nov. 9, 1960, I cannot end my discussion of the present situation in any other way than by repeating that business is now in recession, mild as it may be, but still recession.

The Business Outlook

So let us turn to the *Outlook for the Future.* At this point, I shall not dwell on the possible difficulties which our international political and economic position and responsibilities entail. These are familiar. We are now subject to the so-called discipline of the balance of payments. This affects and, to an extent, limits the range of our fiscal and credit policies. Developments in the cold war, whether in Africa, Latin America, or Southeast Asia, can have a marked effect on the domestic economy. Military expenditures now consume some 9% of our Gross National Product and our high level of foreign economic and military aid and defense expenditures abroad constitutes the basic reason for our continued balance of payments deficit. These factors affect and, to an extent, determine the business outlook. I shall have to make assumptions regarding the program of the new Administration. This would have been less difficult if a Republican President had been elected, since we have a clearer map of the course that such an Administration would be likely to follow.

Nevertheless, I feel certain that the Democratic Administration will be energetic in the economic area. I do not envisage another New Deal, nor do I naively imagine that all the promises of the campaign will or can be meticulously fulfilled. This would be true, whichever party won.

Positive Forces. We find as strong economic forces increased Federal spending by the new Administration, certainly more for defense and almost certainly somewhat more for the social services, including education. There will be a continued growth in the expenditures of state and local governments at about the existing rate of increase of some $3 billion a year. In the consumer sector spending for non-durable goods and for services will continue to rise. Expenditures on services will increase, however, at a faster rate than those on non-durable goods. Powerful forces of longer-run growth for the economy are the increase in the population and changes in its composition, and the rapid advance in science and technology. At the very end of my paper, I shall have more to say about longer-run growth.

Doubtful Forces. In doubtful category are several other elements. Among consumer durables, the great automobile industry is in this category since it seems dubious that automobile sales will continue at the recent high rate and quite possible that inventories will prove excessive. Appliances also hold out little promise of any definite near-term improvement. It is also probable that inventories as a whole will move from their present neutral position to one of decumulation or reduction. Under present conditions of ample productive capacity and essentially stable prices, there is no incentive to increase inventories, but great advantages in reducing them.

Finally, residential housing, which has already been referred to as a weak factor up to the present time, seems likely to continue lethargic unless special measures are taken to stimulate construction. Over a long period of time, increased availability of mortgage funds will exert favorable effects, but over the short run government assistance will be essential, for example, in the building of multiple family dwellings. This is an area where we should expect the new Administration to act.

Weak Forces. In the definitely weak category, I would place, first, business spending on plant and equipment. This is now in the process of topping out at somewhat above $36 billion and from then on the trend will be down. Here again is an area where government stimulation in the form of greater freedom in permitting charge-offs for depreciation might well induce greater investment. Both Presidential candidates had promised this.

Moderate Recession Until Mid-1961

Under present conditions of overcapacity and declining profit margins, there is little incentive for business to spend. Next, in the export sector there seems a real possibility of a decline partly because of a slowing down of the European boom and partly because of intensified foreign competition. The combination of weak, and *doubtful* factors which may become weak, does not indicate early alleviation of present conditions of unemployment. At present, 5.7% of the labor force is unemployed and the number of hours worked per week is decreasing

What, then, is ahead for business? It is my opinion that the recession will continue for the next seven months. This statement is based on the greater strength of the negative factors in the economy than those which are positive. I expect both the Federal Reserve Board index of production and the Gross National Product to be lower in the first part of 1961. Although I am sure that the new Administration will adopt a program of stimulating the economy, both to bring it out of recession and to set it on the path of long-term growth, this will take time. We must remember that there is little that the Executive can do without the sanction of the Congress. Thus, for the short run, that is, roughly through the first half of next year, my prophecy is a moderate recession.

In terms of a peak to trough decline of industrial production, I envisage something in the neighborhood of 10%. In terms of 1960 versus 1961, I would expect the latter year to be about 5% lower as a whole. But the second half of 1961 should witness a reversal in the economy and in business based on increased government expenditures and the upward push of consumer spending on non-durables and on services. There will also be the stimulating effects of lower interest rates and more plentiful funds, and special measures taken by the government to induce recovery and growth.

And, finally, I'd like to add a few qualifications as I promised at the outset of this paper. Obviously, international developments can vitiate any forecast. Obviously, too, the Administration might be able to rush through measures of the much talked of "massive type" which would turn the economy up earlier and more strongly. These measures might rekindle a belief in the inevitability of inflation and lead to increased spending by both business and consumers.

Again, my appraisal of the relative strength of the various factors at work in the economy may be in error, especially in regard to the doubtful category, so that, instead of declining further, the economy may hold the line and then turn up somewhat earlier to a higher level.

Terms Prediction an Optimistic One

The fact remains that the economy is essentially sound. No sector of the economy shows dangerous weaknesses. The credit situation has been eased. The money supply is rising. The economic security of the people, despite the relatively large number of unemployed, is great and liquid assets at their disposal are substantial. But I go back to my definite forecast. I believe it represents the most probable course for business in the near future. It is that business conditions will be in recession up through the first half of 1961. I insist, however, that this is an optimistic, not a pessimistic, forecast. If we in the United States, operating in the changed environment, can limit any recession to moderate proportions and then can resume economic growth, we will have done a superb job.

Our Challenging Problem Ahead

Yet, I would feel a Pollyanna if I left on this relatively happy note. If we look beyond 1961, our problems are great. Some may have seen a summary just released of the Cold War Economic Gap, a report prepared at the Johns Hopkins University. Among the study's conclusions are the points that the economic growth rate in Russia is twice that of the U. S. A. Although their GNP is only one-half ours, the Gap will rapidly close and, by the late 1960's, it is expected that the yearly increments of growth in Russia will exceed America's. There is real danger, then, that we will become during the present decade a second-class power.

I know that we can meet the challenge. It is by encouraging and depending on the forces of free enterprise just as we did in World War II.

Yet, as I have heard this problem of growth discussed by men in public life, I am disturbed, for they seem to say vaguely that we can increase growth by government allocation of resources and large government expenditures. I'm an economist, but deliver me from an economist, or anyone else, who wants to play God to our economy. I do not believe that we can or should meet this challenge by massive government spending or by turning our backs on the free enterprise system.

Study for Mr. Kennedy

Over the years, there have grown up masses of legislation and administrative rulings designed to correct this or that abuse or to accomplish some social purpose. Some have certainly been good, but others have inhibited free enteprise without protecting the public. Who can doubt that regulation and unwise use of tax powers, have played a part in our railroad crisis? Who can doubt that depreciation policies have slowed down modernization of plants? Who can doubt that our tax laws have aggravated our balance of payments problem? Who can doubt that our building codes have contributed to featherbedding and in many other ways to increasing construction costs and to hampering growth in local communities?

We intend at my school, with the support of business and professional leaders throughout the country, to propose to Mr. Kennedy that he establish a commission with necessary subcommittees to study on a coordinated basis the various laws, rulings, and administrative practices which inhibit free enterprise in the United States and that such a commission, with due regard to the public needs, recommend those changes which will eliminate needless fetters and will give our competitive society a chance to provide the growth we so desperately need.

Let us grow through freedom. I believe we can.

*An address by Dr. Taggart before the 15th Meeting, Associates of Stanford Research Institute, San Francisco, Calif., November 9, 1960.

To Form Lieberbaum Co. NYSE Member

Lieberbaum & Co., members of the New York Stock Exchange, will be formed as of Jan. 1 with offices at 50 Broadway, New York City. Partners will be Louis Lieberbaum, Irving E. Hertz, who will acquire a membership in the New York Stock Exchange, Sheldon Lieberbaum, Bernard Kaplan and Aaron Korman, general partners, and Solomon Rudolph and Stanley Eisenberg, limited partners. Louis Lieberbaum is a partner in D. H. Blair & Co.

With Smith, Barney Co.

(Special to The Financial Chronicle)

SAN FRANCIISCO, Calif.—Henry T. Ritchie has become connected with Smith, Barney & Co., Russ Building. He was formerly with Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith.

One Massachusetts Man Comments to Another

By Roger W. Babson

Financial publicist, commenting on the recent election, says President-elect Kennedy is "a much disappointed man." Mr. Babson recalls Senator Kennedy's campaign speeches stating that if Vice President Nixon were elected he would have a "do nothing" Congress, and points out that precisely this prospect could confront Mr. Kennedy—unless something unforeseen were to occur abroad.

This is not an article on the election, as its outcome has been covered fully by the newspapers, the broadcasting companies, and the magazines during the past two or three weeks. This is a column strictly on the personality of Senator Kennedy. Being a Massachusetts man, like him, and knowing his father, I can write frankly about him personally at the present time.

Senator Kennedy a Disappointed Man

Senator Kennedy is a tremendous worker and very few rich men would make the sacrifices which he has personally made to secure this election. His industrious effort started four years ago when he came near getting the nomination for the Vice Presidency on the Democratic ticket. He then laid plans and built up an organization unequaled in any Presidential campaign. The great crowds which he attracted, and his personal advisers, led him to believe he would win by a landslide. On the strength of this, he made many statements as to what he would do during the "Kennedy honeymoon" of 100 days.

Although Senator Kennedy is naturally pleased to be elected President and move into the White House next January, yet in his heart he is a much disappointed man. He will have the honor and prestige of being President; but will not have the influence and power which he had expected. Other than making appointments, both in the diplomatic service and at the head of Commissions, about the only real power he will now have will be that of the veto, and even then Congress may pass legislation over his veto.

Election Was Too Close

Although Senator Kennedy won a majority of the electoral votes, these were not even unofficially confirmed until many hours after the polls closed. His greatest disappointment was the very close popular vote, which has not yet been officially determined. I will not discuss the legal aspects of the electoral versus the popular vote, but I do wish to make an important statement. Although the popular vote in the recent election has no legal status it has a great moral influence. It surely will cause Mr. Kennedy to remodel the Democratic party and the Presidency. His probable program is outlined in the *Wall Street Journal* of Nov. 8, page 10. He may now be sorry he made certain of his statements during his campaign, as he may be forced to backtrack on many of them.

His influence with Congress will be much less than if he had won with a fairly good popular margin and were taking office with a mandate from the people. Therefore, after the tremendous crowds which met him at every city, he is especially disappointed by his failure to capture a majority of the popular vote. It will be very difficult to persuade Congress to pass any radical program, even though the Republicans are in the minority. A Congressman takes his clue from what the people in his district think. Every Congressman has figured out carefully what the popular vote shows as to Senator Kennedy's popularity in his respective district.

What of the Future?

Senator Kennedy's campaign speeches said that if Vice President Nixon were elected, we would have a "do nothing" Congress during the next two years, and perhaps during the next four years. Unless something happens which cannot now be foreseen, the next four years under President Kennedy could record a "do nothing" Congress. Hence the great disappointment to him, as well as surprise to most Democrats. This is why Mr. Kennedy will go into the White House restrained somewhat by the noticeable absence of an "unrestricted franchise" from the people.

Unfortunately, what happens during the next two years or more may be very largely in the hands of Mr. Khrushchev. One cannot tell whether he is serious or merely bluffing about Berlin and his relations with China and other countries such as Cuba. He surely does not want a nuclear war; furthermore, he may be replaced by Mr. Molotov, or by someone else either more or less radical than Mr. Khrushchev. On the other hand, as Mr. Eisenhower pointed out in his famous Pittsburgh address, a war could start from some accidental and unwanted incident due to the unpremeditated psychotic action of some flyer. As World War II made Mr. Roosevelt, so another world war might make Mr. Kennedy; but I am sure he does not want it to happen in this manner.

Inv. Corp. of Va. to Be NYSE Member

NORFOLK, Va. — William A. Charter will acquire a membership in the New York Stock Exchange Dec. 15, and Investment Corporation of Virginia, 215 East Plume Street, will become an exchange member firm. Officers are Mr. Charters, President; C. Wiley Grandy, Vice President and Secretary; G. Powell Davis and W. Selden Grandy, Vice Presidents, and E. M. Stephens, Jr., Treasurer and Assistant Secretary.

Bacon, Whipple to Admit Partner

CHICAGO, Ill.—Bacon, Whipple & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges, on Jan. 1 will admit James T. Brophy to partnership. Mr. Brophy has been associated with the firm for some time in the research department.

Baker, Weeks Admit Partner

Baker, Weeks & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Charles H. Mott to partnership.

Dean Witter Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Elmer J. Turner has been added to the staff of Dean Witter & Co., 632 South Spring St. He was formerly with Harris, Upham & Co.

American Capital Abroad— Its Problems and Profits

By Edmond du Pont, *Senior Partner, Francis I. du Pont & Co., New York City*

Mr. duPont analyzes changes in the composition, extent and flow of our investments abroad in his firm's December financial news magazine "Investor News." It is premature to gauge the effect of the capital outflow upon our own economy, he points out, but some facts are furnished in his paper for whatever light they may cast as to the amount of competition we may expect — either direct shipments here or displacement of exports abroad.

Growth of American corporations' investments abroad has been among the outstanding developments in international finance in recent years.

Edmond du Pont

This is particularly true now that the emphasis is shifting to manufacturing rather than raw materials. Over the years a very large share of our foreign investment has gone into petroleum, mining and metals. Canada, Latin America, and the Middle East have been major recipients. But even in Canada, where nearly half our $10 billion stake is in manufacturing, those factories produce mainly semi-manufactures such as woodpulp and aluminum or newsprint.

More recently, the emphasis has been heavily on manufacturing. And the most notable increases, of course, have been in western Europe—especially in England, Germany and France. Lesser beneficiaries have been Italy, Netherlands and Switzerland (while, on the other side of the world, rapid gains have been taking place in the Philippines and Japan though the totals there still are not impressive).

This buildup, as people who follow such things well know, is both offensive and defensive: to get inside barriers which now restrict our exports and may prove even more restrictive in the future; to set up new bases for exporting into markets where we fear direct exports from this country are beginning to lose out; and perhaps to send manufactures back to this country.

The effects all this will have on home industry over the long run are largely a matter of guesswork at the present time. But a lot of guessing about the scope and direction of recent developments is removed by new studies now being completed by the Department of Commerce on our investments abroad:

$30 Billion in Direct Investments

Direct investment of all kinds (including petroleum, mining, and public utilities as well as manufacturing) rose to almost $30 billion in 1959, up from just under $12 billion in 1950.

United States manufacturers now hold direct investments with a value of nearly $10 billion in foreign affiliates and subsidiaries, two and a half times what they were in 1950; those in Europe now are more than three times as large as in 1950.

Outlays for plant and equipment abroad were $1.2 billion last year, will top $1.3 billion this year, and promise to go still higher in 1961.

The value of manufacturers' direct investments, after write-offs, grew by more than $1 billion last year (the largest single year's increase ever recorded).

Foreign manufacturing operations resulted in sales of more than $21 billion last year while earnings topped $1.1 billion (with half the profit being reinvested in the properties).

Our imports of manufactures and semi-manufactures from U.S.-owned factories came to about $1 billion (less than one-fourth of our total imports of such products).

Most fears that we are "competing with ourselves" center on the imports from what are generally classified as cheap-labor or low-cost-of-production areas. Up to now, this hasn't been much of a problem (though that is not to say it cannot become one).

Of the billion dollars worth of manufactures and semi-manufactures bought from American-owned factories abroad last year, almost 80% came from Canada. That total was made up mainly of woodpulp, aluminum and newsprint as previously mentioned.

About $200 million worth of goods came from American-owned plants in Europe. A very large portion of that figure was composed of automobiles and automotive products — a not unfamiliar situation which Detroit is undertaking to do something about.

Weighing Possible Competition

Here are some facts about our investments in Europe that may cast light on what is to be expected in the way of competition —either direct shipments back to the United States or the less direct displacements of U. S. products in third markets.

We increased our direct manufacturing investments in Europe from $932 million in 1950 to more than $2.9 billion in 1959. In recent years, the dominant emphasis has been on additional capacity in non - electrical machinery (up from $175 million to $674 million), in transportation equipment, dominantly automotive (up from $192 million to $603 million), and in chemicals (up from $74 million to $440 million). Investment in primary metals and electrical machinery in Europe now come to about $275 million each.

On the sales side, U. S.-owned plants in Europe rolled up 1959 volume of almost $3 billion in chemicals, $5.4 billion in transportation equipment, and $2 billion each in both electrical and non-electrical machinery.

These manufactured products, along with the output of all the other ventures in which American industry has invested abroad, roll up a fairly formidable volume of business—$32 billion in 1957 (the latest available total as compiled by the Department of Commerce). Sales of the factories alone accounted for 50% more manufactures than the comparable products exported from plants in the United States. But the extent to which these actually displaced American exports—and the extent to which they satisfied markets not otherwise available to us—remains an unanswerable question.

Over a period of time, our foreign operations are calculated to increase and support world trade. But, for the short run and at a time like this, they add to balance-of-payment problems.

In any event, the capital we export to build foreign investments represent earning assets. They earned us some $3.3 billion last year, the Commerce Department estimates, while payments to the United States came to about $2.2 billion (the same as in 1957 despite the declining oil revenues since Suez).

Meanwhile, we talk of Americanizing European industry. And Europeans, once wary of American capital, talk of how we are learning to do things their way. So some mutual understanding comes of it.

NSTA NOTES

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York (STANY) has elected the following members to hold office during 1961:

President: John S. Barker, Lee Higginson Corp.

John S. Barker

S. E. Dawson-Smith

Elbridge H. Smith

Salvatore J. Rappa

Wilbur Krisam

First Vice-President: Elbridge H. Smith, Stryker & Brown.

Second Vice-President: S. E. Dawson-Smith, Cruttenden, Podesta & Co.

Secretary: Salvatore J. Rappa, Mergott, Rappa & Co.

Treasurer: Wilbur Krisam, John C. Legg & Co.

Directors (Two-year Terms): Joseph R. Dorsey, Bache & Co.; Raymond C. Forbes, Shearson, Hammill & Co.; D. Raymond Kenney, D. Raymond Kenney & Co.; Lewis H. Serlen, Josephthal & Co.

The election, presided over by Barney Nieman, of Carl Marks & Co., 1960 President, was held at the Harbor View Club and was followed by a Cocktail Hour and Buffet Dinner at which over 700 members were present.

Montgomery, Scott To Admit Partner

On January 2, Hugh G. Petersen, Jr., will become a partner in Montgomery, Scott & Co., 120 Broadway, New York City, members of the New York Stock Exchange.

Filor, Bullard to Admit Partners

On Jan. 1 Filor, Bullard & Smyth, 26 Broadway, New York City, members of the New York Stock Exchange, will admit Michael J. Downey and Robert M. Schroder to partnership.

Garvin, Bantel to Admit Mrs. Seits

On Jan. 1, Garvin, Bantel & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Mrs. Anita E. Seits to partnership. Mrs. Seits is the firm's purchasing agent.

Zuckerman Smith To Admit Partners

Zuckerman Smith & Co., 61 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1, will admit Charles R. Alloway, member of the Exchange, to general partnership, and Ruth T. Zuckerman and Lila Degenstein to limited partnership.

Doolin Named Counsel For B. C. Morton Org.

BOSTON, Mass. — The appointment of James V. Doolin as house counsel for the B. C. Morton Organization, 131 State Street, was announced by Bernard Carver, President.

Mr. Doolin, a graduate of both Harvard College and the Boston College Law School, has spent the last 11 years as a legal advisor in the investment counseling and mutual fund fields.

Cleveland Analysts to Hear

CLEVELAND, Ohio—Leonard P. Pool, Air Products, Inc., will be guest speaker at the luncheon meeting of the Cleveland Society of Security Analysts to be held at the Mid-Day Club Dec. 15.

NEWS ABOUT BANKS AND BANKERS

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

Allen T. Lambert has been elected President of **The Toronto-Dominion Bank, Toronto, Canada,** succeeding A. C. Ashforth who

Allen T. Lambert A. C. Ashforth

has retired after 50 years service with the bank but will continue as a Director. At 48, Mr. Lambert is the youngest man in the history of the bank to be elected to the top post. He formerly held the position of Vice-President and General Manager.

Albert E. Hall, former Assistant General Manager of the bank's Alberta Division at Edmonton, has been named General Manager to succeed Mr. Lambert.

* * *

The Chase Manhattan Bank, New York, has promoted Jean M. Lindberg and Donald L. MacConnach to Vice-Presidents, George Champion, President, announced yesterday. Both men, who are in the pension trust division of the trust department, are at the bank's head office.

Mr. Lindberg joined the **Chase National Bank** in 1937. He was appointed a personal trust officer in 1952 and was promoted to Assistant Vice-President in 1957.

Mr. MacConnach, who joined Chase in 1933, was appointed a personal trust officer in 1947 and advanced to Assistant Vice-President in 1955.

Also announced yesterday was the promotion of Louis P. Buglioli, James B. Greene, Jr., Peter Heesch and John R. Petty to Assistant Vice-Presidents in the international department.

Ernest L. Loser and Howard W. Tagliabue were appointed corporate trust officers, and Howard R. Schultz was named electronic research officer.

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The Chase Manhattan Bank, New York, N. Y., has appointed Charles F. H. Brau, President of **The Kings County Savings Bank, Brooklyn, N. Y.,** to the Bank's Brooklyn Advisory Committee.

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Appointments of Francis X. Reed and John J. Sullivan as Assistant Vice-Presidents and Michael A. Bollella as an Assistant Secretary of **Manufacturers Trust Company, New York, N. Y.,** were announced Dec. 2 by Horace C. Flanigan, Chairman of the Board.

Mr. Reed joined Manufacturers Trust in 1946.

Mr. Sullivan came to the bank in 1956.

Mr. Bollella joined the bank in 1949.

* * *

Nello Gombi has been appointed representative in Rome of **Manufacturers Trust Company, New York,** to succeed Augusto Castiglioni, who will retire at the year-end, it was announced by H. C. Flanigan, Chairman of the Board. In connection with this appointment, Mr. Gombi has been advanced from Assistant Treasurer to Assistant Vice-President.

At the same time, Minos Zombanakis, representative of Manufacturers Trust Company for the Near and Middle East, also was appointed an Assistant Vice-President. His office likewise is in Rome.

Mr. Castiglioni will continue to serve the bank in Rome as a consultant.

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The Hanover Bank, New York, has announced the appointment of 25 new officers.

Named Assistant Secretaries were: Benjamin M. Bloodworth, David C. Cates and John J. Kindred, personal trust; Richard D. Connington and Howard E. Schurman, Rockefeller Center office; William M. Crozier, Jr., and William G. Sayres, out-of-town division; Paul C. Kelly, Chrysler office; Lindsay Macarthur, credit; William F. Ogden, Jr., Union Carbide office; Raymond M. Tierney, Jr., 34th Street office, and Richard W. Riffel, Church Street office.

Appointed Assistant Treasurers were: Ralph Clark, operations research; William H. Davidson, personnel; Harry R. Day, Rockefeller Center office; Joseph J. Kurtzke, personal banking; and Robert Baird, Frank P. Eklund, Earl G. Johnson and George A. Nelson, Jr., personal trust.

Named Assistant Managers were: Richard G. Bardsley, Paul D. Lucas, Addison L. Luce, Jr., Morgan B. Procter and E. Bruce Storms, all in the bank's foreign department.

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Assistant Vice-Presidents, John W. Fiske, Jr., Arthur B. Griffin, Jr. and James F. O'Donnell, have been named Vice-Presidents of **Bankers Trust Company, New York.**

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The advancement of three officers and the election of eight staff members to new official posts at **The Marine Midland Trust Company of New York** has been announced by George C. Textor, President.

Elected a Vice-President, representing the bank in New England, was Paul R. Vervoort. Mr. Vervoort was formerly an Assistant Vice-President.

Advanced to Assistant Vice-President were former Assistant Treasurers, William A. Gebhardt and Joseph A. Minehan. Mr. Gebhardt is assigned to the bank's 52nd Street Office and Mr. Minehan, to its Coal & Iron office.

Staff members elevated to new official posts in the departments indicated were: Assistant Secretary, John A. Walker, Personal Trust Department; Assistant Treasurers, Charles A. Amend and William A. Stuart, Commercial Loan; Fred W. Gaus, Real Estate; Alexander M. Gregory, Jr., International Banking; Richard R. Link, Comptrollers; Eugene T. Mann, Personal Loan and Midland Time Plan; and Michael J. Pfeifer, Accounts Receivable.

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The J. Henry Schroder Banking Corp., New York, has elected William G. Kearns and John E. McNamara Vice-Presidents.

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Bank Leumi le-Israel (Hebrew for **National Bank of Israel**) is marking its 10th anniversary of its U. S. operations here this month.

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The Security National Bank of Long Island, Huntington, N. Y., plans to increase its capital by the issuance of 97,371 shares of common stock, to be underwritten by a group managed by Bache & Co., according to Herman H. Maass, President of the bank. The shares will be offered to stockholders on the basis of one new share for every 10 shares held as of Jan. 17, subject to approval by shareholders and the Comptroller of the Currency. The subscription price will be determined at the annual meeting on that date.

Subject to approval, the Directors have declared a 2% stock dividend to holders of record at the close of business on Jan. 17.

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The merger of **The Lindenhurst Bank, Lindenhurst, N. Y.,** with the **Long Island Trust Company, Garden City, N. Y.,** was approved by the stockholders of the two institutions at separate meetings held Nov. 29. Of the votes cast, 99.0% of The Lindenhurst Bank shares and 99.6% of the Long Island Trust Company shares were voted in favor of the merger. The announcement was made by Adam Muller and Frederick Hainfeld, Jr., Presidents of the two banks.

Before the merger becomes effective, approval must be received from the New York State Banking Department and the Board of Governors of the Federal Reserve System.

* * *

On Nov. 25 the Comptroller of the Currency approved an application to merge **The Salem National Bank, Salem, New York,** with and into the **Manufacturers National Bank of Troy, Troy, N. Y.** The banks will take the title of the Manufacturers National Bank of Troy, and the effective date was expected to be Nov. 30.

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James R. McWilliams has been appointed Manager of the Wilmerding office of **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** according to an announcement by Frank R. Denton, Vice Chairman of the bank.

* * *

Fidelity-Philadelphia Trust Co., Philadelphia, Pa., has announced the appointment of George Butterworth, Jr., as Vice-President of the bank.

* * *

The York Trust Company, York, Pa., and **The York National Bank and Trust Company, York, Pa.,** consolidated under the title of **The York Bank and Trust Company.**

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Charles L. Ashmore has been elected to the Newport News board of **The Bank of Virginia, Richmond, Va.,** it was announced by Herbert C. Moseley, President.

* * *

The stockholders of the **City Bank, Detroit, Mich.,** have approved a proposal to convert from a state chartered bank to a national banking association, a move which the Comptroller of the Currency provisionally approved. In two weeks the change will be made and the bank's name changed to the **City National Bank of Detroit.**

* * *

The Genesee Merchants Bank & Trust Co., Flint, Mich., and the **Vernon State Bank, Vernon and Byron, Mich.,** have announced plans to merge.

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By a stock dividend, **The National Bank of South Dakota, Sioux Falls, S. D.,** has increased its common capital stock from $750,000 to $1,000,000, effective Nov. 21. (Number of shares outstanding — 10,000 shares, par value $100.)

* * *

The Central National Bank and Trust Company of Enid, Enid, Okla., has increased its common capital stock from $300,000 to $750,000 by a stock dividend, effective Nov. 22. (Number of shares outstanding—75,000 shares, par value $10.)

* * *

Two new Vice-Presidents and a new Director were announced by the **Bank of Montreal, Montreal, Canada,** Dec. 7.

Harold S. Foley, who has been a Director of the bank since 1954, now becomes a Vice-President and is appointed to the Executive Committee.

R. D. Mulholland, General Manager of the Bank of Montreal, joins the Board as a Vice-President, remaining as General Manager. He entered the bank at Peterborough, Ont., in 1923, and has held a number of senior appointments, including periods as Manager of the main offices in Victoria, Ottawa and Montreal. In 1958, he was appointed Deputy General Manager and became General Manager in March of last year.

A. Searle Leach, has been elected a Director of the bank.

Bartow Leeds Admits O'Connell

Bartow Leeds & Co., 1 Liberty Street, New York City, dealers in U. S. Government and municipal securities, have admitted Edward J. O'Connell to general partnership in their firm.

BANK AND INSURANCE STOCKS

BY *LEO I. BURRINGTON*

This Week — Insurance Stocks

Thus far in 1960 insurance stocks generally continue to outperform industrial stocks as a group. Even though a major catastrophe, last September's Hurricane Donna, temporarily halted the healthy market performance of fire-casualty stocks, a buying opportunity was provided the insurance stock investor and many issues have experienced market recovery. Nonetheless, since midyear 1960, the underwriting experience of such companies as American Insurance, Home Insurance and Providence-Washington returned to the loss column. Also underwriting losses by Continental Insurance, Glens Falls Insurance, Massachusetts Bonding and Insurance, National Fire, Phoenix Insurance, and Springfield Fire deepened further during the three-month period. A nine months' comparison shows 17, or approximately one-half, of the companies presented in a less profitable underwriting position. This contrasts with only about one-fourth of these issues showing adverse comparisons at midyear 1960 with the six months' 1959 period.

On the brighter side, gains continue for expense control. Progress in this area reflects efficiencies made in internal operations as well as changes in classes of business underwritten. Company experience in any insurance line can differ sharply from the industry's experience, since such diverse trends depend on the degree of success in careful selection of risks, market served, control of expenses, alert property loss adjustments and expansion of premium volume.

Impressive 1960 gains in net premiums written (sales) are being made which build up future profits. Thus far in 1960, increases by Northern Insurance, Springfield Fire, Aetna Casualty and Security-New Haven stand out. Only merger candidate New Amsterdam Casualty registered a decline. While fire losses thus far this year show an increase over 1959, and while hurricane damage was severe, it is important to remember that sizable percentages of such losses are not insured. Orthodox insurance companies, in order to meet direct writer competition, have been introducing merit rating automobile insurance in several more states during 1960.

Leading Fire-Casualty Insurance Stocks

	Approximate Bid Price-Range 1960-1959	Recent Mean Price	Indic. Div.	Yield	‡Gain Invest. Income	Underwriting Profit Margin —9 Months— 1960	1959
Aetna Cas. & Surety	91 - 66	93	$1.20	1.3%	17%	2.9%	2.7%
Aetna (Fire) Ins. Co.	91 - 61	86	*3.00	3.5	14	0.0	—2.8
American Insurance	32 - 23	26	1.30	5.0	6	—0.9	—9.4
Boston Insurance Co.	36 - 31	33	1.80	5.5	10	—4.7	—5.1
Continental Casualty	80 - 55	81	*1.50	1.9	20	1.8	1.6
Continental Insurance	60 - 45	52	*2.20	4.2	6	—4.7	—4.2
Federal Insurance Co.	63 - 48	58	1.00	1.7	12	7.2	8.8
Fireman's Fund	56 - 42	53	1.80	3.4	4	0.5	1.3
Fidelity & Deposit	60 - 43	49	2.00	4.1	1	13.7	14.8
General Reinsurance	126 - 70	126	2.00	1.6	15	4.1	5.6
Glens Falls Insurance	40 - 28	36	1.00	2.8	15	—2.1	—1.6
Hartford Fire Ins.	55 - 42	54	*1.10	2.0	7	1.0	1.0
Home Insurance Co.	62 - 46	60	2.20	3.7	10	—0.2	0.6
Ins. Co. of No. Amer.	74 - 57	70	*1.80	2.6	8	3.1	0.9
Maryland Casualty	43 - 31	39	1.50	3.8	7	1.2	—1.2
Mass. Bonding & Ins.	44 - 30	41	*2.00	4.9	N.A.	—2.5	3.8
National Fire Ins.	149 -102	110	2.00	1.8	13	—2.9	2.3
New Amsterdam Cas.	58 - 43	57	2.00	3.5	3	—5.6	—10.0
New Hampshire Ins.	56 - 41	53	*2.20	4.2	19	—1.9	1.2
Northern Insurance	52 - 37	39	1.50	3.8	13	—5.1	0.5
Phoenix Insurance	85 - 71	81	3.00	3.7	1	—4.0	—4.3
Providence-Wash. Ins.	25 - 17	18	0.80	4.4	8	—4.4	1.2
Reliance Insurance	58 - 41	54	2.20	4.1	N.A.	0.2	—1.7
St. Paul F. & M. Ins.	61 - 52	59	*1.44	2.4	7	1.9	2.5
Security-New Haven	58 - 33	59	*1.20	2.0	25	4.6	3.7
Springfield F. & M.	37 - 28	35	1.00	2.9	30	—3.1	—2.3
Standard Accident	64 - 45	51	2.00	3.9	12	—3.7	—0.1
Travelers (Indem.)	102 - 78	88	1.40	1.6	12	6.3	1.4
U. S. Fidelity & Guar.	43 - 29	40	1.00	2.5	15	1.7	1.5
Western Caslty. & S.	43 - 27	40	1.40	3.5	17	3.5	4.0

‡Improvement in nine months of 1960 over nine months of 1959.
*Increased cash dividend declarations during 1960.

With net investment income trending higher, insurance stock investors are receiving increases in cash dividends this year. Investment income, up 10% for the industry in 1959, is headed toward a comparable gain in 1960. The table presented includes, for comparative purposes, individual company gains in investment income for nine months over the first nine months of 1959. Besides the noted cash dividend increases declared to date, stock dividend declarations have been numerous. More recent stock dividend declarations include 10% by Federal Insurance and 3% by Security-New Haven.

The year 1960 is having its share of consolidation moves with the several announcements covering intents toward merger. Although many of the actions have yet to become effective. they include the following: Freeport Insurance Co. into Springfield Fire, Illinois National Insurance into New Hampshire Insurance, Kansas City Fire & Marine into Glens Falls Insurance, Great Northern of Minneapolis into Federal Insurance. Merchants and Manufacturers Insurance Co. into American Equitable Assurance Co., and Standard Accident into Fireman's Fund. A battle appears to be in the making between Home Insurance and Security-New Haven on which concern will end up with New Amsterdam Casualty, while a move by Hanover Insurance to acquire Massachusetts Bonding has again been resumed.

Barring another major catastrophe, higher 1960 consolidated earnings over 1959 are indicated for most fire-casualty stocks. This improving trend, together with higher cash and stock dividend declarations, should result in relatively favorable market action for the stronger insurance issues.

Cavanaugh Joins Reynolds & Co.

CHICAGO, Ill. — Audran J. (Pat) Cavanaugh has joined the Reynolds & Co., 39 South La Salle St., as a registered representative and a member of the firm's unlisted trading department, it was announced by James W. Cunningham, resident partner.

Audran J. Cavanaugh

Mr. Cavanaugh was formerly associated with William A. Fuller & Co. as a partner. He has been closely identified with the securities business on La Salle Street for the past 34 years.

Harriman Ripley Appoints Two

Harriman Ripley & Co., Inc., 63 Wall Street, New York City, has announced the election of John J. Reynolds, Jr., as Comptroller to succeed Charles L. Sticker, who retired, and the election of James M. Hartigan as Assistant Comptroller.

Mr. Reynolds, formerly an Administrative Assistant to Mr. Sticker, is a graduate of Manhattan College, New York University Graduate School of Business Administration and La Salle University Law School. Prior to joining the staff of Harriman Ripley & Co., Inc., in August of this year, Mr. Reynolds was with Naremco Services, Inc., Management Consultants.

Mr. Hartigan joined the staff of Brown Brothers Harriman & Co. in December, 1924, and became a member of the staff of Harriman Ripley & Co., Inc., in June 1934, where he has served as Accountant.

Yr.-end Tax Forum At New School

Norris Darrell, tax authority and Senior Partner in the law firm of Sullivan and Cromwell, will preside at a "Year-end Tax Forum" being held at 5:30 p.m. today (Thursday, Dec. 8) at the New School for Social Research, 66 West 12th Street.

Mr. Darrell, who will be a guest of the New School course, Managing Your Money, will discuss legitimate ways in which to realize tax savings. The course is conducted by A. Wilfred May, Executive Director, Commercial and Financial Chronicle, and Peter L. Bernstein, Vice-President of Bernstein-Macaulay, Inc.

The public may attend on an individual admissions basis.

Singer, Deane Office

YOUNGSTOWN, Ohio — Singer, Deane & Scribner have opened a branch office in the Stambaugh Building under the management of Charles D. Arnott.

THE MARKET . . . AND YOU

BY *WALLACE STREETE*

The stock market interest this week concentrated on special situations with the general list no better than aimless, with the indications still pointing to much year-end cleaning up taking place early.

The markets were broad, trading volume fairly high, and the well-depressed items in the steels and motors still under enough tax selling to slide to new lows for the year.

Foods had some good periods although the long run-up was starting to attract profit-taking. Some tobacco and utility shares were able to appear in the limelight. Aircrafts fared well occasionally, notably Boeing which was able to make the week's new highs' list in convincing fashion after it announced contracts for around a third of a billion dollars worth of commercial jet planes.

Averages Indecisive

Despite rather widespread predictions that the industrial average, having broken through on the downside of the 600 area once again, wouldn't bottom out before at least 580, it gave ground stubbornly and was still clinging fairly close to the 600 line without showing any intention of living up to expectations.

The other averages showed even less disposition to do any decisive work. Rails followed the industrials sympathetically, but by very narrow margins. Utilities mustered mild strength even when there was selling around and their average was still within easy reach of their 1960 high.

Wall Street sentiment wasn't overly cheerful, except that there were still high hopes that the list will stage something approaching the traditional year-end rally once the tax selling runs out. In years when there has been much tax pressure, such rallies have tended to start late in December rather than late in November, and even when there was a generally downward market they have mustered enough strength to add anywhere from five to as much as 20% to values. Any improvement in that area will be sizable against the 11% decline the industrial average showed on the year to the end of November.

Interest in Oils and Aircrafts

What reinvestment demand there is seems to be concentrated to some degree in the well-depressed issues in the oils and aircrafts. There was stirring in each group, including the new highs for Boeing Airplane and Phillips Petroleum recently.

Steels, already well shaken out, seem to be one of the areas where the tax selling is heavy since they were prominent on the lists of new lows despite their well-deflated prices and good yields.

Another new note was something of a play in the printing ink items, such as Columbian Carbon and Interchemical. Columbian has been virtually static for nearly a decade. It has had an erratic profit picture despite gradually increasing sales, but currently seems to be in a good position to make a favorable showing this year and again next year. In fact, there was some talk that the dividend, which is expected to be covered nearly twice by this year's earnings, could be increased next year. At present the yield is an above-average 5%. The range this year has been less than a dozen points.

Rails Still Dormant

Rails did little, with even the merger fever that crops up elsewhere conspicuously absent. It might be due, in part, to the fact that rail mergers aren't consummated quickly since Interstate Commerce Commission approval is necessary and that comes slowly.

Adding the Wabash to the Norfolk & Western-Nickel Plate merger proposal caused hardly a ripple. The deal for Wabash involves a 50-year lease with an option to purchase Pennsylvania Railroad's 99% interest in it after six years, plus purchase of Pennsylvania's Sandusky division, a 111-mile connection between the two systems.

In the Norfolk matter there is no common stock of Wabash to reflect the proposal, but its income bonds are available and are not overpriced. They are well discounted from their maturity prices and since they come due before the lease would expire, their payment at maturity is pretty well assured.

The common shares of Nickel Plate are still at around a five-point discount from the value inherent in the Norfolk & Western merger proposal. Like other well-depressed railroads, the shares of Nickel Plate in themselves offer a yield in excess of 5%.

Similarly, the Santa Fe offer for an exchange to take over Western Pacific finds the Western Pacific shares selling around five points under the value of the exchange. The hitch in this situation is that Southern Pacific is making a counter bid for Western Pacific although the thinking among rail analysts is that the Santa Fe's bid is more likely to be approved.

A New High Note

The fresh note on the lists of new highs was the appearance of an apparel item—Jonathan Logan. This issue has been publicly held only since last February. The feature that seems to be attracting interest in this item is its busy hunt for acquisitions to expand its lines and add to sales. With the help of its recent acquisitions, estimates are that its sales next year will come close to doubling the results posted in 1959. Its indicated dividend offers an above-average yield running well into the 4% bracket.

One item in the food group that failed to share in the general demand for all types of such issues was Food Fair Stores which has had a mundane market life recently, poised on its year's low despite some statistical indication that it warrants better attention. Food Fair is among the half dozen top supermarket chains. It is also one committed to aggressive expansion activities and is aiming at sales in the billion dollar bracket by 1962 against something over $800 million expected to be reported in the current fiscal year. Where the shares were priced at around 18-times-earnings in recent years, the current level is around 14-times anticipated profit for this year. It offers an average return of nearly 3½% and, in addition, pads them with small stock payments quite regularly although it did skip last year for any such payment. This year's distribution was 2%.

A Statistical Value Item

The occasional demand for moving picture shares normally runs out of steam without too much follow - through. Consequently they are among the items that are undervalued by some of the statistical yardsticks. Metro-Goldwyn-Mayer, for one, has been available at around eight-times the earnings as investors remember the struggles the company had until several years ago. Its last red ink year was 1958 and apparently the earnings turn was made both with its "super" picture, *Ben Hur*, and with its other releases plus building up its work for television. Its work in the television field, including film series, now is estimated at accounting for some two-fifths of its profit.

Metro has been releasing only its older films to the television business but with Columbia already committed to releasing the later ones, it seems to be only a matter of time before the entire industry falls in line. To some students of the industry, the newer films are held in even higher regard than the older ones, and could bolster the film companies' earnings statements even more importantly. MGM shares offer an above average return of nearly 4½% on a payment that is likely to be only half of earnings in the fiscal 1960 year. The company has also been buying in its own shares in the open market, whittling away at the shares available.

[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.]

N.Y. Inv. Assoc. Holds Ann. Dinner

The Investment Association of New York held its 10th annual dinner Dec. 6 at the Waldorf-Astoria. James F. Burns, III, Blyth & Co., Inc., President of the association presided over the meeting which was attended by about 600 members and guests.

James F. Burns, III

The Hon. Jacob K. Javitz was guest of honor. Other honored guests were Amyas Ames, Chairman of the Joint Committee on Education; Harold Bache, Bache & Co.; Charles Bergmann, R. W. Pressprich & Co.; Frederic H. Brandi, Dillon, Read & Co., Inc.; Philip W. Brown, Smith, Barney & Co.; James Coggeshall, Jr., The First Boston Corporation; Lloyd S. Gilmour, Eastman Dillon, Union Securities & Co.; Lloyd B. Hatcher, White, Weld & Co.; Robert C. Johnson, Kidder, Peabody & Co.; Lee M. Limbert, Dean Witter & Co.; Donald N. McDonnell, Blyth & Co., Inc.; Herbert W. Marache, Granbery, Marache & Co.; Ralph C. Sheets, Blyth & Co., Inc.; Wickliffe Shreve, Hayden, Stone & Co.; Raymond D. Stitzer, White, Weld & Co.; John Trubin, Javits, Moore & Trubin; and Walter W. Wilson, Morgan Stanley & Co.

Officers of the Association are Mr. Burns, President; Frederick S. Wonham, G. H. Walker & Co., Vice-President; Arthur B. Treman, Jr., Dillon, Read & Co., Inc., Secretary; and John E. Friday, Jr., Morgan Stanley & Co., Treasurer.

Straus, Blosser to Admit 2 to Firm

CHICAGO, Ill.—Straus, Blosser & McDowell, 39 South La Salle Street, members of the New York and Midwest Stock Exchanges, on Jan. 2 will admit Robert M. Beak and C. Edward Jacobsen to partnership.

IBA to Meet In 1961

The Investment Bankers Association of America will hold their 50th annual meeting Nov. 26 to Dec. 1, 1961 at the Hollywood Beach Hotel, Hollywood, Fla.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Middle South Utilities, Inc.

Middle South Utilities is one of the four holding companies which were set up in the South following the breakup of the big systems by the SEC during the 1930s and 1940s. It was incorporated in 1949 and controls four companies which had already been serving their areas for about two decades—Arkansas Power & Light, Louisiana Power & Light, New Orleans Public Service and Mississippi Power & Light. Louisiana Gas Service, a smaller subsidiary which accounted for about 4% of system revenues, was divested from the system earlier this year through subscription rights to its stock, which were offered to MSU stockholders.

The system serves an important segment of the Deep South, including a population of some four million in the three states Arkansas, Louisiana and Mississippi (it shares the latter state with the Southern Company system, and Louisiana with Gulf States Utilities). The leading cities served include New Orleans, Little Rock, Pine Bluff, Vicksburg and Jackson. Revenues in 1959 were 85% electric, 11% gas and 4% transit but the recent sale of Louisiana Gas Service will reduce the proportion of gas sales to about 7% of revenues. Transit service is in New Orleans and vicinity.

The area served by the Middle South system has not enjoyed much population growth in the postwar period but its economic progress has been much faster than that of the U. S. as a whole. During the two decades 1939-1959 cash farm income quadrupled, from $381 million annually to $1,749 million. Formerly the emphasis was on cotton but during the past decade there has been a rapid increase in the growing of livestock and other farm products. Agricultural output in the area is now worth over $660 million per annum, an increase of 77% since 1949. The raising of commercial broilers (about 240 million are now produced in the area annually) has become another important source of cash income and plants processing broilers and other food products now employ over 65,000 workers. Soy beans have also been an important new product, production increasing 768% in the past decade. In spite of the big gain in the value of farm products, farm employment has declined about one-half while productivity per worker has increased eight-fold in terms of current dollars.

The principal industries in the area include building materials, ice, cold storage and packing plants, oil production and refining, textiles, mining and aluminum processing. The area has shown greater improvement in manufacturing than the U. S.—payrolls, production wages and man-hours of work have all made a better showing than the U. S. figures.

However, the most important factor in the growth of the area has been the new discoveries of crude oil and natural gas, and the development of other natural resources. The area now ranks first in the nation in the production of bauxite; second in oil and natural gas, barite, bentonite, and sulphur; fourth in salt; and fifth in manganese ore.

Since 1949 over $2 billion has been invested in new plants of chemical, petrochemical, petroleum refining, aluminum, building materials, and pulp and paper industries. Over $1.5 billion has been invested in the Louisiana tidelands by the oil and gas industry, and millions of additional dollars are expected to be spent in the future for drilling, exploration, production, and pipeline construction.

As a result of this rapid economic growth Middle South's revenues increased from $100 million in 1950 to $214 million recently—although the latter figure will be reduced somewhat by the sale of Louisiana Gas Service. The company's electric revenues are about 38% residential and rural, 26% commercial, 26% industrial and 10% miscellaneous.

System capacity has been increased rapidly, both to take care of increasing peak loads and to build up an adequate reserve (the reserve was small during 1950-54). At the end of 1959 generating capability was 2,745,000 kw compared with the summer peak load of 2,255,000 kw, indicating a reserve of 22%. The company will complete two additional plants in 1961 and one of these, the Little Gypsy, will be the world's first plant capable of full automation. The next unit will be installed in 1963.

The system construction program for 1960 approximates $81 million. To finance this and repay a bank loan, subsidiaries sold $27,500,000 bonds earlier this year, and in April the parent company sold 650,000 shares of common stock. The equity ratio is currently around 34%, and has remained within a range of 34-36% during the past decade. It is reported that there will be no additional equity financing until late in 1963 or early in 1964.

Middle South's consolidated earnings per share did not show very rapid progress until recent years. Due perhaps to regulatory problems in Arkansas, share earnings increased only from 91 cents in 1950 to $1.03 in 1953, then declined to 97 cents in 1955. Since that year, however, earnings have increased steadily to an estimated $1.50 for 1960, or an average annual increase of over 9% compounded. The dividend has increased from 55 cents in 1950 to the current $1 rate. The price of the common stock advanced from the low of 7½ in 1950 to the 1960 high of 33; the stock has made new highs in each of the past four years.

The year 1959 established a record for the number of new and expanded industries in the area, and 1960 has continued satisfactory in this respect. Electric heating is being actively promoted in Arkansas and Mississippi — both resistance types and the heat pump; in Louisiana, however, the low cost of gas for house heating makes it too competitive. The company expects to maintain an annual rate of gain of 7% to 8% in revenues in the future.

During the first ten months of 1960 good air conditioning sales helped the residential showing—kwh sales being up 17% and revenues 13%. Rural and commercial sales also gained over 9%. However, due to the cutback in operations of the Reynolds Aluminum plant kwh sales were down nearly 9%; revenues were partially protected by the terms of the Reynolds contract, and showed an over-all gain of 2%.

Nineteen-sixty-one earnings will be affected somewhat more by the aluminum situation since the plant was recently closed down until conditions in the industry show improvement. The credit for interest on construction will also be somewhat smaller next year and there may be some temporary loss of income resulting from the sale of Louisiana Gas Service.

The stock is currently selling around 31 to yield 3.2%, and the price-earnings ratio approximates 10.7%.

Now With Irving Lundborg

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Richard V. Baldry is now connected with Irving Lundborg & Co., 926 J Building. He was formerly with Mitchum, Jones & Templeton.

Blyth Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — John B. Stuppin is now affiliated with Blyth & Co., Inc., Russ Building. He was formerly with Walston & Co., Inc.

Joins Hutton Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — William A. Crump has joined the staff of E. F. Hutton & Company, 160 Montgomery Street. He was previously with McDonnell & Co. Incorporated.

IBA to Study Inv. Banking Business

The Investment Bankers Association of America will sponsor a comprehensive study of the investment banking business, announced James J. Lee of W. E. Hutton & Co., New York, outgoing President of the Association. Sponsorship of the project was approved by delegates to the 49th Annual Convention of the Association.

Such a complete survey has never been made before and the three-year study should provide much information of interest not only to investment bankers, but also to educational institutions throughout the country. It will be conducted by the Wharton School of Finance and Commerce, University of Pennsylvania, under the direction of Prof. Irwin Friend.

The $150,000 project will be financed by a special assessment upon the member firms of the Association. Further details on the precise nature and scope of the study will be announced at a later date.

Join Training Course Of Fusz-Schmelzle

ST. LOUIS, Mo. — Three women are in training to become registered representatives of Fusz-Schmelzle & Co., Inc., 522 Olive Street, members of the New York Stock Exchange.

They are Mrs. Meta Thielker, Miss Emma Dravenek and Mrs. Mary Huchzermeier.

Richard A. Schmelzle, Vice-President and Director of Training of Fusz-Schmelzle and Co. states their firm believes women will play a more dominant role in the investment world year-by-year.

The three women are part of a group of eight men and women currently being trained by Fusz-Schmelzle & Co. The firm recently opened new offices, specially designed and equipped for women investors, at 522 Olive Street in St. Louis.

With Townsend, Dabney

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Pauline M. Betourney has joined the staff of Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges.

Some Recent Changes in Forward Exchange Practices

By Paul Einzig*

The dearth of knowledge of modern post World War II forward exchange practices and the persistency in perpetuating obsolete pre-war information induce Dr. Einzig to bring those interested in forward exchange up to date on the subject. A fuller treatment of this topic will appear in the author's forthcoming book, "A Dynamic Theory of Forward Exchange" to be published in 1961 by Macmillan & Co., Ltd. Here, Dr. Einzig touches on the extent hedging has replaced speculation; criticizes financial press for a lack of interest in the technicalities of forward exchange; disproves the pre-war rule about one-half per cent minimum discrepancy for arbitrage; comments on feasibility of unlimited forward exchange support; notes revolutionary change in development of long forward facilities; and finds forward exchange markets serve as an alternative to local money markets.

The resumption of free foreign exchange dealings in London and other European markets during the fifties has been followed by a highly gratifying increase of the active interest of academic economists in some broader aspects of forward exchange. A number of interesting and important articles have appeared in recent years in publications of learned societies, universities, official institutions and banks, and between them they have thrown much new light on the subject. In particular, the question whether or not monetary authorities should engage systematically in forward exchange operations for purposes of monetary policy has attracted much detailed discussion. Penetrating analyses of the working of Interest Parities, the effects of leads and lags, the reciprocal relationship between speculation, arbitrage, hedging and commercial covering, etc., have yielded some very valuable results. Some useful new terms, such as "intrinsic" premium or discount, and "incoming" or "outgoing" arbitrage, have been added to the vocabulary of forward exchange.

Having thus paid a well-deserved tribute to the post-war generation of writers on the subject, I trust I shall not be considered over-critical if I try to draw attention to a major defect of the post-war literature. It is based to a very large extent on obsolete pre-war information about forward exchange practices and techniques. Yet there have been many changes since the war, and some of them are of considerable importance from a theoretical as well as practical point of view. Oversight of the development of these new practices, or failure to appreciate their significance is apt to result in conclusions unsuitable for application to the present-day situation or for serving as a basis for official policies or tactics. It is therefore essential for economists interested in forward exchange to bring themselves up to date in respect of the factual material on which they base their arguments.

Lists Post-War Changes

The following list of some of the more important post-war changes is based on an exhaustive inquiry I made recently in the city and in some continental financial centres with the object of ascertaining new developments in forward exchange practices since before the war:

(1) The pre-war rule about a minimum profit margin of ½% for interest arbitrage operations no longer exists.

(2) The relative importance of hedging operations has greatly increased.

(3) The relative importance of pure speculation by the public has declined.

(4) Banks are now more willing to carry open positions overnight and even for longer periods.

(5) The proportion of outright forward operations in the market has increased, and the practice of banks to cover forward transactions by spot transactions in the first instance is no longer applied quite as generally as before the war.

(6) Buying and selling orders of forward exchange are now "married" by the banks more frequently.

(7) Average amounts of individual commercial forward transactions are now much larger, even in terms of constant prices.

(8) It is now possible to cover commercial transactions for very long periods, in some currencies up to four years.

(9) There is an increase in the relative volume of turnover in forward transactions for very short periods.

(10) The importance of time arbitrage has increased very considerably.

(11) It is now possible to deal in the market in contracts with optional dates, at any rate for standard dates.

(12) Profit margins on arbitrage in space have declined very considerably.

(13) Profit margins on transactions with customers — with the exception of contracts with optional dates or for very long periods—have declined.

(14) There has been a great increase in the use of foreign currency deposits (especially "Euro-dollars") for swap transactions.

(15) The use of overdrafts on current accounts for interest arbitrage has declined.

The importance of these various changes—the list does not claim to be complete—from the point of view of their bearing on forward exchange theory varies widely, but between them they have altered drastically the picture of forward exchange practices and techniques which I tried to present in my pre-war book on the subject.[1] It has been, therefore, somewhat perturbing for me to find my book quoted every now and again as a source of information for factual material which, while it was undoubtedly correct in the 30s, has since ceased to apply. One of my main objects in writing this article is to disclaim responsibility for such facts and for the conclusions based on them.

Misconception About the Profit Spread

Outstanding in importance among such instances is the oft-repeated assertion that foreign exchange dealers make it a rule to abstain from interest arbitrage operations unless the discrepancy between forward rates and their Interest Parities — the intrinsic premium or discount — is sufficiently large to ensure a profit of at least ½% p.a. on the operations. This rule has been presented in recent writings by theoretical economists as something axiomatic, and elaborate theoretical conclusions have been based on it. It is unfortunate that the financial press does not nowadays take a sufficient interest in the technicalities of forward exchange to make economists realize that the ½% minimum profit margin has long ceased to exist. Any foreign exchange dealer would be in a position to confirm the fact, well known in banking circles, that in our days most banks are very often willing to transfer funds for interest arbitrage for the sake of a profit of 1/16% or even less. Indeed, I understand from a number of independent banking sources that on a great many occasions some banks operate entirely without any profit. They do so for the sake of the prestige value of operating on a large scale, and as a means of attracting other business.[2] The few surviving pre-war dealers may well shake their heads in disapproval of this behavior of the post-war generation, but very often even they have to act likewise, in order to maintain the standing of their bank as a big operator in the market.

Of course, foreign exchange dealers can only operate without a profit or at a nominal profit so long as their foreign exchange department has funds available for that purpose. If they have to ask the Treasurer of their head office for additional funds the latter is likely to charge them a higher rate of interest than is obtainable in the domestic money market. (It is a perennial complaint of dealers that their head office drives a harder bargain with its own flesh and blood than with outside borrowers.) This means that when they have to use for arbitrage funds borrowed from the head office they are unable to operate unless there is a relatively wide discrepancy. In fact, the minimum discrepancy for such operations has increased since pre-war days. The terms charged by the head office to the foreign exchange department are much stiffer nowadays, because banks find it much easier to employ their money at home more profitably than they did during the lean thirties.

This means that while foreign exchange departments are prepared nowadays to engage in arbitrage for a much smaller profit than before the war, or even without any profit, so long as they can use their own allotted capital, if they have to borrow additional capital from their head office they can operate only when minimum discrepancies are wider than before the war. We must avoid generalising in this respect, for some head offices are more inclined than others to support their dealers in an effort to achieve a large turnover in the market. The policy of head offices follows no uniform rule, and the liquidity position of foreign exchange departments varies widely and is liable to change from one moment to another. It is therefore impossible to establish any rule to take the place of the pre-war rule of the ½% minimum profit margin. At any given moment various banks follow different rules, and each one of them changes its rule at frequent intervals.

To complicate matters further, head offices borrow from time to time through their foreign exchange departments, authorizing the latter to engage in inward arbitrage at a moderate loss, for the sake of tiding over a period of stringency, as an alternative to selling Gilt-edged at a loss or reducing their call loans. This means that profit margins at which banks are prepared to operate are apt to vary between some quite substantial percentage and a negative quantity.

Growth of Arbitrage and Hedging

The sooner and the more completely that obsolete prewar rule about the ½% minimum discrepancy is forgotten, the better. That rule bears no more relevance to present-day realities than the ancient practice of transacting all foreign-exchange business at the Royal Exchange on Tuesdays and Thursdays that existed in Goschen's days, or the even more ancient practice of maintaining fast courier services for ascertaining exchange rates in other centres in advance of rival dealers that existed in Gresham's days.

The theoretical importance of the change lies in the fact that it has resulted in the elimination of a frictional influence interfering with the ideal working of Interest Parities in normal conditions. It means an increase in the extent of international movements of funds through interest arbitrage, which means an increase in the dynamic effects of forward exchange. At the same time the static role played by forward exchange in balancing discrepancies between levels of interest rates in various centres has also increased in importance. Progress has been made towards establishing the international unity of all free money markets. During periods when there is no one-sided buying or selling pressure that would exhaust the liquid resources of foreign exchange departments, even a barely perceptible deviation of forward margins from their Interest Parities is now capable of provoking transfers of funds. What is more, owing to the multiplicity of Interest Parities, the paradoxical phenomenon of witnessing inward and outward interest arbitrage between two centres at the same time has become quite a frequent occurrence.[3]

The extent to which hedging has replaced pure speculation as the potentially predominant influence in the foreign exchange market does not appear to have been realized sufficiently, judging by the fact that neither the Report of the Radcliffe Committee nor the Evidence contains any reference to it. Postwar literature has failed to appreciate the full significance of the change, even though it calls for a very thorough analysis of the basic characteristics of hedging. Most writers apply the terms hedging and commercial covering very loosely and indiscriminately, as if they were synonymous.[4] Yet so far from that being so, hedging has much more in common with pure speculation than with commercial covering. The basic difference is that, while a covering operation is self-liquidating on maturity, a hedging operation is not. An American exporter to Britain, having sold the sterling he is due to receive in three months' time, simply delivers on maturity the sterling out of the proceeds of his exports. But an American with a branch factory in Britain, having hedged against a depreciation of his asset in terms of dollars by selling sterling forward, is not likely to sell his factory on maturity in order to carry out the forward contract. This may occur on very rare occasions if the cost of a prolonged hedging is found to be prohibitive, but it is very far from being the routine as it is in the case of commercial covering.[5]

Hedging vs. Speculation

It is important to bear in mind the similarities between hedging and speculation, but also the essential difference between them. An American firm hedging against a depreciation of its branch factory in Britain is confronted on the maturity of the forward contract with the choice between the same alternatives as a pure speculator. He can either close the account by buying spot sterling, or renew the hedge by means of a swap transaction, or borrow sterling and sell the proceeds of the loan. The essential difference is that he finds it usually much easier than a pure speculator to create a short position in sterling either by means of a forward operation or by means of borrowing and selling spot sterling, and that when the forward contract matures he is in an incomparably better position than a pure speculator to pay sterling for the dollars he had bought without first having to buy sterling. Apart from his borrowing facilities on his assets in Britain, his branch or subsidiary may possess inventories of goods which are apt to become reduced during the period of the forward contract, or they can be realized deliberately with the object of meeting the sterling liability arising from the forward contract and taking up the dollars bought.

In the course of my inquiries in the Zurich foreign exchange market last year I was told in more than one quarter that, since most banks have some limit beyond which they become increasingly reluctant to increase their forward exchange commitments, during periods of pressure they prefer to reserve their facilities for customers engaged in hedging against some legitimate interest rather than deal with pure speculators. Those concerned in hedging usually provide the "bread-and-butter" of foreign exchange departments with their regular commercial covering transactions, so that it is only natural that banks should prefer to oblige their regular customers rather than speculators, who usually appear on the scene only when there is abnormal pressure. This attitude is not confined to Switzerland, but, in view of the reputation of Zurich as the main center for speculative activity, it is interesting to register the fact that even there hedging has largely replaced speculation.

In the London market, on each occasion when sterling came under active pressure in the fifties, operations of the "Great West Road"—the district where many American branch factories are situated — became a prominent feature of the forward exchange market. During the last 10 years there has been a remarkable increase in American and other foreign investment in Britain, as a result of the provision made in 1950 to enable overseas owners of approved industrial investment in this country to repatriate at any time the proceeds of their realized capital assets. This trend, which makes for an increase of the potential extent of hedging, is likely to continue, not only in this country but throughout the free world, as a natural consequence of the prevailing liberal trend in trade and finance. Moreover, sooner or later it will become possible to hedge by means of forward operations also against foreign holdings of British secu-

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1 The Theory of Forward Exchange (London: Macmillan & Co., 1937).

2 This attitude recalls the pre-war practice of London clearing banks to cut their commission on acceptance credits to a figure at which it hardly paid for the clerical work involved, and to pay to foreign banks deposit rates in excess of London bill rates, all for the sake of attracting other kinds of business.

3 This new situation bears some similarity to the form of gold standard advocated in the late twenties, under which gold clearing would replace gold arbitrage, so that the slightest deviations from mint parities would entail transfers of gold.

4 Mr. S. C. Tsiang goes so far as to apply the term 'hedging" to include commercial covering (The Theory of Forward Exchange and Effects of Government Intervention on the Forward Exchange Market, International Monetary Fund Staff Papers, March 1959, p. 76). And Mr. A. E. Jasay uses the term with reference to covered bank funds "Forward Exchange: The Case For Intervention" Lloyds Bank Review, October 1958, p. 39).

5 Covered bank funds in the form of current account balances are not automatically self-liquidating, but their owners are in a position to carry out the forward contract on maturity without having to buy the currency concerned. Covered bank funds in any other form are automatically self-liquidating, and so are all types of covered commercial or financial credit transactions. Covered security holdings with maturity dates are self-liquidating if the forward contract is for the whole period to the maturity date. Otherwise the operation comes under the definition of hedging.

rities whose proceeds can, at the time of writing, be sold only in the form of security sterling.

Increases Foreign Exchange Dynamism

The grand total of actual and potential hedging tends to increase also through the growing practice of "commercial hedging"—to cover an indirect risk arising from a commercial transaction. An American importer of British cars payable in sterling leaves the exchange risk uncovered when sterling is under a cloud, in the hope of benefiting by a devaluation. But once he has paid his sterling debt he is exposed to the risk of a fall in the dollar prices of British cars as a result of a devaluation of sterling. To safeguard himself he sells sterling forward to the value of his unsold stock. Even though this operation arises from a commercial transaction, it is not covering but hedging, because it is not self-liquidating any more than is hedging by an American owner of fixed assets in Britain. As the business community tends to become increasingly forward exchange conscious, such operations are likely to increase in volume whenever a currency appears to be under a cloud.

This increase in the importance of hedging has further accentuated the dynamism of the forward exchange system. Even pure speculation is liable to produce highly disturbing effects, through its influence on the international transfer of funds, gold reserves, interest rates and the volume of credit in both losing and receiving countries. But the change from pure speculation to hedging has made the task of defending a currency even more difficult. After all, as Spraos rightly observed, "speculative forward deals are mere bookkeeping entries destined to be rubbed off"[6] because the speculator does not possess the currency he had sold, so that he has to acquire it on maturity in order to be able to deliver it. It is true, technically the hedger is in the same position. But, as I pointed out above, it is incomparably easier for him to meet his forward contract without having first to buy the sterling, especially if he is hedging against easily realizable inventories. Speculators may or may not have assets against which to borrow, but those engaged in hedging necessarily possess the assets they want to secure against depreciation. Nor can the authorities apply official or unofficial restrictions against lending to hedgers to the same extent as against lending to speculators, seeing that the former are entitled to sell out their assets and repatriate the proceeds.

Today the potential weight of hedging pressure on sterling may be reckoned in hundred of millions of pounds, but it is necessary to envisage a situation in the not too distant future in which this influence will be reckoned in thousands of millions. It is true in theory there is no limit to speculative selling of sterling. The difference is that when the forward contracts mature hedgers are in a position to meet a much larger proportion of the amounts due by delivering spot sterling they possess.

Supporting Forward Exchange

The realization of this difference between speculation and hedging, and of the latter's growing importance, is liable to influence the official attitude towards proposals for unlimited support to forward sterling against large-scale attacks. Even if they could afford to engage an amount equal to, or in excess of, their gold reserves so long as they were dealing mainly with speculators, they would run grave risks in doing so now that they have to deal largely with hedgers who may be in a position to deliver on maturity the sterling they sold and to retain the dollars to be received in exchange. Consideration of space prevents me from going into the whole controversy, but I feel this aspect alone should call for some rethinking on the part of those who have been advocating unlimited support. In the absence of official support of forward sterling hedging, through its effect on arbitrage, entails an immediate loss of gold or foreign exchange, and the authorities may feel impelled to take the necessary defensive measures immediately. If, on the other hand, official support of the forward exchange conceals the loss until the forward contracts mature, the necessary defensive measures are apt to be unduly delayed, on the optimistic assumption that the official forward sales of dollars are mere bookkeeping entries with nothing behind them.

It is arguable that if the cost of hedging is kept artificially low the hedges are more likely to be renewed on maturity. But in practice fears of exchange restrictions or various other considerations are liable to induce hedgers to take up the dollars they had bought forward, regardless of the forward rate. Allowing for this, together with the possibility of gaps in the exchange control and of decisions of Sterling Area countries to secede, the British authorities would run the risk of being unable to meet their forward commitments if they sold forward dollars to an amount in excess of their reserves.

The increased willingness of the banks themselves to carry open positions is another postwar change making for an increased dynamism of forward exchange. The myth that "respectable" banks, at any rate in the United Kingdom, always cover all their positions every day before the market closes dies hard, but the fact that since 1951 British banks have been officially authorized to carry uncovered balances up to a certain fixed maximum should go some way towards bringing about its demise. In reality, the text book rule about closing all positions every day has never been applied strictly. Its rigid application would place banks at a disadvantage, since on many occasions they would have to cover during the late afternoon when everybody else is expected to have to cover. Nowadays the rule is interpreted much more liberally than before the war. Dealers may defer the covering till the next day, or till after the weekend, when it can be effected more conveniently. Moreover, many banks apply the rule only in the sense of avoiding obvious major risks they would run by being long in a currency threatened with devaluation or short in a currency threatened with revaluation.

They are often prepared to run the calculated risk of an appreciation or a depreciation of the spot exchange concerned, provided that

Continued on page 20

6 J. Spraos, "Speculation, Arbitrage and Sterling," Economic Journal, March 1959, p. 14.

Some Recent Changes in Forward Exchange Practices

Continued from page 19

they feel they can rely upon the maintenance of its support points. For instance, when in 1957 a revaluation of the D. Mark was anticipated, banks strictly observed the text book rule against leaving a short position open overnight, but did not hesitate to leave a long position open, even though the spot rate was in the vicinity of its upper support point and was liable to depreciate to its lower support point, because they could safely rule out a devaluation of the D. Mark.

When Text Book Rules Apply

Unduly rigid application of the text book rule would handicap the market in the performance of its task of meeting temporary surpluses or deficiencies in supply and demand. If the banks were forbidden altogether from having open positions the rates would have to fluctuate more widely until they had attracted non-banking speculators to meet the deficiency or absorb the surplus. On the other hand, unduly lax application of the text book rule is liable to add materially to buying or selling pressure.

Yet another text book rule which no longer applies to the same extent as before the war is that when a bank transacts foreign exchange with a customer it covers in the market in the first instance by a spot operation, to be followed by a swap transaction. The broader significance of this practice lies in the fact that if a bank covers a sale of forward dollars to its customer by a purchase of spot dollars in the market the result is the acquisition of a covered dollar balance. It may then be worth the bank's while to let this commitment stand instead of undoing it with the aid of a swap transaction, on occasions when the profit margin on interest arbitrage is too small for postwar conditions to make it worth while to operate. In other words, the bank may engage in passive interest arbitrage in circumstances when it would not be worth its while to engage in active interest arbitrage.

Although the large majority of forward transactions are still covered by means of a spot transaction, the proportion of exceptions has greatly increased since the war. During the period of exchange restrictions New York and other free markets got into the habit of transacting much outright forward business, owing to the difficulty of transacting swap operations in currencies subject to restrictions. To some extent this habit continued even after the removal of restrictions, and London receives nowadays many more outright buying and selling offers from abroad than before the war. In any case the main reason for the prewar practice, that spot rates are liable to fluctuate much more widely than forward rates, no longer exists under the postwar system of stable spot rates and fluctuating forward rates. Moreover, because the banks are now more willing to carry open positions than they were before the war, they can wait till a counterpart for their forward transaction is offered to them on acceptable terms in the forward market instead of rushing to cover immediately in the spot market. They are now also more willing to await a forward transaction in the opposite sense by a customer outside the market, so as to "marry" the two transactions instead of covering the first transaction as soon as possible in the market.

Increased Volume

Average amounts of commercial forward transaction are now much larger than before the war, not only because of the all-round increase in prices but also owing to the structural change in British foreign trade. Before the war textiles were the most import exports, and their substantial total was composed of a large number of small individual items. Today engineering and other capital goods have become the most important exports, and individual contracts are apt to run into six and even seven figures. The size of transactions between banker and customer now very often approximates more closely to the minimum amount of transactions customary between banks in the market.

There has been a revolutionary change in respect of forward facilities for very long periods. Before the war the maximum period for which it was possible to cover commercial exchange risk in the forward market as a matter of routine was six months, though it was possible to negotiate contracts in some currencies up to 12 months. Today forward exchange up to 12 months can be transacted in the market as a matter of routine, and it is possible for industrial firms, public works contractors, etc; to negotiate with their banks forward contracts in dollars and a few other currencies for periods up to four years. Banks are now able to undo such long commitments in the market for periods up to two years, even though such transactions are always a matter of negotiation.

It is possible and necessary to envisage a further improvement of this new market, both in the sense of increased turnover and of providing facilities for even longer periods and in more currencies. Before many years it will be possible to transact long forward exchange in the market as a matter of routine. It goes without saying that such a development will greatly increase the dynamism of forward exchange, especially if, as is to be expected, the long facilities will not remain confined to strictly commercial transactions. It is easy to imagine the increase in the potential disturbing effect of forward exchange if it can be used for hedging, arbitrage and speculation for periods of years.

The development of long forward facilities has greatly increased the importance of time arbitrage—the buying and selling of long against short forward exchange. When it is combined with space arbitrage — to take advantage of the differential between Interest Parities and premiums or discounts for various maturities in different centers—it leads to simultaneous international transfers of funds in both directions. Before the war most dealers were too busy with simpler operations to engage in such involved operations, but now they have become a matter of daily routine.

This change was largely due to the narrowing of profit margins on the simpler forms of space arbitrage and on commercial business with customers. The chances of making profits on discrepancies between rates quoted in various centers have virtually disappeared, owing to the improvement of communications since the war. In prewar days considerable discrepancies were liable to develop owing to delays in getting through long-distance telephone calls. Whichever bank was lucky or clever enough to put its call through first stood a good chance of making a profit on such discrepancies. Today it is possible to get through to an overseas center in a matter of minutes, and this, together with the general adoption of "Telex," resulted in the creation of one large international foreign exchange market in which it is not much more difficult to deal with banks across the Atlantic than with banks just across the street. Yet another friction tending to interfere with the ideal working of the system is now a matter of the past, but so is yet another source of profit for foreign exchange departments.

Profit margins on deals with customers have contracted because of keen competition and because business firms have become much more forward exchange minded. They know more about it than before the war and ask for several quotations before giving their order to the bank that quotes the best rate. It is largely because it is now more difficult to make a profit on such business that banks have developed new and more profitable lines. One of them is forward contracts with optional delivery dates. This type of transaction existed before the war, but it has become much more popular owing to the postwar uncertainty about being able to deliver goods on the date prescribed by the contract. While before the war such forward transactions were concluded only between banks and customers, nowadays it is possible to undo them—in the market, at any rate for standard dates—for instance for the last month or the last fortnight of a three months' period.

Improved forward exchange facilities have stimulated the use of the forward exchange market as an alternative to the local money markets. Progress in that direction has been greatly facilitated by the increased practice of dealing in deposits in terms of foreign currencies. London banks now hold substantial amounts of dollar deposits owned mostly by continental holders—they have come to be known under the name of "Euro-dollars" — and they often swap into sterling if this is a cheaper or more convenient way of covering their requirements of funds. Until the popularization of foreign currency deposits they were only able to go up to the amount of their own foreign balances, less the indispensable minimum they had to keep for current requirements, plus any overdraft they obtained from foreign banks. Today they can operate on a much larger scale and at a lower cost. This is one of the reasons for the increase in the turnover in short forward exchange. The use of foreign currency deposits provides a much more convenient and much cheaper alternative.

Considerations of space make it necessary for me to oversimplify many of the above points for brevity's sake, and to omit others.[7] My aim has been merely to draw attention to the extent and importance of the postwar changes, both from the point of view of the present position and because some of these changes foreshadow even more important changes in the future.

Admittedly, some of the changes have tended to reduce the dynamism of forward exchange. For instance, should the decline in the practice of covering forward transactions in the spot market continue it would relieve the spot rate from the impact of direct pressure resulting from that practice. But, taken as a whole, the postwar changes have undoubtedly tended to increase the dynamism of forward exchange, and they point towards the possibility of further considerable increase in the potential disturbing effect of the system. Barring international political troubles, it seems highly probable that the next few years will witness a progress towards the liberalization of trade, the removal of remaining exchange restrictions and the expansion of international investment. All this will tend to increase the power of forward exchange for good or evil.

The problems we had to face in recent years are likely to recur on a much larger scale, and we are likely to be faced with additional problems. It is all the more important that those qualified for studying the broader aspects of forward exchange should do so with the full knowledge of the facts of the postwar situation.

7 For more detailed treatment I must refer the reader to my forthcoming book *A Dynamic Theory of Forward Exchange*, which will be published in 1961 by Macmillan & Co., Ltd.

The Choice Is to Defend Or to Devalue the Dollar

By Paul Einzig

We must learn that confidence in a currency depends on its present and future prospects rather than on its past record. Dr. Einzig offers this lesson in the course of reviewing the arguments for and against devaluation. For us to devalue, he avers, would inspire less confidence than was the case in 1933-34 when, he says, there were compelling reasons for such a move. Moreover, he says to devalue for the sake of expediency would pave the way for successively endless crises of inadequate gold reserves. Taking the long view, Dr. Einzig hopes that we will decide to defend the dollar, which he says can be done if the new Administration exercises "real determination," even if it means reimposing certain exchange restrictions. What is really at stake, Dr. Einzig says, may be the need to lose some of our economic freedom for the sake of preserving political freedom until the danger is over.

LONDON, England. — British and continental newspapers made a great song and dance about the decline of the American gold stock below the figure of $18 billion. For some time past suggestions that the figure of $18 billion had some special significance appeared in the Press on both sides of the Atlantic. Nobody has ever explained adequately how that arbitrary figure was chosen and why it should have any specific magic virtues. Nevertheless, owing to its frequent repetition it became impressed on the minds of a great many people so that when the gold reserve did decline below it, there was bound to be a certain amount of pessimistic talk. Many newspapers carried headlines envisaging the possibility of a dollar devaluation.

There is a revival of the crop of unsolicited British advices to the United States in favor of raising the dollar price of gold. It has been argued at length that such a move would save a lot of trouble all round, as it would obviate a dollar crisis, or a series of dollar crises, which, it is predicted, would occur if devaluation should be resisted. Those who hold such views maintain that, even if the United States were able to resist pressure for devaluation, the cost of resistance would be so high that the game would not be worth the candle.

The Line of Least Resistance

Beyond doubt it will be very tempting for the new Administration to take the line of least resistance. A dollar devaluation, especially if it is not accompanied by an all-round devaluation of other currencies, or at any rate not to the same extent as that of the dollar, would be just the "shot in the arm" which would revive business activity and would earn popularity for the new regime. Expansion could be resumed and under the influence of creeping inflation, there would be no difficulty in selling all that is produced. Unemployment would disappear, or at any rate it would become greatly reduced. The balance of payments would improve, and at its reduced gold value, the dollar would inspire more confidence.

Beyond doubt a dollar devaluation would be looked upon with relief by many people in Europe and on other continents. On this side of the Atlantic, as on the other side, there are much exaggerated fears of an American business recession of considerable magnitude, and there is a growing feeling that such a recession might react on business conditions in the whole Free World. People who have been living under the shadow of such fears would of course welcome a relief from it through a devaluation.

The Other Side of the Coin

In spite of all this opinion on this side, though admittedly more favorable to dollar devaluation than it had been a few months ago, it is very far from being unanimous. It is realized that an increase in the dollar price of gold which would be followed by increases in the price of gold in terms of sterling and other currencies, would mean the end of the stability of the price level experienced since 1957. Creeping inflation would resume its course with all its evil consequences.

From the point of view of the international monetary situation dollar devaluation would, of course, dispose of dollar devaluation fears, just as suicide disposes of fears of death. Foreign holders of dollars would suffer a depreciation of their holdings in terms of gold and in terms of currencies, which would not be devalued or at any rate which would not be devalued to the same extent as the dollar. But confidence in a currency depends on its present position and future prospects rather than on its past record. This fact has emerged forcibly as the lesson to be learned from the confidence inspired by the D mark in recent years.

Even so, if the dollar is devalued in cold blood in the long run it is likely to inspire less confidence than it inspired in the past. The devaluation of 1934 was forced on the Roosevelt Administration by the sweeping banking crisis and the world-wide economic depression. If, in the complete absence of such compelling influences the dollar were to be devalued deliberately as a matter of expediency, it might never be looked upon again with quite the same degree of implicit confidence as it had been until a few months ago.

It is true a devaluation would write up international reserves and would prepare the way for an expansion of foreign trade. It would also enable the Governments in the United States and other countries to proceed with domestic inflation. But it would

*Dr. Einzig's column appears in the Thursday issue of the Chronicle. This article appeared in the September Economic Journal, under the same title, and is reprinted with the permission of the author and the Journal. The latter is published quarterly by the Royal Economic Society, London, England.

mean the abandonment of any hope that technological progress and progress of mass production would ever lead to price reductions. The scramble for higher wages would become accentuated and prices would rise. Before many years the gold reserves would become just as inadequate as they are threatening to become today.

Resistance to devaluation would be undoubtedly a difficult and painful process. Taking a long view, however, successful resistance would carry its own reward. And there can be no doubt that real determination to defend the dollar on the part of the new Administration, coupled with real cooperation within the Free World, would frustrate any conceivable attacks on the dollar.

If the choice is between devaluing the dollar and defending it with the aid of reimposing certain exchange restrictions, I have no doubt that the second alternative would be infinitely preferable. A great deal more is at stake than the maintenance of progress towards free trade and finance. During the war we had to relinquish a large part of our economic freedom for the sake of preserving our political freedom. Possibly history might have to repeat itself.

Half of Overseas Capital Going Into EFTA Area

Chase Manhattan Bank's latest study shows half of our capital outflow going to Europe is destined for European Free Trade Association countries.

United States investors are placing half of their European capital expenditures this year in the countries of the European Free Trade Association, the Chase Manhattan Bank says in the current issue of its bi-monthly survey, *Report on Western Europe*, issued recently.

The chief aim of this seven-nation association—consisting of the United Kingdom, Austria, Denmark, Norway, Portugal, Sweden and Switzerland—is eventually to establish a wider economic association, based on free trade and economic co-operation among independent nations, the publication reports.

The EFTA nations' total population of 89 million—about half that of the U. S.—represents a large market. Total purchasing power of the EFTA countries is about $120 billion, or almost one-fourth of U. S. output of goods and services. Britain accounts for about two-thirds of EFTA's purchasing power, the survey says.

Great Britain

By far the most important member of the EFTA to U. S. investors is the United Kingdom. More than 80% of U. S. capital invested in the EFTA area is concentrated in Britain—nearly $2.5 billion. The survey says there is, in fact, more U. S. investment in Britain than in the entire six-nation European Common Market, and it is continuing to grow.

The EFTA countries include those with the highest living standards in Europe. On a purchasing power basis, Sweden has the highest per capita production ($1,512). But Britain ($1,495), Switzerland ($1,486), Norway ($1,479) and Denmark ($1,421) also stand well above the average for the Common Market ($1,239), the report stresses.

EFTA may soon have an eighth member. Finland, anxious to maintain its markets in Britain and expand trade with the West, is close to finding a formula of association with the seven nations that does not conflict with its trade agreement with the U. S. S. R., the survey concludes.

Zilka, Smither Adds

(Special to The Financial Chronicle)

SALEM, Ore.—Harry E. Goeller, Jr. has been added to the staff of Zilka, Smither & Co., Inc., Oregon Building.

Hayden, Stone Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Richard P. Feder has been added to the staff of Hayden, Stone & Co., 5657 Wilshire Boulevard. Mr. Feder was previously with J. A. Hogle & Co.

$75 Million of Southern Bell Debs. Offered

An underwriting group managed by Morgan Stanley & Co. and including 54 investment firms offered publicly on Dec. 6 a new issue of $75,000,000 of Southern Bell Telephone & Telegraph Co. 37-year 5% debentures, due Dec. 1, 1997. The price is 102.567%, providing a yield of 4.85% to maturity.

The Morgan Stanley group bought the issue at competitive sale on Dec. 5 by bidding 101.67% and naming the 5% coupon.

The debentures are not redeemable for five years. On or after Dec. 1, 1965 the issue is callable at prices ranging downward from 105.567% to the principal amount.

The company intends to use about $57,000,000 of the net proceeds from the sale to repay advances from its parent company and add the balance to general funds.

Southern Bell, a wholly-owned subsidiary of American Telephone & Telegraph Co., provides telephone service in portions of nine Southern states. On Sept. 30, 1960 the company had 7,115,349 telephones in service.

In the nine months ended Sept. 30, 1960 Southern Bell's total operating revenues were $618,-457,000 and total income prior to interest on funded debt and other interest deductions was $102,210,-000, compared with $570,077,000 and $95,951,000 respectively, in the similar period of 1959.

The company's Sept. 30, 1960 balance sheet, adjusted to reflect the current sale, indicates capitalization as follows: funded debt of $610,000,000, consisting of 11 issues of debentures due 1972-97; and $1,408,745,000 of capital stock and retained earnings.

With Inv. Co. of N. A.

(Special to The Financial Chronicle)

COLUMBUS, Ohio——Norris F. Krueger is now with Investment Company of North America, 1509 West Third Avenue. He was formerly with Wagner & Company.

Three With Calif. Investors

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Hayward A. Burnett, Ben E. Hicks and Robert J. Van Sickle have become associated with California Investors, 3932 Wilshire Boulevard, member of the Pacific Coast Stock Exchange, as registered representatives.

MUTUAL FUNDS

BY ROBERT E. RICH

The Little Internationalists

The curtain is about to descend on a year marked by decline in our economy and securities. European business and markets generally fared far better—at least until the fall. In any event, those people who moved their funds abroad in 1959 had cause to congratulate themselves in 1960.

Time was when only the nimble big-time operators could navigate in the strange streams of Europe. And even they dabbled on a small scale as a general rule, for opportunities were few and the risks were great. Now, thanks to American largesse and by dint of their own hard work, Europeans are enjoying life on an economic level never before known in the Old World. Result: the business opportunities are innumerable and the risks are probably no greater than in the States.

And, on a scale never before known in all history, the small American investor has acquired a sizable stake in the burgeoning economies of the Continent. Not that the Stateside small fry know much more about European commerce and markets than their fathers. The presence of their dollars in the markets of London, Paris, Zurich, Milan and Frankfurt can be traced to the guidance provided by mutual fund management.

It's a rare mutual fund these days that doesn't own some European stocks or bonds. And for the little investor who wants a real fling in European stocks, under the aegis of expert management, there are companies such as Eurofund. Here's a company whose portfolio is stuffed with such jawbreaking names as Societa Finanziaria Telefonica per Azioni and Bayerische Hypotheken und Weschel-Bank along with dozens of other titles that few men on Main Street could pronounce, much less identify.

Eurofund, at latest report, had net assets of well over $25,100,000 up from $18,800,000 a year earlier. More important, net asset value per share had risen to $23.93 from $17.92 during the year.

More than 86% of its assets are invested in foreign securities. The balance is largely made up of cash and U. S. Government obligations.

If the portfolio contents, for the most part, rings no bell with the Yankee investor, at least he will have small trouble identifying many of the men who grace the board of Eurofund. There is, for example, its Chairman: S. Sloan Colt, one of this country's most distinguished financiers. Eurofund's President until recently was J. Russell Forgan of the mighty American banking house of Glore, Forgan. Also on the board are such revered names as Philip D. Reed, Hobart C. Ramsey and Frank Pace, Jr.

Of course, this is no All-American board. Considering the nature of the venture, it is understandable that no less than seven of its 19 members are distinguished Europeans, all of whom have made their mark in industry and banking.

American investors, who have been infatuated the last couple of years with Space Age stocks, might properly wonder what fascinated the European shopper. Well, of the 10 largest holdings in the portfolio of Eurofund, five are chemicals (Bayer, Badische Anilin, Hoescht, Zoutindustrie and Gevaert). Four are electrical: Philips, Thomson - Houston, La Radiotechnique and RWE. The tenth, known to nearly all Americans, is the Italian auto maker, Fiat.

As any student of investment preferences knows, this enthusiasm of domestic mutual funds for European holdings does not extend to all parts of the globe. Only last week Arthur L. Wadsworth of Dillon, Read told the convention of the Investment Bankers Association that foreign bond issues sold in the New York market had fallen from a postwar high of over $223,000,000 in 1958 to a mere $85,000,000 thus far this year. But, as he was quick to note, much of the decline was to be traced to disturbances in Latin America and Africa, where governmental stability leaves a great deal to be desired. Some day somebody may start a Cuba fund or a Venezuela fund, but we doubt that it will be sometime soon.

Still, one never knows. Thus, only 15 years ago all Europe was devastated and Latin American countries, which had escaped the war, were rolling in wealth. If the naturally rich lands to the south of us, which have been getting American largesse with more on the way, can develop sound governmental forms and educate their people (the rich probably are more in need of enlightenment than the poor classes) the little internationalists to the north can be counted on to provide a good deal of the money needed to give their economies a lift.

As one estimate made at the bankers' convention noted, the little internationalists, through their investment companies, now own 4.4% of the stocks listed on the New York Stock Exchange. And even in this lean year, according to Calvin Bullock's Robert E. Clark, they've bought $2.1 billion of new shares. That's only $200,000,000 less than they purchased in more buoyant 1959.

Funds Report

Federal Street Fund, Inc., a newly-formed diversified investment company designed to appeal to substantial investors, is making an offering of its common stock in exchange for blocks of securities of established companies. Public offering price is the net asset value, $1,000 per share, and the exchange will not be consummated unless securities having a market value of at least $20,000,000 are deposited with Morgan Guaranty Trust Co. of New York as depositary for the Fund prior to Feb. 1. The minimum single exchange is set at $50,000. The fund has an authorized capital of 150,000 shares of common stock.

Goldman, Sachs & Co., will act as dealer manager for a group of securities dealers who will solicit deposits of securities to be exchanged for shares of the fund.

* * *

Colonial Fund, Inc. reports that at the close of the Oct. 31 fiscal year net assets amounted to $71,300,450 and net assets per share were $9.66. This compares with $68,878,296 and $10.30 a share a year earlier. During the year the number of shares rose to 7,069,516 from 6,686,406. On Nov. 30 a capital gains dividend of 41 cents a share was disbursed.

* * *

Dividend Shares reports that at the end of the Oct. 31 fiscal year net assets totaled $256,099,556 and net assets per share were $2.76. This compares with $267,612,897 and $2.96 a year earlier. There were 92,872,398 shares at the close of the last fiscal year, against 90,518,666 shares a year earlier. The company distributed from net securities profits 9 cents a share in 1960, compared with 9½ cents in 1959.

* * *

National Investors Corp. reports that on Sept. 30 net asset value per share was $13.35. This was off from the $13.41 of Dec. 31 and $14.69 of June 30. Net assets totaled $159,468,729 on Sept. 30, against $115,889,254 on Sept. 30, 1959.

* * *

Affiliated Fund, Inc. reports net assets of $585,947,573 for the fiscal year ended Oct. 31, against $575,518,119 a year earlier. Assets per share dropped to $7.07 from $7.56 at the close of the 1959 fiscal year. Number of shares rose to 92,903,025 from 76,079,729.

* * *

Niagara Share Corp. sustained a decline in net assets for the year ended Nov. 30 to $59,538,476 from $63,663,555 on the same date a year ago. Assets per share dropped to $22.03 from $23.56.

* * *

Equity Corp. reports a gain in total assets at Sept. 30 to $54,573,189 from $49,474,230 a year earlier. Per share value rose to $6.94 from $5.66.

* * *

Washington Mutual Investors Fund, Inc. put net assets at Oct. 31 at $20,196,022, compared with $19,041,196 a year earlier. But assets per share dropped to $8.73 from $10.26.

* * *

Revere Fund reports a gain in assets for the fiscal year ended Oct. 31 to $1,049,995 from $127,391. Per share value rose to $14.72 from $11.88.

* * *

Net assets of **Commonwealth Stock Fund** increased to $15,124,260 in the fiscal year ended Oct. 31, compared with $13,300,770 a year earlier. Net asset value on the last day of its 1960 fiscal year was $14.52 per share. After adjustment for a year-end capital gains distribution of 12 cents a share, the figure was 1.9% below the previous year-end.

Additions to the portfolio in the April 30-Oct. 31, 1960, period included: Addressograph - Multigraph, American Telephone & Telegraph, Continental Can, R. R. Donnelley & Sons, Middle South Utilities, Pepsi Cola and Safeway Stores.

Eliminated from the portfolio in the period were: ACF-Wrigley Stores, Anaconda, Corning Glass, Dresser Industries, General Foods, Idaho Power, Chas. Pfizer, Radio Corp., Schering, Signal Oil & Gas "A", Trane, Union-Texas Natural Gas "A" and Varian Associates.

* * *

Puritan Fund, Inc. announced that during the three months ended Oct. 31 it had added these common stocks to its portfolios: American Investment Co. of Illinois, American Metal Climax, Billups Western Petroleum, Champlin Oil & Refining, Eastern Gas & Fuel Associates, Harsco Corp., Metro-Goldwyn-Mayer, National Tank, Phelps Dodge, Pure Oil, Revere Copper & Brass and Whirlpool. During the same period it increased holdings of Dentists Supply Co. of New York, P. Lorillard, Newport News Shipbuilding & Dry Dock, Penn-Dixie Cement, Philip Morris, Standard Oil Co. (New Jersey) and Northwest Airlines 5¼% convertible preferred. Over the same span Puritan eliminated Briggs & Stratton, Chock Full O' Nuts, Flintkote, Klein Department Stores, Liggett & Myers Tobacco and Mack Trucks.

* * *

Putnam Growth Fund reports for the fiscal year ended Oct. 31 an increase in total net assets from a year ago to $45,762,800, a gain of 197%. Asset value per share increased 17% to $13.19, after adjustment for the capital gains distribution of 20 cents a share.

* * *

Affiliated Fund reports net assets increased during the fiscal year ended Oct. 31 to $585,947,573, a rise of $10,429,454. Shares outstanding rose by 6,823,296 to 82,903,025. Net asset value a share slumped from $7.56 at the start of the year to $7.07. A distribution of 31 cents a share from net security profits realized in the latest year was declared Nov. 1.

* * *

Wellington Equity Fund reports that asset value a share at the close of the fiscal year (Oct. 31) was $12.17 against $12.03 a year ealier, adjusted for the year-end capital gain distribution of 33 cents a share.

* * *

Wall Street Investing Corp. reports total net assets at the close of business Nov. 30 were $10,407,116, equal to $8.35 per share. This compares with $9,678,492 at Dec. 31, 1959, equal to $8.30 per share.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John H. Dracott and James McClelland have become associated with Dempsey-Tegeler & Co., 210 West Seventh Street. Both were formerly with Mitchum, Jones & Templeton.

Joins Evans MacCormack

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Michael S. Berry has joined the staff of Evans MacCormack & Co., 453 South Spring Street, members of the Pacific Coast Stock Exchange. Mr. Berry was formerly with Pacific Coast Securities Company and Morgan & Co.

Bolding Admits

PORTSMOUTH, Va.—Norfleet T. Pearce has been admitted to general partnership with James W. Bolding, Jr. in Bolding & Co., 525 High Street.

To Form Goldsmith Adler & Co.

Goldsmith, Adler & Co., members of the New York Stock Exchange, will be formed as of Dec. 28 with offices at 72 Wall Street, New York City. Partners will be Joseph M. Goldsmith, the firm's Exchange member, and Richard M. Adler.

Reinert & Co. to Be Formed in N. Y. C.

Reinert & Co., members of the New York Stock Exchange, will be formed as of Dec. 15 with offices at 15 Broad Street, New York City. Partners will be Jerome S. Reinert, who will acquire a membership in the Exchange, and Howard Reinert, general partner, and Madelein Reinert and Marilyn Reinert, limited partners.

Harwyn Offers Softol Common

Harwyn Securities, Inc., New York City, publicly offered on Nov. 23, 150,000 shares of Softol, Inc. 10 cents par common stock at $2 per share on a "best efforts" basis.

The company was incorporated under the laws of the State of New Jersey on Jan. 11, 1957, and is engaged in the manufacture, packaging and sale of various cosmetic and toiletry items.

The net proceeds to the company, after deducting expenses estimated at $10,000 will be $230,000.

The company has planned an intensive advertising and sales campaign for which it is estimated that approximately $90,000 will be spent. The company plans to allocate approximately $10,000 for advertising in national magazines. An estimated $60,000 will be required to finance additional inventory and the remaining funds, $70,000, will be used for general corporate purposes.

The company leases office space at 992 Springfield Ave., Irvington, N. J. Its plant which is also leased, is located at 49-51 Freeman St., West Orange, N. J.

The company is authorized to issue 1,000 shares of $100 par value 5% non-cumulative preferred stock, of which 1,000 shares are presently issued and outstanding. The preferred stock is convertible to common stock at the rate of one share of preferred to 50 shares of common stock. Said stock is redeemable at the option of the holders of said stock at par.

The company is authorized to issue 1,000,000 shares of 10 cents par value common stock, of which 500,000 shares are presently issued and outstanding. The common stock possesses voting rights. The company's Certificate of Incorporation does not provide for any pre-emptive rights. Assuming all the shares offered hereby are sold, the company will have 650,000 shares of common stock issued and outstanding.

With Marache, Dofflemyre

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Launce B. Millar has become connected with Marache, Dofflemyre & Co., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. He was formerly with Morgan & Co.

Johnston & Co. Opens

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND HEIGHTS, Ohio—Johnston and Company has been formed with offices at 3180 Monticello Boulevard to engage in a securities business. Officers are S. Brooks Johnston, President; C. Gilman Johnston, Vice-President and Treasurer; and Ruth Johnston, Secretary.

Outlook for Stock Market—Issues Currently Attractive

Continued from page 1

same period, yet cigarette stocks were up 7%. In 1959 the Dow averages were off 17% from August to October, but soft drink stocks and office equipment stocks were up over 15%. Then the Dow Industrials came down this year 80 points from their August top to the 565 area and we find many domestic oils, brewing, aircraft, cigarette and canned goods stocks making new highs. In fact, well over 225 stocks have made new 1960 highs during this so-called bearish period.

Also, quite apart from the stocks in the averages and various groups, a year ago today the following good quality stocks were selling at these prices: American Chicle 48, now 68; National Dairy 49, now 61; Bristol-Myers 45, now 62; National Biscuit 53, now 76; Gillette 57, now 88; General Foods 51, now 68; IBM 408, now 558; Woolworth 48, now 69; Reynolds Tobacco 62, now 91; Phillips Petroleum 42, now 53; Otis Elevator 39, now 56; American Tel. & Tel. 77, now 95; and General American Transportation 54, now 73. Does anyone still wonder why the word "selectivity" is currently so popular in Wall Street? Do you still wonder how a commentator on this type of market can express himself as being all-out bearish or all-out bullish? Really it's quite impossible.

So, since the market has proved for a long time that it doesn't move up or down as a single unit and even individual issues in the same group often perform at variance with their sister stocks, and because we have no Ouija board, or like the Greeks, no oracle to refer to, the task of forecasting the trend and deciding what to buy, what to sell, what to avoid and when to do it has been multiplied many times. Therefore, we can only feel our way cautiously —using various kinds of charts at times, together with basic statistics and other market aids, in order to try and reach a decision.

Many Faceted Problem

A forecast on a stock should be as unhedged as possible, and an error can seriously affect one's pocketbook and perhaps take years to correct. Yet, even after sifting all the background pro and con factors and having decided to buy or sell, there still are other factors you must take into consideration. These include sudden international or political changes, new space-age developments, research breakthroughs, important shifts in corporate management, mergers, and especially, the imponderables of suddenly changing public psychology, as well as one's own human frailties, which sometimes make you believe that the market will always rise and fall in the traditional manner, and give you an opportunity to buy or sell stocks near the top or bottom.

Now this approach reads very well on paper, but it isn't practical any more. When you get some bullish information on a stock and if it is substantiated by favorable statistics and a strongly interpreted technical pattern you should buy it, regardless of what the general stock market averages, the business news, or other stocks, happen to be doing at that time. Each group seems to be an average with a trend. It really doesn't pay to wait too long, like some shoppers who shuttle from store to store looking for super bargains and then return to the first store only to find that the article they like originally and wanted to buy has just been sold. In a divergent, rotating market, such as this has been, clearance sales have been going on all the time in individual stocks.

When trying to analyze the over-all price trend, it should be mentioned that the market in its role of forecaster is constantly reflecting the combined intelligence of investors throughout the world and discounting their opinions sometimes four or six months to a year ahead. Sometimes you can spot this discounting process very clearly by chart action. In general, these opinions have been discounting a business decline for some time. Psychological factors have a very important influence on the price behaviour of individual stocks and the stock market itself, but this is usually on a day-to-day or a weekly basis. Longer term trends depend primarily on the business situation.

However, there is also a great difference between industries and this further complicates the job of discussing the market in any general sense. Just as some stocks move up or down at different times and for different reasons, so do industries respond differently to the various stages of the business cycle which they happen to be in. Perhaps in a managed economy such as we have been living in we won't have true Bull or full-fledged Bear markets any more. It may be here to stay. To follow the misleading averages is not practical and does not make any sense to me, but I still note that many of the very well-known forecasters are sticking to their over-all bear market interpretation. The fact is, we all work with the same tools, but may arrive at entirely different conclusions.

Issues Deemed Attractive

While I cannot say that the market as a whole is undervalued on an over-all price-earnings basis, or pinpoint exactly in what stage of their business cycle individual industries or stocks are in right now, I have to state that many issues have reached an area where by their own price-earnings or technical measurement, they seem quite attractive. Possibly the most important and probably the most dependable determinant of stock prices is the level and trend of earnings and dividends. During the 1950's we had the Eisenhower confidence market. While we do not know as yet how business will perform in Mr. Kennedy's Democratic Administration, it is quite obvious that the near-term trend, especially during the interim period between now and Jan. 20, will be increasingly influenced by investor's changing opinions about the new President's attitude toward defense spending, inflation and international developments.

We do know that the key to today's investment policy is recognizing a statistical value that may have been over-depressed because of tax selling, or several other factors. Although Mr. Kennedy has denied it, the Democratic narrow margin of victory and the lack of a voters' mandate may curb some of the liberal spending ideas that were put forward during the election campaign. Certainly the make-up of Congress should go a long way toward preventing any unsound legislation or a radical spending program. But the three unanswered questions now are:

Will more inflation result from new government policies? What will the future attitude of the consumer be? Will labor unions gain at the expense of the stockholder? Another riddle to solve is: How will price-earnings be evaluated by the investing public under a Democratic Administration? We need to be reminded that this multiplier has never been as high as under the Republicans, except during periods of economic stress as in the 1930's and in 1945 when the economy was stimulated by a war. Will it slowly return from a current multiplier of 18 times earnings to a more normal 13 to 15 times? I don't know, but I worry about it at times. However, you know you can't use a slide rule on price-earnings multipliers because of the growth factor.

The Business Picture

Although the market still has to contend with several adverse factors, including a continued lack of very much bullish news from the business front, especially from the steel industry, and increasing unemployment figures, the over-all economic picture doesn't necessarily coincide with the views of the extreme pessimists. Many corporations have been trying to offset the profit squeeze by cost cutting, automation and other measures, and we must remind ourselves that the bears were dead wrong in their opinions in 1953-1954 and again in 1957-1958. Admittedly, business is in a moderate downturn at the moment and it is likely to decline still further and reach a low point in the first quarter of 1961. But since the signs that are discernible now indicate some improvement in business with easier money conditions prevailing by next spring, it is difficult for me to believe that this market—which already has quite generously discounted price-wise many of the well-known adverse factors in the picture, is going to sell down as far as many people are predicting. I have heard estimates ranging anywhere from 525 to as low as 450 Dow-Jones, but I very much doubt this will happen.

Back in 1953, the Federal authorities changed course and did everything possible to ease the monetary situation. One step followed another in quick succession and these continued efforts reversed the unfavorable business picture. The same thing happened again in 1957, and now the Federal Reserve has cut the discount rate twice and lowered reserve requirements, giving the commercial banks net free reserves of around $500 million. While I doubt that the Federal Reserve Board can ease up on the money supply much more without further affecting the gold outflow, or that the new Administration can resort to too much additional deficit financing, there are many things taking place that indicate that the readjustment period, or whatever we prefer to call it, will pull out at a level not much lower than at present, and that a moderate business recovery will be underway by the second half of 1961. A favorable factor is the current high level of personal income, another is that the rate of individual savings has advanced to about $25 billion annually—about $1 billion more than was saved in 1958 and nearly $2 billion more than in 1959.

The fact that consumers have voluntarily chosen to put so much of their income aside in the form of savings is extremely bullish for the future in my opinion. Another favorable sign is that construction estimates are pointing to an increase next year due to the greater supply of mortgage money at a lower cost. Finally, there are two other important factors to consider. First, legislation such as public housing, school construction, defense and agriculture will probably be passed at the next session of Congress to stimulate the economy and give it a psychological lift. Second, individual old line institutions and growing investment trusts have the constant problem of investing new funds. Mutual funds alone, are growing at the rate of over $1 billion a year.

Short-Range Forecast

From a technical standpoint, the market's ability to hold above the double bottom represented by the September - October low of 565-570 Dow - Jones was a most encouraging sign. Technically, many leading stocks are beginning to show signs of bottoming out, while many others are already in a rather clearly defined uptrend, and the market seems like an attractive selective buy on all interim setbacks during the period ahead. Although technically, economically and seasonally, the first two weeks of December have usually been characterized by extreme price irregularity—resulting from year-end portfolio changes and belated tax sales and switches being made from some of the poorer acting stocks into others that are candidates for higher levels—the market has generally been able to straighten out most of its tax problems by mid-December and, more often than not, by that time has formed a more solid base for a traditional year-end recovery.

So far, I see no technical reason to believe that the Dow Industrial averages will break the recent low, and expect that any further reaction will be well contained, holding above the 580-585 level. I also see no reason not to expect the traditional year-end rally to take place and carry back to at least 625-635 on the Dow-Jones Industrials, perhaps a little higher into mid-January. Beyond that statement I am not able to forecast very clearly for the present. I'll give you several reasons why.

(1) I am afraid that the price-earnings multiplier will be lower next year.

(2) The unit labor cost has risen more than prices.

(3) The competitive threat from low cost European production continues.

(4) A decline in investment in new plant or at least a stretching out in capital programs is taking place. However, the recent McGraw-Hill estimate of a 3% decline in capital expenditures for 1961 is hardly very pessimistic, and, as you know, General Motors

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will spend over a billion dollars for new plant and equipment.

(5) We have so over-expanded our economy with sufficient plant capacity to satisfy the nation's demand for goods, that any further slowdown is bound to bring dislocations. However, excessive inventories are now being reduced.

Looking further ahead on the Dow-Jones Industrial average, I rather think that we will have another normal decline after mid-January into February and March. At this writing I cannot predict a new low, but just a few stocks in that average such as Procter & Gamble, duPont, Eastman Kodak and Union Carbide might drop 15 or 20 points and such action could break the old low by a small percentage and, of course, that would cause investors to be alarmed once again, but as I said, I am not able to forecast such action.

A Market of Stocks

Now, it is all very well to discuss plus and minus factors about the stock market and to try and predict the direction of the trend in the averages for tomorrow, next week, next month, or even the first six months of 1961. When everything moved up or down more or less simultaneously, as it did in the old days, and there was a 50-50 chance of picking the right trend to follow, the stock market was a relatively soft nut to crack. Today, however, with public psychology becoming an increasingly important factor, with investors much better educated, better informed and better advised, now than ever before, and with the international picture constantly shifting, you just can't talk about, or consider this market as a single unit, but rather as an assortment of unrelated bull and bear markets that are going on concurrently among individual stocks and groups.

Therefore, if someone should ask me today, "What do you think of the market?" it shouldn't be considered facetious if I replied, "What market?" For each individual group, whether it be aircraft, steel, oil, copper or electronics, constitutes a separate market, as does each individual stock within the group itself. As I said before and must keep on repeating, each group also has a trend and a price-earnings ratio of its own. Good old-fashioned caution should not be a barrier to selective enthusiasm. If I were to pick out my favorite groups at this time, they would be aircraft, food, domestic oil, savings and loan companies, shipbuilding, meat packing, natural gas and stocks in the field of leisure time such as movie, vending machine, leasing services and electronics. Stocks in the heavy industry group will not be popular for the present, but leading issues in these groups have been pretty thoroughly liquidated and it is no time to sell them. In this connection, here are some brief comments on various groups.

Specific Recommendations

Airlines: This group has been declining for well over a year. Most stocks are selling below book value, and have discounted many of the problems of regulation and competition. While not immediately attractive, I do think United Airlines has the best long term prospects of any stock in this group, and over a period of two or three years could earn as much as $6 or $7. Delta (26), American (19) and Pan American (17) can also be bought, but only for longer term holdings.

Aluminum: Stocks are down as much as 50% or 60% from their highs. They have to contend with heavy over - capacity and prices are still soft with no prospects of a price increase, either in Europe or the U. S. Long range they have excellent prospects. At the present time, the group selling at about 20 times earnings is unattractive for more than moderate price appreciation, but on a long term basis, recommend purchase of Reynolds Metal (40) and Aluminium, Ltd. (30).

Autos: Price are down 40% or 50% from their highs of a year and a half ago. The industry is faced with perpetual style changes, labor problems and consumer indecision. I think that stocks of the leading auto companies are down pretty close to a low, but I hesitate to recommend aggressive new buying. Longer term favor Ford (63) and General Motors (41).

Building: Stocks are also off from their highs and, with easier money, expect a moderate increase in public works and construction for 1961, but not a big increase in residential building. Stocks are statistically cheap. Longer range favor purchase of Johns-Manville (54), Georgia Pacific Plywood (49), National Gypsum (54), U. S. Plywood (46), Caterpillar Tractor (29), and the cement companies, such as Penn-Dixie (26) and Marquette Cement (48).

Chemicals: Are down substantially from their highs. With declining revenues, rising costs and narrowing profit margins the chemical stocks are not cheap selling at 15 or 25 times earnings, but they never are because of the long term growth factor. Still basically strong for long term investment funds, suggest Allied Chemical (49), Food Machinery (57), Freeport Sulphur (27), International Minerals & Chemicals (33), Richardson & Merrill (74), Pennsalt (28) and Interchemical (35).

Defense: A probable increase of 7½% or about $3 billion, in defense spending when the Kennedy Administration takes over in January underlies continued favorable opinion of these six aircraft stocks: Martin (59), North American Aviation (42), Northrop (44), Boeing (35), Lockheed (26) and Garrett (55). If I was picking just one I think it would be Boeing because of their expanded research department. It should be added that each and every defense stock, no matter how large and diversified the company may be, is inherently speculative.

Drugs: Drug stocks are down from their highs, but many of them are selling at 20 to 25 times earnings. I suppose this is characteristic of an industry that is spending so much money on research and development. There is excellent growth in this group if the government doesn't interfere too much, but while worthwhile holding would be inclined to wait for lower prices before initiating any new buying program. As a package in this industry suggest: Mead Johnson (149), Bristol-Myers (57), Baxter Laboratories (52) and Pfizer (29).

Electric Utilities: Are still selling around their highs reflecting lower money rates which will probably continue for a while. Although stocks in this group are no bargains, they are good investments for long term growth. The average yield is pretty low and care should be taken in the selection of new commitments. Another plus factor is that with a more conservative make-up of Congress than was generally expected, I doubt that they will authorize or appropriate money for competing power projects such as the TVA. Suggest the following: Union Electric (38), Illinois Power (56), Virginia Electric Power (48), Orange & Rockland (35), Atlantic City Electric (35) and for income, Niagara Mohawk (38).

Electronic: Another industry that benefits directly from increased research and development, missiles, defense spending and the growing emphasis on science and automation. Electronics is the nation's number one growth industry. My preferences include Raytheon (33), General Instruments (39), Litton Industries (84) and Fairchild Camera (147).

Finance: Finance companies should experience steady earnings in 1961. Because of the defensive characteristics of this industry and the diversification of earnings sources, consumer debt is expected to continue growing and interest rates will continue at low levels for the period ahead. Stocks such as Pacific Finance (50), Commercial Credit (69), Great Western Financial (29), James Talcott (63), Seaboard Finance (22), Beneficial Finance (32) and General Acceptance (18) appear like attractive investment purchases at the present time.

Foods: One of the better acting groups during this whole period of decline and I would expect this price action will continue. Earnings for the third quarter of 1960 rose nearly 11%. This, plus better living standards and population growth, makes selected companies in the industry outstanding investments: Consolidated Foods (40), Fairmont Foods (34), Continental Baking (43), Hunt Foods (38), General Mills (28), Pillsbury (41) and Beatrice Foods (51) are the stocks I favor in this category.

Machine Tool: Benefits to result from industry-wide efforts to cut costs, considerably improve the outlook for selected companies in this field, such as Warner Swasey (27) which has substantially increased its order backlog and yields 5.9%, Chicago Pneumatic Tool (26), which serves the aircraft, auto, steel and other industries, has strong finances and provides a generous 4.6% yield. Ex-Cell-O (35), Sunstrand (19) and Cincinnati Milling (36) also represent attractive purchases on minor price dips.

Meat Packing: Major strides in operating efficiency, diversification and population growth make the 1961 outlook especially bright. Hog production should increase. Armour (36) is in the midst of a major chemical expansion program and chemical assets may exceed 50% of the total by 1962. Wilson & Co. (40) is helped by its very large sporting goods operation and Swift (47), the largest company in the industry, is showing outstanding progress. Morrell (30) is an attractive speculation.

Metals: The coppers reached their highs in 1956 and have been in a bear market for a long time. With copper prices at 30c and likely to remain so, most companies can do quite well and the time to buy them is when they are low as they are today. Favor American Metal Climax (24), Anaconda (43), Kennecott (75) and as three speculations, Inspiration Copper (35), which has charged off $2.50 per share for development at new Christmas mine and could earn close to $6 by 1962; Magna Copper (38) which should earn about $5 and Cerro dePasco (30) earning around $4.

Oils: Cost cutting programs and efficiency of operations have taken place in this industry on a wide scale for quite a long time. The rebound of earnings which began last year is likely to continue, especially for the domestic companies and, on the basis of low price earnings multiples or high yields, the following stocks offer above-average investment opportunity: Standard Oil of Indiana (44), Richfield Oil (86), Phillips Petroleum (52), and Continental Oil (53). Although the foreign oil picture is still unfavorable, Gulf Oil (30) and Standard Oil of California (45) appear to have over - discounted this problem quite thoroughly and they are good statistical values at present levels.

Paper: It seems unlikely that total paper tonnage shipments this year will exceed the 34 million tons produced in 1959. However, many paper stocks are well deflated, labor costs are being cut and the industry's long term growth outlook is excellent. Moreover, paper is one of the few groups which, outside of the newsprint segment, does not face foreign competition. Among the papers I prefer St. Regis Paper (33), KVP Sutherland (28), International Paper (97), Crown Zellerbach (48), Union Bag & Paper (32) and Cluett Peabody (61). While not strictly a paper company, the latter has developed a new stretchable paper jointly with West Virginia Pulp & Paper (37), which should benefit future earnings importantly.

Publishing: A steady uptrend in population growth and the increasing need for textbooks enhance the attractiveness of leading publishing companies such as: Holt, Rhinehart & Winston (50), Crowell Collier (36), Western Publishing (68), Random House (34) and Prentice Hall (40) among others. Although stocks of many of these issues have already appreciated considerably, new purchases for the longer term appear warranted.

Rails: Merger negotiations are behind some of the strong counter-trend action taking place in the rail stocks. While earnings are not improving they are sufficient to cover dividends, and many of these stocks have large land holdings and are down to low enough levels to attract long term buying interest. Favored stocks in this group at Union Pacific (27), Northern Pacific (41), Norfolk & Western (97), Nickel Plate (38), Southern Pacific (20) and Southern Railway (44).

Retail Trade: This industry is benefiting from the shift to increased expenditures by consumers for soft goods and their upgrading of purchases to quality merchandise. Aldens (51), Spiegel (42), W. T. Grant (29) and Korvette (34) are my suggestions for purchase. Macy (43) could very well increase its $2 dividend and is a sound long term situation.

Rubber & Tires: All the big four companies are selling down 20 to 50% from their highs of the last two years. There is long term growth in this industry and all four of the leading issues in this group are selling in price areas where they are interesting for a real recovery over the longer term. Especially favor Goodyear (36) and over the longer trend U. S. Rubber (41).

Science and Automation: The growing emphasis of the government and industry on research and development, projected to rise to $15 billion in 1961, provides unusual opportunities for well-established companies in this field. Ranco (41), General Railway Signal (30), Universal Match (61), National Cash Register (56) and Burroughs (28). IBM (556) and Addressograph - Multigraph (88) are attractive for purchasing and long term holding, in my opinion.

Steels: As in many other heavy durable goods industries, there has been a sharp inventory correction in the steel industry. At present, steel shipments and new orders are on a month-to-month basis, and I do not look for any sharp increase in steel output for the next several months. However, with only 10 to 12 million tons on hand, there could be a rapid scramble for steel some time next year. Steel stocks have been depressed in price and many have discounted the steel operating ratio of 50%. Would be inclined to buy U. S. Steel (72), Granite City Steel (33), McLouth Steel (36), Armco (64) and Republic Steel (52) on minor dips from present levels.

Tobacco: Steady year-to-year increases in earnings and attractive yields make this group especially attractive for investment purposes. At present prices favor: American Tobacco (60), Philip Morris (76) and Lorillard (38). Reynolds (90) is pretty high but should be held. U. S. Tobacco (25) is a good income purchase at present levels.

Worthy of Attention

Miscellaneous individual issues:

Consolidated Cigar (38): Largest manufacturer in the industry. Sales have increased consecutively since 1951 and estimate record net of $3 this year. Finances are strong. Yield 3.4%.

Colgate-Palmolive (31): Produces diversified lines of soap, toilet goods, etc. Foreign markets are expanding. Recently entered the drug field. Dividends since 1895. Yield 4.5%.

Newport News Shipbuilding (45): A major U. S. shipbuilder. Estimate 1960 net close to $4.81 of 1959. Sole capitalization is common stock. Strong finances. Dividends since 1931. Yield 4.4%.

Ronson (12): Produces the majority of flints and lighter fluid sold in U. S. Estimate 1960 net $1.25 and $1.50-$1.60 in 1961, when many new items will be introduced. Yields 5%.

Vendo (43): Leading vending machine maker in the U. S., with diversification in missiles and aircraft. Estimate higher 1960 net of $1.60. Outlook for 1961 is very favorable.

Carrier (30): A major factor in air conditioning. Growth prospects are good. Estimate higher fiscal 1961 earnings. The $1.60 dividend seems secure. Yield 5.3%. Stock selling down from 1957 high of 65¼.

Babcock & Wilcox (34): Important producer of steam generating equipment; also engaged in atomic projects. Profits improvement expected in 1961. Consecutive dividends paid since 1881, excepting in 1939.

W. R. Grace (34): A diversified operating and holding company with chemicals the major source of revenues. South American operations will be expanded over next several years. Slightly higher net estimated for 1960. Yield 4.7% plus 2% stock.

Metropolitan Broadcasting (17): Net for the current quarter may be the best in history and boost full year earnings to $1.25. A new TV station and radio station are likely to be acquired. Stock may be listed on the New York Stock Exchange.

General Tire (50): The fifth ranking domestic rubber fabricator; also controls Aerojet General, a leader in rockets and propellants. Expect earnings to recover in fiscal 1961 from this year's estimated showing of $3.80-$4.00. Foreign activities are increasing and ownership of RKO General and the Yankee Network further supplement company's favorable long term outlook.

Heyden-Newport Chemical (21): Higher sales-earnings for 1960 estimated at $61 millon and $1.60 with increase to $67 million and $1.75-$2.00 possible in 1961.

Conclusion

From all of the above you can realize that the market is still subject to great selectivity. As stated previously in this article, many groups of stocks have been in a bear market for several years and some other groups have been going through a prosperous period. The institutional adviser, and Mr. Average Investor must be willing to change his point of view quickly. Assuming the market moves in a relatively restrained trading range for the next six months, because of the state of business and political changes, the present day forecaster must be ready to give with the punches, keep his opinions fluid and subject to change as time passes. Sometimes many groups reach an over-priced, overpopular area very quickly and should be sold. This happened last year with the electronics and other groups of stocks. It will happen again. In the words of a very astute and successful investment manager, "The most up-to-date information is the action of the market itself. We improve our results by studying this market action—by long term action if we are wise—but still by market action. We don't buy stocks just because they look cheap."

*An address by Mr. Ward before the Dean's Day Homecoming for Commerce Alumni, New York University, New York City, Dec. 3, 1960.

Brown Named by National Distillers

Henry L. Brown has been appointed director of public relations for National Distillers and Chemical Corp., Roy F. Coppedge, Jr., President, has announced.

Mr. Brown, formerly a Vice President of Doremus & Co., advertising and public relations agency, had worked on the National Distillers and Chemical Corp. public relations account at Doremus for the past 12 years.

Vacudyne Assoc. Common Marketed

Public offering of 200,000 shares of the common stock of Vacudyne Associates, Inc. via a Nov. 28 prospectus, at a price of $1 per share has been oversubscribed and the books closed. Kenneth Kass, H. S. Simmons & Co., Inc. and B. N. Rubin & Co., Inc. were the underwriters.

Net proceeds from the sale of the shares will be used for the repayment of loans; purchase of machinery and equipment; research and development; and for additional working capital. Balance of the proceeds will be added to the general funds of the company.

The company is engaged in the sale of electronic tubes, of both the entertainment and industrial types, at wholesale to retailers, laboratories and industrial users. The company is also engaged in the manufacture of electronic and neon tubes through its wholly-owned subsidiary, Transleteronic, Inc.

For the seven months ended July 31, 1960, combined sales of Vacudyne and Transleteronic amounted to $258,518.

Upon completion of the current financing, capitalization of the company will consist of 500,000 shares of common stock.

Silverstein to Be H. Hentz Partner

CHICAGO, Ill.—On Jan. 1, William Silverstein will be admitted to partnership in Hentz & Co. He is manager of the firm's Chicago office, 141 West Jackson Blvd.

With Edward D. Jones

(Special to THE FINANCIAL CHRONICLE)

PUEBLO, Colo.—Allen K. Taylor has become affiliated with Edward D. Jones & Co., Bon Durant Building.

Joins Burbank Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Joseph D. Farragher has joined the staff of Burbank & Company, Inc., 80 Federal Street.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Your Inventory

Recently it has been called to my attention that some security salesmen do not keep accurate records of their customers' and prospects' security holdings. If anything is basic to success in the retailing of investment securities it is that the salesman should know what his customers own. He should know much more than that. He should also be cognizant of an investor's objectives investmentwise, his family situation, his tax bracket, his life insurance and real estate investments, and as much as possible about his temperament.

When I started in this business if a salesman made a call on a prospect and he did not return with an order that was accepted by the sales manager. We used to make reports on every call either by telephone or in person each day. But regardless of this, if a salesman came back to the office after making a personal call on a prospective client and he didn't at least have some idea of his investment objectives, and the securities he owned, that call was marked failure and the salesman heard about it.

How Can You Recommend?

Unless you know what an investor owns, how can you recommend any additional investments? What do you say to a man when you don't know whether he is holding too many speculative common stocks or not, and you just grab at an idea in the dark and tell him to buy some PDQ at the market, and he says, "I've got too many speculative common stocks now?" Unless you approach each account from the viewpoint that you want to assist him in obtaining maximum diversification, spread the risk, increase income, upgrade quality, enhance growth possibilities, you are nothing more than a peddler with a basket full of stocks hoping that you will dispose of them so that you can go back to your office and obtain a fresh supply for tomorrow.

Then there are salesmen who have been relying too much on "hot new issues" to increase their income and commission accounts. We have had a plethora of speculative stock issues, in many instances representative of ultra small companies that have never had public financing before. Some of these companies will survive, others will be absorbed in the future, and there will be many that will get into difficulties the first time a mild recession comes along. These shares come to market at a low price, the public clamor for the small issues forces the market above the offering price and temporarily a number of "free riders" have a bit of a picnic.

Salesmen who have been relying too heavily on this type of business to bolster their income are sooner or later going to find the road a bit rougher than it has been during the past few years. Waves of speculative enthusiasm sometimes last for several years, then there is always the inevitable contraction of business and the day of reckoning. Time is running out for this type of business and the salesman who is wise hasn't built his reputation on such an unstable foundation.

A Real Salesman Advises

But contrast such precarious business with that of the salesman who keeps accurate records of his customer's investments. He constantly reviews these holdings and keeps in touch with his clients. Some salesmen compile regular appraisals of their client's securities. They work closely with their customers. If a situation shows weakness they discuss it and sometimes make changes. They offer suggestions that are in keeping with the client's investment objectives. They discover a good growth situation that fits into a customer's list and they offer it. Sometimes they suggest a purchase or sale of items already owned. They are never at a loss for business because they are in touch with millions of dollars worth of securities owned by clients and prospects and there is a never-ending chain of changing events that constantly affect all securities.

Think of the advantage to the client and the salesman if this approach is used by both parties concerned. The salesman becomes a friend and advisor who has the confidence of his customer. The customer knows the salesman will not advise a change in the portfolio unless there is a VALID REASON for considering it, so he relies on his salesman to watch his securities when he is too busy to do so. This eliminates all pressure salesmanship, haphazard offerings, and creates a relationship between the customer and his salesman that can last over the years.

Unless you build up your lists of holdings and keep them in a ready reference file, or special record book for this purpose, you are missing the main objective of your work. A security salesman who knows what his customer owns is never at a loss for ideas or for business. From a practical standpoint, think of the asset you build for yourself when you know **who** owns millions of dollars worth of investments, what they are, what they cost, and what these people want to do with them. This is the opportunity, but there are many security salesmen who call on investors who don't know there is all that gold in "them thar hills." They never took the time to ask.

NAC Charge Plan Class A Sold

Sade & Co., Washington, D. C. headed a group that publicly offered on Nov. 30, 60,000 shares of NAC Charge Plan & Northern Acceptance Corp's class A common stock (par 60¢) at $5 per share.

The company, which was organized on Jan. 13, 1953, operates a retail charge account plan known as the "NAC Charge Plan." It is also engaged in consumer financing via small loans, and has in addition, an installment contract division. Its principal offices are located at 16 E. Pleasant Street, Baltimore, Md.

The net proceeds are estimated at $260,000, of which the major portion will be used to expand the NAC Charge Plan Division, and the balance will be added to working capital for further expansion.

The capitalization of the company upon the completion of the offering will consist of 600,000 authorized shares of class A common stock, of which 60,000 shares will be outstanding; 250,000 shares of class B authorized, of which 210,000 shares will be outstanding; and an aggregate of $502,530 of subordinated long-term notes and debentures.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The backing and filling operation that is going on in the Government market is not unusual at this time of the year since year-end exchanges or tax-switches are still being made. On the other hand, the defensive tone of the common stock market continues to bring buyers into the short-term and intermediate maturities of Governments, with the longer Treasury bills evidently getting a great deal of the attention at this time.

The use of money and credit will lessen sharply after the turn of the New Year and with this will come the type of action which the monetary authorities will see fit to put into operation. What takes place will be watched carefully by the money and capital markets.

The buying of selected Government long-term bonds continues to go on and the Treasury Trust accounts and state pension funds which are making these commitments are still attracted to the longest maturities in the list.

Coming Monetary Policy

The financial community is not looking for very much in the way of new developments as far as the money and capital markets are concerned for the balance of the year. It is evident that the usual year-end exchanges will continue to be made right up to the end of 1960. However, with the Christmas period out of the way, and the New Year getting under way, there will be more than a passing amount of attention focused on the action which will be taken by the Federal Reserve Banks to counteract the usual return flow of money and credit which follows the holiday season. It is evident that the expected course of business is going to have a marked influence on what the powers that be do about this development in the early days of 1961.

If the indications are that business activity will be moving away from the defensive pattern, there will most likely be an aggressive absorption of the surplus money and credit which was created in order to take care of the holiday trade. On the other hand, if the current economic pattern is to persist for a period in the New Year, there will quite likely be a slower mopping up of the excess money and credit that was brought into existence by the Christmas needs.

Advent of New Administration

A new Administration will be taking over in Washington right after the beginning of 1961, and it is evident that there is not a whole-hearted agreement between some of the actions which have been taken by the powers that be and the people who will assume the running of the Government. It will be interesting to see how some of these differences are reconciled, especially from the standpoint of whether or not the policy of "bills only" will come under more close scrutiny with the new Governmental group in control.

However, it is rather clear that in past changes in political parties in Washington there has been pretty much of an agreeable and close working pact eventually carved out between those in power and all Government agencies. There is no reason to believe this will not be the case this time.

Even though there is no agreement on the type of "open market" policy which will be coming along in 1961, because the pattern of business will dictate what is done, there is nevertheless well defined opinions among certain money market specialists that greater efforts will be made to stimulate the attraction of Government securities with a maturity which is longer than those that the Central Banks have been buying in their recent operations that have shown a very slight variance from the "bills only" program.

The demand continues to be steady for selected intermediate term issues, especially those that are selling at deep discounts. In addition, there is attraction for certain investors in the 2½s due 1965-70, 1966-71 and 1967-72 because it is indicated that these issues are looked upon as likely to be in any future "forward refunding" venture of the Treasury.

Interest in World Bank Bonds

In spite of the better yields which are available in corporate and tax-exempt, there is a growing amount of money finding its way into the long-term Treasury particularly the 3s of 1995, the 3½s of 1990 and the 3½s of 1998. In addition, some of those that have been interested in a good bond with a yield that is satisfactory have been buyers of certain of the World Bank issues. The 5% due 1985 is one of the World Bank bonds that these institutions have been interested in acquiring.

L. A. Huey With Copley & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Lee A. Huey has become associated with Copley and Company, 1600 Ogden. Mr. Huey was formerly a principal of L. A. Huey Co. of Denver and Omaha.

John R. Boyd With Henderson-Weidenborner

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—John R. Boyd has become associated with Henderson-Weidenborner Co., First National Bank Building.

AS WE SEE IT *Continued from page 1*

teeth among the farmers of the nation—and possibly more than that at next election time—if more of the taxpayers' money is not coming their way. If the new Secretary of Defense does not demand and get more from the Budget Director, or at least from Congress, than has been spent in recent years by the Eisenhower Administration, then the public has misread much that has been said by the President-elect and various influential members of his party. Both the President-elect and his Budget Director-designate have had a good deal to say about a balanced budget as a "normal phenomenon."

Now there is something in the nature of a recession upon us, which could give an excuse for a budget quite out of balance at least for the time being, and accordingly a political opportunity for what is regarded as popular spending. But that would be but a temporary surcease from sorrow at best, and reckless fiscal policy on that or any other account might well not prove at all convincing or tranquilizing to people abroad who now hold large amounts of short-term investments in this country. The facts of life are hard facts when it comes to such matters as these. And they are facts which the incoming Administration can not afford to overlook or to evade.

An Anomalous Position

In point of fact, our international financial position is anomalous in several respects—as a result of past policies which can hardly be said to conform to Hoyle. A very large outflow of gold over an extended period has not been permitted to reflect itself in the money and investment markets of the country. Here we are in effect borrowing at short-term and lending (or investing) at long-term abroad at the same time that questions have been raised for a good while past about danger of a sudden and large withdrawal of those short-term loans from foreigners and repeatedly expressed doubts about the wisdom of some of our long-term advances or investments in various parts of the world. President Eisenhower has of late been tackling one aspect of this undesirable position we now occupy vis-a-vis the remainder of the world in terms of finance, but evidently much more will be required to right the situation, and most of the apparent ideas of the Democratic leaders appear to be quite contrary to the needs of such a situation.

Another of the hard realities which the President-elect now faces is of a political nature. Whatever may be his own personal views, he was greatly aided in a very close election by certain groups which now demand their pound of flesh, and are never bashful about pressing their demands. Probably the most conspicuous among these are the labor unions which have been clamoring for certain welfare expenditures for a long while past and will not be quieted by soft words or vague assurances. Anti-recession programs of one sort or another—all expensive—have been advocated and are now being advocated by vocal groups, among them these same labor organizations, and the President-elect himself in several cases is as committed to them as somewhat vague, but nonetheless positive campaign promises can make him. All these things he will not for a moment be permitted to forget in the days ahead —although a vigorous and unexpected revival of business might take off some of the pressures—but by no means all of them.

Those Courageous Legislators

Nor can the President-elect ever permit himself to forget that this same election which selected him for the country's most coveted post also sent back to Washington legislators who were able to form a coalition to defeat some of the very measures he now seems to feel that he is under mandate to get to the statute books. In most respects this latter fact is about the most encouraging outcome of the voting this autumn. It seems to place some sort of hurdle before some of the most irresponsible of our public officials and political leaders—and even to place a rather definite limit upon what the newly elected Chief Executive will be able to do in the general direction of New Deal leadership. Of all this Mr. Kennedy is doubtless well enough aware. But it does not make his official life appear easier for that reason.

This is definitely no time for another New Deal, or for a growth of the old New Deal, which we still have in abundance already with us. There are very real national and world problems for which solutions must be found where possible, but New Dealish ideas and programs certainly will not solve them. Neither will various controls now sometimes vaguely, and for the most part, rather timidly suggested. The times are out of joint, as the poet expresses it. There are various and not infrequently marked differences in policies among the nations, but some **modus operandi** must be found, and less rather than more government interference with private affairs must be the basis for common procedures. The new President will have plenty to do and all the worries he can stand.

Russia's Aggressive Role in World's Petroleum Markets

Continued from page 11

unspecified quantity of 31 deg. gravity Black Sea crude oil at a price of $1.90 per barrel delivered to Bayonne, N. J. The company rejected the offer, but the fact that it was made indicates the nature of the Soviet sales effort.

With respect to the current situation, therefore, we must recognize the fact that the Soviets have made remarkable strides in increasing their petroleum exports in recent years and today enjoy an export position to the Free World of 400,000 barrels per day, some 5% of total Free World demand outside of the United States and Canada.

In my judgment, we would not be wise to look upon this fact as a passing phenomenon resulting from a temporary imbalance in the Soviet economy and likely to disappear in a sort time. In addition to economic factors which I will take up later in my talk, the marketing tactics being employed by the Soviets and the long-term supply contracts recently entered into by them indicate that their effort to engage in the international oil business is no passing fancy.

Probabilities for the Future

What then of the future? Is the almost 100% increase in Soviet exports in the past two years to be repeated in the coming 24 months? And how about the two years after that?

Of course, no one outside the Soviet bloc can answer these questions with any degree of certainty.

However, it is possible for us to draw certain tentative conclusions concerning the probable scope and nature of the Soviet bloc's activities in the petroleum markets of the Free World in the coming years.

These conclusions are best considered in terms of, first, the **capabilities** of the Soviet bloc to engage in the export of petroleum in the Free World in the next few years, and, second, the **probable intentions** of the Soviet bloc countries, as best they can be measured by economic factors, public statements of the Soviets themselves, and the requirements of the Soviet domestic economies.

At the present time, and for the foreseeable future, crude oil production capacity will not be a limiting factor on the ability of the Soviet bloc to export increasing quantities to the Free World.

Since the end of World War II, exploration work has been pressed forward intensively in the Soviet Union. Recent years have seen the discovery of many new fields in various parts of Russia. Of particular importance has been the discovery of a complex of rich fields in the area between the Ural Mountains and the Volga River, centered on the city of Kuibyshev, which is about 550 miles southeast of Moscow and about 425 miles due north of the Caspian Sea.

Development of these new fields has not lagged behind, and vast increases in crude oil production capacity are programmed under the current Seven Year Plan.

From a crude oil production of 1,948,000 barrels per day in 1957, the Russians claim to have upped the figure to 2,567,000 by 1959—an increase of almost 32% in two years. Planned production for this year is 2,863,000 barrels per day, a figure which, if achieved, will put the Soviet Union on a par with Venezuela as the world's second largest producer.

The target figure for Russian production by the completion of the current Seven Year Plan in 1965 is 4.8 million barrels a day, almost double the 1959 rate of roughly 2.6 million and within shouting distance of the present rate of U. S. production of 6.7 million barrels a day.

All of these production figures are for the Soviet Union alone. The satellites of Eastern Europe and Communist China have additional crude oil production, but each of those countries is a net importer from the Soviet Union.

Many Western observers feel that the Soviets, who are capable oilmen, will not only equal but substantially exceed the target figures for crude oil production fixed under the Seven Year Plan. We must assume, therefore, that the Soviet's ability to bring oil up from below ground will be ample to support any kind of export program they wish to undertake in the years to come.

Ability to Produce vs. Export

The tremendous increases in Soviet production of crude oil that may be expected in the near future should not, however, be equated with comparable increases in the quantities of crude oil and products exported to the Free World. A number of factors suggest that the ability of the Soviet bloc to export its oil, at least over the short term, will fall far short of its ability to produce it.

Much of the new Russian production will come from several of the newer fields located in the area centered on Kuibyshev, between the Volga River and the Ural Mountains, which I mentioned previously.

It is estimated that with the completion of the present Seven Year Plan in 1965, production from the Volga/Urals area will account for approximately 3.8 million barrels per day of the total Russian production of 4.8 million barrels per day planned for that year, or about 80% of their total production. Thus, these new fields will vastly overshadow in importance the oil fields of the Caucasus which have for so many years been the primary source of petroleum for the Russian economy.

These new producing fields are about 800 miles from the Black Sea ports and almost 1,000 miles from the Baltic. At the present time there are no direct pipelines from the new fields to the Black Sea or the Baltic, and none is scheduled to be completed before 1964.

Some crude oil could be shipped by rail or by the Volga-Don Canal to the Black Sea, but shipment of any large volumes would put a strain on the present Russian transportation system.

A second limiting factor on the ability of the Soviets to increase their exports to the Free World is their current shortage of tankers. In 1959 the average tanker tonnage engaged in trade between the Black Sea ports and Free World amounted to 1,436,000 tons. Of this total, less than one-half—561,000 tons—was Soviet bloc flag tonnage the remainder was tonnage chartered from the Free World.

However, too much reliance cannot be placed on this limitation of the Soviets over the long run. In the current depressed state of the charter market they have so far been able to obtain sufficient charters to cover their needs.

In addition, the Soviets recently purchased a 39,000-ton tanker built in Japan for a buyer who was unable to take delivery, and they have taken advantage of a similar situation in the Netherlands to acquire another new tanker. There have been reports that they have been negotiating for the purchase of additional tankers to be built in Japanese yards under the recent trade agreement between those two countries. And there have also been recent reports that the Soviets are negotiating for the purchase of additional tankers in Italy, the Netherlands, and Scandinavia.

Thus, the Soviets are facing some serious transportation difficulties. Although they will undoubtedly master them in several years' time, it appears reasonable to conclude that the Soviet bloc would have difficulty increasing its exports of crude oil and products during the next few years by more than 50% above the present rate of about 400,000 barrels per day.

This estimate of 600,000 barrels per day as the present estimated limit on Soviet petroleum exports in the next few years will be subject to a sharp upward revision in 1964 upon the completion of the large new COMEKON pipeline linking the Volga/Ural producing area with Eastern Europe.

This line is being built with 40-inch diameter pipe and pumps, and it is estimated that its eventual capacity will be in excess of 800,000 barrels per day.

One branch of this line will have its terminal at Klaipeda (formerly Memel), in what used to be Lithuania, on the Baltic. This terminal will be only 275 miles by sea from Stockholm, 350 miles from Copenhagen and only a little farther from Hamburg.

A second branch of the COMEKON pipeline will go to Schwedt on the Oder River, the East German-Polish border, some 50 miles northeast of Berlin.

The third and southernmost branch of this line will have three terminals, carrying Russian crude oil to Prague, to Bratislava on the Czechoslovakian-Austrian border near Vienna, and to Budapest in Hungary.

Signor Mattei, the head of E.N.I., the Italian Government oil entity, has recently suggested that future negotiations for the purchase of Soviet oil for Italy should include discussions of the possibility of building a pipeline to connect Italy with the southern branch of the new Soviet line. The distance through Austria from the Italian border to Bratislava is only 200 miles, and it is but 275 miles through Yugoslavia and Hungary from Italy to Budapest.

Unknown Factor of USSR's Domestic Oil Needs

By about 1965, therefore, the limitations on the Soviets' ability to export petroleum will largely be confined to the demands of their own domestic economies on the petroleum resources available. These demands are, of course, wholly under the control of the Soviet states and could be sharply limited if it were decided to use greater petroleum exports as a means of waging economic warfare.

No one on this side of the Iron Curtain can say for sure whether the Soviets intend to use their oil resources in uneconomic fashion to drive the private companies out of foreign markets.

Of course, Permier Khrushchev has told us with respect to economic competition and foreign trade: "We will bury you!"

There are reasons to believe, however, that the Soviet bloc at the present time is primarily interested in developing and expanding its domestic economies. If this is so, and their exports are going to be used primarily as a means of acquiring needed production goods, then economic considerations may play a large part in establishing the future scope of Soviet petroleum exports.

Probably the single most important economic consideration bearing upon the Soviets' intentions respecting exports of petroleum is the extent of the Soviet bloc's own requirements in coming years.

However, on the subject of domestic consumption of petroleum in the coming years, the Russians have been very close-mouthed indeed.

The group of United States oilmen who recently spent a month in Russia report that despite continuous efforts on their part to gain some detailed information concerning the Russians' plans for increasing consumption, they learned very little in this vital area.

We do know that the Soviet Union is now going through the transition from an economy based largely on coal as an energy source to an economy much more dependent on petroleum and natural gas. Similar transitions occurred in this country many years ago and in the countries of Western Europe since World War II.

The Russians have stated that the percentage of their total fuel consumption accounted for by oil and gas will rise from 24% in 1955 to 51% in 1965.

In the absence of more detailed figures, about all that we can say is that apparently a large amount of new Soviet production will be required for use at home.

A Soviet official has recently implied that the Soviet bloc intends to maintain its present rate of petroleum exports and to increase it if possible.

In a speech delivered in Arabic on Oct. 20 of this year to the Arab Petroleum Congress in Beirut, Lebanon, the Chairman of the Soviet Oil Export Agency, Eugenii Gourov, said:

"From 1930 to 1933, the Soviet's share of total imports of crude and products to Western Europe was 19%. In the four years from 1956 to 1959, it was only 4.4%. Hence, there is no such thing as dumping of Soviet crude in the market to cause any harm to the historical positions of other sellers.

"All we do is to regain our rightful position among exporting countries—the position which we had during prewar years and we lost because of war conditions. . ."

This statement by a leading Soviet official is extremely interesting for a number of reasons.

In the first place, it constitutes a public announcement by the Soviets of their intentions to maintain, and possibly to increase, their present supply position to Western Europe.

Even more interesting, however, is Mr. Gourov's reference to the Russian supply position to Western Europe in the years 1930-1933, which recalls a piece of history that may be in the process of repeating itself today.

Is History Repeating Itself?

At that time, the Soviet Union, having partly recovered from the violent upheavals and civil wars which followed the revolution of 1917, was in the process of its own "great leap forward" from one of the most industrially backward of great nations to a modern industrial state.

To accomplish the rapid industrialization desired by Stalin and the other Soviet leaders, it was necessary for the Russians to draw upon the advanced technology and industrial development of Western Europe and the United States. In doing so, they were able to avail themselves of the many years and vast amounts of capital which had been spent by the West in research and development of industrial processes.

In 1932 French technicians built the first aluminum plant in the Soviet Union at Volkhov, about 80 miles east of Leningrad. This plant had an initial capacity of 11,000 tons per annum and was comparable in design and efficiency with aluminum production facilities in the Western countries at that time.

Similar examples could be found in other industries of the Soviet's purchase of advanced Western technology in the early 1930's. The important role played by these purchases in the development of Soviet industry has been acknowledged by Soviet leaders on many occasions.

Indeed, Mr. Mikoyan did so during his visit to the United States two years ago.

Now, of course, the Russians had to pay for their large-scale purchases of industrial goods abroad. To acquire the necessary foreign exchange, large volumes of commodities, including wheat and oil, were exported to Western Europe.

The volumes of oil exported by the Soviets were very considerable for a few years, at least in terms of demand in Europe in those days. But it should be remembered that demand in Europe is many times what it was in those days, and the present rate of Soviet exports to Italy alone is, in terms of absolute volumes, greater than the highest rate reached by Soviet exports to all of Western Europe in the 1930's.

And when the Russians' procurement of industral goods and services from the West had been completed by the middle of the 1930's, these exports dropped off sharply.

Some may recall, I am sure, that shortly before the Soviets' present Seven Year Plan was unveiled at the 21st Congress of the Communist Party of the Soviet Union in January, 1959, Mr. Mikoyan came to the United States with the avowed intention of promoting trade between the United States and the Soviet bloc.

In his talks with certain business leaders and with Under Secretary of State Dillon, he made it clear that the Soviet Union was very hopeful of obtaining a great deal of advanced technology, particularly in the chemicals industry, through trade with the United States.

As you know, Mr. Mikoyan also insisted that any large-scale purchases of United States goods by the Soviet Union would have to be financed by long-term credits granted by our own government, a condition, of course, unacceptable to us.

They Still Want Our Chemical Technology

But the failure of the Soviets to succeed in getting the United States Government to finance their purchases of advanced technology should not be taken to mean that they have abandoned their plans for acquiring this type of goods from the West.

The facts are that in its trade agreements for 1960, the Soviet Union has arranged to import synthetic plants, tire cord plants, petrochemical plants, coal mining and sorting machinery, a high-and low-pressure polyethylene plant, a polypropylene plant, automation machines, electric calculators, and similar sophisticated production goods.

In addition, they are acquiring other goods from the West which for one reason or another they prefer not to manufacture themselves in sufficient quantities to meet their needs. In this group are recent purchases of large diameter steel pipe in Italy and West Germany, deep drawing steel sheets, and special rolled steel shapes.

These purchases must be paid for, either directly by barter for Soviet goods or gold, or by the use of foreign exchange.

If they are to continue at present rates, the Soviet Union will have a continuing need over the next few years to export large quantities of commodities or gold to the West to pay for their purchases.

Solely from an economic standpoint, therefore, the Soviets have a very real interest in the prices they receive for their exports, including oil. Petroleum and its products are today the largest earners of foreign exchange that the Soviets have. A number of recent events contribute to the idea that the Soviets are showing an increasing awareness of the advantage to them of relatively stable prices.

In an address which I delivered two years ago in Los Angeles before the Section on Corporation, Banking and Business Law of the American Bar Association, I called attention to the large volumes of Soviet tin and aluminum which were at that time beginning to appear in the Free World. After nearly breaking the world markets in those metals and after being accused of dumping by other producers, the Soviets have recently shown a greater sensitivity to the influence their exports have on the world prices of tin and aluminum.

In the case of tin, they have begun to abide by the decisions of the World Tin Council.

Another indication of the Russians' interest in obtaining good prices for their exports was the recent announcement that all future Soviet exports of diamonds will be marketed through the De Beers group at going market prices.

Of course, the Soviets are undoubtedly delighted with any dividends they receive in the way of disruptions of normal channels of trade caused by their activities. But that result appears at the moment to be of lesser importance to the Soviets than the acquisition of needed production goods from the West.

If it is correct to assume that Soviet petroleum exports are motivated in substantial part by economic considerations and those considerations will continue to be valid in the future, then we can expect the Soviets to continue their efforts to increase their petroleum export position during coming years.

U.S.S.R. May Cut Oil Prices Or Get Best Possible Price

In doing so, they may well be willing to run the political risks of upsetting the world price structure for petroleum with consequent damage to their relations with the oil-producing states.

We have very little knowledge of the Russians' production costs. But by its very nature as an arm of the Soviet Government, with no royalties or taxes to pay and with the entire Soviet economy available, if need be, to subsidize its operations, the Soviet Oil Export Agency can undoubtedly undersell any private company if it wishes to do so. Indeed, if the Soviet leaders decided that it was necessary to sell oil at a loss in order to gain needed foreign exchange, or for some political purpose, I am sure they would not hesitate to do so.

While the seriousness of the Soviet challenge is grave indeed, there are also good reasons not to be overly pessimistic.

I have mentioned a number of them already.

The recent Soviet pattern of heavy price cuts may in part be accounted for by their position as a relative newcomer to international oil markets seeking to displace established private companies. This pattern may be continued, or even intensified in the coming years. But so long as the Soviets continue their purchases of production goods from the West, it will be basically to their interest to get the best possible prices for their oil.

The Soviet bloc's need to develop pipeline facilities and tankers should serve to contain the volumes of their petroleum exports within reasonable limits during the next four years.

Although precise figures are not available to us, and although the organization of the Soviet economy is such that demand can be fixed at almost any figure their planners desire, it is probable that a very large and increasing portion of Soviet production will be needed for consumption within the Soviet bloc, including exports to Communist China.

U.S.S.R. Finds Sales Resistance

And last but not least, I am happy to report that the Soviets in recent months have been running into some good, old fashioned sales resistance.

Most Soviet crude oils offered for export have high sulphur and salt water contents. They are not unlike some crude oils from West Texas. This fact is of importance to countries which do not have the refining facilities, such as hydrogenation equipment, which would enable them to handle such crude oils.

Some years ago, the government refining monopoly in Uruguay ANCAP, accepted bids from the Russians for supplies of crude oil to be refined by ANCAP in Uruguay.

After experiencing a great deal of difficulty with the high sulphur and salt water content of the Soviet crude oils which they were not equipped to process properly, ANCAP this year worded its bid tenders in such a way as to preclude the Russians from bidding.

The Brazilians, who are currently receiving Soviet crude oil under a trade agreement which I mentioned earlier, have been extremely dissatisfied with the quality of the shipments received so far and are currently disputing with the Russians on this point.

Russian products as well as crude oils have come in for their share of complaints in recent weeks.

Some Russian gasoline being marketed in Cyprus caused an unpleasant odor to come out of the exhaust pipes of automobiles in which it was used—the result of improper refining of a high sulphur crude. As a result of complaints from customers, a United States company was able to develop business in Cyprus that had been earmarked for Russian gasoline.

There have been other complaints recently about Russian gasoline failing to measure up to the octane ratings claimed for them by the Russians. These complaints derive, in part at least, from the shortcomings of the Russian refining industry, which is deficient by Western standards in catalytic cracking and reforming techniques. As a result, the Russians get much less gasoline out of a barrel of crude oil than we do, and the octane rating of the gasoline they do get is generally much lower.

The Russians do not view their relatively low gasoline output as a disadvantage. There are only about 3.5 million cars and trucks in the Soviet Union today, and some of these operate on diesel fuel.

With no intention of increasing in any large way the number of passenger cars allotted to consumers, the Russians are primarily interested in producing the heavier products used by industry. Of course, if they should decide to do so, there is no doubt that they could improve their refineries so as to step up the quantity and quality of their gasoline.

Summary

I have tried to outline briefly the serious nature of the threat posed by Soviet bloc exports of petroleum and its products.

I do not, of course, propose that we should be unduly frightened. But I do suggest that while the current Soviet export drive may be rooted in certain economic requirements of the Soviet states, we should look upon it as part and parcel of the whole Marxist campaign to promote their interests in the world at the expense of ours.

But even though we must look upon Soviet petroleum exports as a phase of the Cold War, our answer to this threat must be supplied by the private oil companies of the Free World. No one, I think, would have our government take over the job of meeting Soviet bloc competition by becoming a state trader.

As Under Secretary of State Dillon remarked a year or so ago:

"When the Soviet Government engages in economic assistance, it uses the resources of its entire economy, because there is complete identity between the economy and the government. We have no wish to emulate Soviet policies of organization or behavior. However, during times of crisis in our past, private enterprise has formed an effective working partnership with government. We are now living in a time of continuing crisis. We must find ways to forge a new working partnership to meet the challenge of our time."

Risk taking, hard work, daring, courage, imagination, research, continuous improvements in operating techniques and quality of products—these are the factors that can be brought to bear by the private companies in this never-ending struggle. They are, of course, the same factors which have marked the amazing development of the Free World's oil industry through the years, and which have enabled it to meet and master the many other challenges it has had in the past.

In addition, the oilmen on this side of the Iron Curtain must be careful constantly to promote the elements of trust, confidence, and respect which have been built up over long years of reciprocal trade among the countries of the Free World and which give to us an intangible, but very real, advantage over the Marxists.

And, finally, we should carefully and continuously review with our chosen representatives the policies of our government to assure ourselves that those policies are properly helping and encouraging the efforts of the oil industry to meet the Russian challenge. It may be that new policies are needed, or that policies appropriate to the requirements of another day no longer meet the needs of an industry bearing the brunt of Soviet attack in an important phase of the Cold War.

I have complete confidence that oilmen of the United States who solved the many problems of World War II and the extraordinary industrial expansion since the close of that war, and who found and transported the oil and products necessary to meet the crisis following the seizure of the Suez Canal, will rise to meet this new and difficult Soviet challenge.

***A paper presented by Mr. Dean before the 40th Annual Meeting of the American Petroleum Institute, Chicago, Ill., Nov. 16, 1960.**

Shearson, Hammill Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Omer D. Labrie has been added to the staff of Shearson, Hammill & Co., 75 Federal Street.

With Storz-Wachob-Bender

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Joseph E. Haller has become affiliated with Storz-Wachob-Bender Co., 3624 Farnam Street.

Banks Must Regain Role As Private Credit Suppliers

Continued from page 7

their business. Bankers have been ingeniously contriving new ways of collecting checks faster, of speeding up the payments mechanism. We have also devised methods to enable corporations to manage their cash more efficiently.

This has been a fine thing for bank customers, naturally, but its impact upon banking is a different matter. Working balances have become mostly work and not much balance.

Nor is the end in sight. The indications are that corporate treasurers will continue to make their working balances work harder. This trend apparently has much further to go and will certainly not be reversed.

All things considered, the public's holdings of Purpose Cash will probably continue to grow over the years ahead but not at a spectacular rate.

The Potential in Purpose Savings

What about our second category: Purpose Savings—the rainy day reserves?

It is commonly assumed that inflation discourages people from building up their savings accounts. This may apply to the larger accounts—Investment Savings—but it has not been the case with Purpose Savings. In fact, the opposite has been true. The size of the average savings account today is more than twice what it was in 1946. The main reason for this is that the cost of a rainy day has risen. This one factor—inflation—has accounted for a large part of the total increase in banks' savings deposits. Assuming little or no inflation over the years ahead, the outlook for these deposits might seem rather bleak.

One shiny silver lining is that over the next 10 years, millions of families will move up into income brackets where they can and should build up the size of their rainy day reserves—say from several hundred dollars to a few thousand dollars. In this area Purpose Savings have a big expansion potential.

As we all know, commercial banks are at a disadvantage from the standpoint of interest rates in competing for this business and savers have become more rate conscious than they used to be. This will probably continue to be the case. Taxation of savings and loan associations would help this situation some, but even if these associations are taxed, they would still have a rate advantage because of the nature of their organization and operations. In fact, if they are taxed, they may reach out more boldly for other banking functions.

Banks will also face increasing competition from credit unions. To be sure, bankers have at hand a competitive weapon in the form of on-the-job banking services—in-plant banking. But will they use this antidote soon enough and vigorously enough? When the growth of credit unions has slowed to something less than a gallop, will be time enough to break out the champagne.

Fortunately, commercial banks have some advantages as well as disadvantages in competing for Purpose Savings. One is that in attracting this type of savings, rate is still less important than the factors of convenience and safety. If banks make the most of this and really go after savings, they can get them.

This has been demonstrated by many banks which have enjoyed considerable success in attracting savings in recent years. Some banks, however, have hardly tried. Others have made some efforts but have not yet gotten around to doing some of the things that need to be done to compete effectively for savings. In the future banks should be able to increase their Purpose Savings substantially if they really try.

A Lost Function

Let's look now at our third category: Excess Funds.

Over the years ahead, business funds available for short-term investment should expand enormously. For one thing, corporate treasurers will get even more mileage from their working balances, thereby freeing more funds from Purpose Cash. Two, business depreciation charges, which generate more Excess Funds than anything else, have increased fivefold since 1946 and are still growing rapidly. Three, the subsidence of inflation will leave many corporations with more Excess Funds than over the past 15 years. Four, as corporations' tax liabilities rise, they will need more liquid assets to cover them.

In days of yore, and not too yore at that, it was regarded as a normal function of commercial banks to serve as intermediaries for Excess Funds in the short-term money market. As the result of a peculiar sequence of developments, the banks have now almost completely relinquished this traditional function.

Throughout the Thirties and early Forties, the public left most of its Excess Funds on deposit in banks because there was little incentive to put them elsewhere. Today, however, with the recovery of short-term interest rates, there is little excuse for leaving them in banks. Consequently, they have largely shifted into other liquid assets — Treasury bills, commercial paper, and the like.

Until recently the banks have not been too concerned about the loss of these funds. They still had little problem in meeting loan demands and they still enjoyed fairly large deposits of Excess Funds on which they were not paying and had no desire to pay interest. But today, with these deposits almost gone and with their touchable liquid assets almost exhausted, some bankers are wondering whether they should try to resume this former banking function. And if so, how should they go about it?

This is a tough nut to crack but also an important one. The deposit potential here is great. Almost all bankers would oppose resuming the payment of interest on demand deposits and so would the supervisory authorities. This is definitely not in the cards for a long time to come. On the other hand, banks could conceivably go much further than they have thus far gone in bidding for Excess Funds with time certificates, time open accounts and repurchase agreements. Perhaps there is need to invent a new type of bank liability with which to woo this money.

Some bankers are very wary about disturbing the *status quo* for fear they might end up paying more interest without a compensating increase in deposits and income. This is indeed a chilling thought and not one to be treated lightly. Nevertheless, it would certainly be desiralbe if the banks could regain their lost position as a major intermediary for short-term money on a profitable basis. This is a problem that needs more pondering.

The Coming Explosion in Savings

A similar situation exists with respect to our fourth category of funds: Investment Savings. The distinction between Purpose Savings and Investment Savings is admittedly indistinct. Nevertheless, there is a whale of a difference between a hundred dollar Christmas Club account and a $10,000 savings account that stays with you year after year on a permanent investment basis. They are very different kinds of money.

The future expansion potential of Investment Savings may be much greater than is generally realized. We are all aware that an income revolution has been taking place in this country. Millions of families have moved into the middle income brackets — $5,000 to $7,500. What is not appreciated is that the next phase of this revolution will be a massive movement into the upper-middle income bracket—families earning $7,500 and over. It is in this bracket that almost all Investment Savings are generated—probably 95% or more. Over the coming decade the number of families in this group is expected to more than double—from about 12 million families to more than 25 million. What has been a class will become a mass. This will generate an unprecedented volume of Investment Savings.

In recent years much of the savings of people in this bracket has gone into common stocks. In the future with inflation at least moderated, a larger part of this rising tide of Investment Savings may be attracted to fixed dollar forms of investment.

Anyone for Investment Savings?

At present, of course, the commercial banks are not competing effectively for these Investment Savings. Many, indeed, apparently have no desire even to try. Their approach to the savings business is geared almost 100% to the promotion of Purpose Savings—the most expensive type of savings money. If people do happen to bring them Investment Savings or leave them on deposit through inertia, these accounts receive no higher rate of interest than is paid on small, active, unprofitable Purpose Savings accounts.

This approach is usually defended on three counts: (1) that banks have a public duty to encourage thrift, (2) that many small, unprofitable accounts grow into larger, profitable ones, and (3) that it is undesirable for a bank to acquire many large savings accounts.

My answers would be: (1) that while banks should encourage thrift, they could still do more to promote profitable as well as unprofitable accounts, (2) that the nurturing of small accounts into large ones would make more sense if the banks were prepared to retain them when they become large, and (3) that commercial banks should be able to operate safely and profitably as custodians of Investment Savings.

On this last point, it is significant that almost any banker you ask will say without hesitation that his large savings accounts have been very stable over the years. But in spite of his own experience, he may still hold to the theory that these accounts are highly volatile.

If we do go after this business, it goes without saying that we must be careful to attract true Investment Savings and not Excess Funds — short-term money. To do this, perhaps we need new types of savings contracts tailored for this purpose. There are, of course, various possibilities: mandatory notice accounts, premium accounts, bonus accounts, medium-term obligations, and the like. Our mutual competitors will in all probability develop new savings products of this kind. May we not need to do so too—that is, if we do want some of this business?

Investment Savings are obviously more sensitive to interest rate differentials than Purpose Savings and this brings us inevitably to the knotty problem of Regulation Q. At the present time most bankers would be strongly opposed to any across-the-board raising or removal of the existing ceiling of 3% which banks are permitted to pay on time deposits. However, this should not preclude consideration of some modification of Regulation Q to permit banks to pay a higher rate on certain specific types of time deposits. Unless this is done, commercial banks have little chance of competing for the vast Investment Savings potential.

Future Monetary Policy

Putting together all our four categories of bank deposits, you may agree that the future expansion of banking will depend to a great extent upon bank management itself. If bankers make the most of their opportunities over the years ahead, banking can again become a vigorous growth industry.

But, you may ask, will not Federal Reserve policy restrict the expansion of banking in the future just as it has in recent years?

It is true, of course, that monetary policy has restrained the growth of bank demand deposits. However, changed conditions will call for significant changes in Federal Reserve policy over the years ahead. It was one thing to clamp down on bank deposits when the money supply was over-inflated and inflationary forces were rampant. It would obviously be inappropriate to pursue such a restrictive policy now that the money supply is relatively so much smaller and the worst of the inflationary pressures have subsided.

Fortunately, the Reserve authorities are not wedded to any rigid doctrine regarding the money supply. They had good reasons for giving considerable weight to this factor during the postwar period. In the future, however, they will probably give much more consideration to the aggregate dollar demand for goods and the requirements of the economy for economic growth, including its needs for bank credit.

After all, from a monetary standpoint, it makes little difference whether the public holds a given amount of funds in the form of bank deposits or in other almost equally liquid assets—Treasury bills, for example. A restrictive monetary policy causes a relative shrinkage of demand deposits but encourages a partially offsetting increase in the public's holdings of near-monies. At some point there is little justification for shrinking the money supply further when it results largely in a shifting into other highly liquid assets. That point may be about now.

Moreover, it is the overall liquidity position of the economy that really matters, not just the volume of bank deposits. At the end of World War II, banks, businesses and individuals all enjoyed over-abundant liquidity. This is no longer true. Since then, the excess liquidity has been largely squeezed out of the banking system. There has also been a substantial change in the net liquidity position of businesses and consumers—taking into account the unprecedented increase in their short-term indebtedness and tax liabilities in relation to their holdings of demand deposits and other highly liquid assets.

Faster Deposit Growth Indicated

Over the years ahead, therefore, the Federal Reserve should be willing to permit a considerably faster growth in bank deposits than in the past, assuming there is demand for them. Indeed, if the banks can succeed in creating a greater demand for bank deposits—increasing their popularity—then the monetary authorities should be not only willing but pleased to see them expand.

For example, if the banks can persuade people to make more use of checks in paying their bills, this would lead to an increase in personal checking accounts. It would not make much sense for the monetary authorities to try to offset this by squeezing other bank deposits.

Admittedly, we have no assurance that Federal Reserve policy will be guided by these considerations. Some dogmatists will doubtless contend that as long as creeping inflation persists, the monetary authorities should continue to contract the money supply relative to Gross National Product.

It should be clear by this time, however, that while such a policy is appropriate under some circumstances, it should not be overdone in dealing with this kind of inflation. What is needed now is to achieve non-inflationary fiscal and debt management policies and to halt the wage-price spiral. And it is quite possible that our balance of payments problem will create greater willingness to solve these underlying causes of inflation. This would further reduce the need for monetary restraint.

Moreover, a progressive shrinkage of the money supply could have serious repercussions. If such a policy were to be continued now that the banks are more fully loaned, the future expansion of bank loans would be curtailed. Bank credit performs a unique role in economic growth because of its fluidity, the ease with which it can flow where it is most needed by a dynamic economy. Also, a sharp curbing of bank loan expansion could badly hurt borrowers dependent upon banks as their source of credit—small and new businesses especially.

In addition, a further relative contraction of banking would further impair the usefulness of monetary policy, not only by reducing its total impact but also by concentrating its restraining effects upon borrowers who, generally speaking, should be restrained the least. It would verge on the suicidal for the Federal Reserve to pursue a policy of continually reducing the role of commercial banks as suppliers of private credit.

What will actually happen, time alone can tell. The trends of recent years are hardly encouraging but common sense suggests that some of these trends should change. Surely it is not too much to hope that the monetary authorities will give considerable weight to the foregoing considerations in formulating their policies over the years ahead.

The Impending Squeeze on Bank Earnings

What do all these factors add up to in terms of the outlook for bank earnings? This year, of course, bank earnings will be at record levels in total dollars and will even look comparatively good as a percentage return on capital funds. However, when you analyze this showing, you realize that it is the result of an unusual combination of favorable factors, a combination which cannot endure.

Here I have a suggestion to offer, namely, bankers should sit down some time and make a projection of their bank's earnings over the next five years. I do not recommend this as a delightful pastime but because it should clarify the earnings problem which most banks will be up against.

Four variables control the profitability of a bank: the level of interest rates, the composition of assets, the level of operating expenses, and capital position. All of these variables except one—operating expenses — have been working strongly in banking's favor over the past 15 years. The future, however, may be very different indeed.

In projecting earnings for the next five years, one certainly cannot expect, to say the least, that the level of interest rates will rise as rapidly as it has over the past 15 years. As for the composition of assets, if a bank is at all typical, it cannot continue shifting from low yield assets into higher yielding assets, notably loans, at the same pace as it has been doing. Similarly, bank capital ratios have declined substantially and this trend too cannot continue indefinitely. On the other hand, despite automation, operating expenses will continue to rise.

This indicates an impending squeeze on bank earnings. From an earnings standpoint, banks are approaching the end of an era. Over the years ahead, many banks will face difficult earnings problems. I do not mean to imply that these problems cannot be solved. They can be, of course, but this is going to take some doing.

Answers to the Earnings Problem

What can the banks do? There is no one answer to this, obviously, but many different answers and they will differ from one bank to another. I would like to offer a few brief comments regarding it.

Confronted with a problem of this kind, a banker's first reaction is to go over each item of income and expense to try to find ways of obtaining more earnings and keeping costs down. And for most banks, there is plenty of gold to be found by this obvious approach.

Another step is to look at what other banks are doing. There are many ways in which particular banks have successfully developed new sources of income or achieved operating economies which other banks have not as yet explored. For example, employee and officer productivity is much higher in some banks than in others.

In general, however, the most promising approach lies in the area of broad management policies. At this level, banking consists of the science of maintaining a sensible balance in a bank's safety position, its liquidity position and its earnings position. For many years this has not presented a very complex problem for most banks because they have enjoyed more than ample capital funds and liquidity and the trend of their gross revenues has been strongly upward.

None of these conditions will prevail over the years ahead, at least not to the same degree. The science of bank management will, therefore, become more complicated.

Take, for instance, the matter of asset management, including policies with respect to both liquidity and loan distribution. For years most bankers have been playing this pretty much by ear. The distribution of their assets today largely reflects the combined results of countless day-to-day decisions, adherence to certain rules-of-thumb, and the impact of external conditions, chiefly competitive forces and customer demand.

In the future, more analysis and more conscious planning may be required. We shall need to analyze our liquidity requirements in greater detail. We shall need to reexamine some of our concepts and criteria with respect to both liquidity and capital adequacy in the light of new conditions. We must reconsider established policies which we have not had to examine for years because our earnings have been adequate. For many banks, a specific case in point would be the management of their savings deposits.

In short, we have been flying by the seat of our pants toward undefined destinations. From here on out, we shall need to give more thought to where we want to go and how we are going to get there.

One further point. If we concentrate too much of our thinking on the factors we have just been discussing, we shall fail. What I mean is this: The future of banking depends upon how well bankers understand and serve the needs of the public. To solve our earnings problem, we must think more in terms of service than in terms of dollars.

An Abundance of Challenges

This does not exhaust our list of banking problems by any means. One of our most critical problems will be the recruitment and development of capable personnel and management. Many banks will feel the impact of regional shifts in population and industry. City banks will have to adapt to the decline of city centers, the burgeoning of metropolitan areas, the continuing expansion of the suburbs. Rural banks will face special problems resulting from the revolutionary changes taking place in our agricultural economy.

Tougher competition will make some of these problems even more difficult. Interbank competition is already intense in most areas but it may become more so as bank profit margins are pinched and as banks continue to combine into more strongly competitive groupings. At the same time, our non-bank competitors, already highly aggressive, may go still further in offering more banking services.

In addition to all these strictly banking problems, bankers are confronted with many challenges in the area of public service. This subject has many facets and deserves far more emphasis than we have time to give it here today. Suffice it to say that in the long run, individual banks and the entire banking industry will grow and prosper only as they succeed in identifying themselves with the public interest.

This calls for more than lip-service, more than occasional gestures intended to burnish our public image. It calls for a genuine concern with the common good and sincere efforts to contribute to it. And in these perilous times, our public responsibilities must be given high priority.

This all adds up to an abundance of challenges for bankers. Yet every one of these challenges constitutes an opportunity as well as a problem—an opportunity for service to the public which can benefit one's bank. What bankers do in response to these challenges will determine the future of their institutions and the future of American banking.

*An address by Dr. Adams at the Commercial Banking Management Program of the Graduate School of Business, Columbia University, Arden House, Harriman, New York, Nov. 14, 1960.

STATE OF TRADE AND INDUSTRY

Continued from page 5

programming 562,000 car completions for December, *Ward's Automotive Reports* said.

The December forecast swells entire 1960 production to 6,734,100 cars, 20.4% above 5,593,707 in 1959 and the second-highest year in history. Peak year 1955 netted 7,942,132 cars and second-best year 1950 some 6,674,933.

Ward's, however, described the December schedule as nothing more than the customary post-introductory period output adjustment and said the fourth-quarter volume will be second-highest in industry history.

The December output target of 562,000 cars follows totals of 597,200 in November and 617,800 in October—a 1,777,000-unit fourth quarter. The peak fourth-quarter total of 1,949,131 cars was set in 1955, with the 1,668,227 in 1950 ranking second best.

Reflecting this adjustment, car output was scheduled at 141,071 units in U. S. plants this week—57% above 111,091 for Thanksgiving Day week but slightly under earlier October-November weekly levels.

This week's production was criss-crossed with normal straight-time and three-day work weeks, with Saturday overtime at a minimum, the statistical agency said.

Down all week was the Mercury plant at St. Louis. Dodge Dart-Lancer-Valiant assembly at Hamtramck (Mich.) and Studebaker-Packard Corp. at South Bend (Ind.) was cut to three days and Plymouth-Dodge output at Delaware and Los Angeles to four days. Ford plants at Dallas, Norfolk and Wixom (Mich.), AM Corp. in Wisconsin and GM Corp. at Southgate (Calif.) worked six days this week.

Ward's said GM Corp. programmed 52.6% of this week's car volume, Ford Motor Co. 26.9%, Chrysler Corp. 10.8%, AM Corp. 8.5% and S-P Corp. 1.2%. Some 33.3% of industry assemblies were compact cars.

Electric Output 3.3% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Dec. 3, was estimated at 14,368,000,000 kwh., according to the Edison Electric Institute. Output was 868,000,000 kwh. above that of the previous week's total of 13,500,000,000 kwh. and showed a gain of 461,000,000 kwh., or 3.3% above that of the comparable 1959 week.

Car Loadings for Week Down 17.9% Below the 1959 Week

Loading of revenue freight for the week ended Nov. 26, 1960, totaled 471,400 cars, the Association of American Railroads announced. This was a decrease of 102,829 cars, or 17.9% below the corresponding week in 1959 when loadings were favorably affected by settlement of the steel strike and a decrease of 68,089 cars or 12.6% below the corresponding week in 1958. The Thanksgiving Day holiday fell in each of these weeks.

Loadings in the week of Nov. 26 were 95,899 cars, or 16.9% below the preceding non-holiday week.

There were 11,174 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Nov. 19, 1960 (which were included in that week's over-all total). This was an increase of 2,268 cars or 25.5% above the corresponding week of 1959 and 4,426 cars, or 65.6% above the 1958 week.

Cumulative piggyback loadings for the first 46 weeks of 1960 totaled 495,860 for an increase of 125,777 cars, or 34.0% above the corresponding period of 1959, and 250,888 cars, or 102.4% above the corresponding period in 1958. There were 55 class I U. S. railroad systems originating this type traffic in the current week compared with 50 one year ago and 40 in the corresponding week of 1958.

Intercity Truck Tonnage for Week 5.6% Below 1959 Week

Intercity truck tonnage in the week ended Nov. 26 was 5.6% below that of the corresponding week of 1959, the American Trucking Associations, Inc., announced. Truck tonnage was 17.5% behind the volume for the previous week of this year. The week-to-week decrease is attributable in large measure to the Thanksgiving Day holiday during the week reported.

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.

The terminal survey for last week showed increased tonnage over a year ago in five localities. Twenty-nine points reflected decreased tonnage from the 1959 level.

Lumber Shipments Down 1.6% Below Same 1959 Week

Lumber shipments of 452 mills reporting to the National Lumber Trade Barometer were 1.6% below production during the holiday week ended Nov. 26, 1960. In the same week, new orders of these mills were 22.0% above production. Unfilled orders of reporting mills amounted to 24% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 14 days' production at the current rate, and gross stocks were equivalent to 53 days' production.

For the year-to-date, shipments of reporting identical mills were 2.9% below production; new orders were 5.4% below production.

Compared with the previous full week ended Nov. 19, 1960, production of reporting mills was 24.7% below; shipments were 23.7% below; new orders were 0.2% above. Compared with the corresponding week in 1959, production of reporting mills was 24.7% below; shipments were 17.0% below, and new orders were 5.4% below.

Mild Rise in Business Failures For Dec. 1 Week

Commercial and industrial failures increased mildly to 290 in the week ended Dec. 1 from 276 in the preceding week, reported Dun & Bradstreet, Inc. While casualties were moderately heavier than the 261 last year, they were slightly lower than the 1958 toll of 294 for the comparable week. Continuing above the pre-war level, business mortality exceeded by 10% the 264 failures occurring in 1939.

Casualties with liabilities of $5,000 or more climbed to 268 from 251 a week earlier and 230 last year. On the other hand, small failures involving losses under $5,000 dipped again to 22 from 25 in the previous week. Liabilities ran above $100,000 for 32 of the week's casualties as against 36 last week.

Canadian failures climbed to 72 from 36 in the preceding week, and 37 in the corresponding 1959 week.

Wholesale Food Price Index Highest in 20 Months

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., rose this week to the highest level in 20 months. On Nov. 29 it increased for the sixth week in a row, hitting $6.18 for a gain of 0.5% from the week earlier $6.15 and an increase of 4.4% from the $5.92 of the corresponding date last year. The current level was the highest since the $6.19 of March 25, 1959.

Up in wholesale price this week were oats, barley, beef, bellies, lard, butter, eggs and lambs. Lower in cost were flour, rye, coffee and hogs.

The Dun & Bradstreet, Inc., Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Up Fractionally from Prior Week

With higher prices on some grains, sugar, butter, steers and lambs offsetting declines in flour, hogs and rubber, the general commodity price level edged up fractionally in the latest week. On Nov. 28 the Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 262.74 (1930-32=100), up fractionally from the 1960 low of 262.50 of a week earlier. It compared with 276.77 on the corresponding date a year ago.

Both domestic and export purchases of wheat moved up during the week helping prices rise moderately from a week earlier; wheat offerings were light. In contrast, rye prices dipped noticeably due to higher receipts and sluggish flour business.

Strengthened by increased buying and smaller receipts, corn prices advanced slightly from the prior period. Following the rise in corn, oats prices moved up somewhat with good volume and light offerings. Higher trading in soybeans and soybean oil helped soybean prices rise appreciably; export purchases were good and receipts were light.

Although there was some doubt that the crop would equal the government's Nov. 1 forecast, trading on the New York Cotton Exchange showed little change from the preceding week and prices were steady.

Initial Christmas Shopping Slightly Below Last Year

Despite unseasonably warm weather in many areas, the usual post-Thanksgiving upsurge in Christmas shopping occurred in the week ended November 30, but over-all retail trade was down slightly from last year. Although shoppers were out in good numbers, they were a little more price conscious and selective than a year ago. Best sellers were men's and women's apparel, small electrical housewares and furniture. Scattered reports indicate that sales of new passenger cars slipped from a week earlier, but remained over a year ago.

The total dollar volume of retail trade in the week ended November 30, ranged from 4% below to unchanged from a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: East South Central +1 to +5; New England, South Atlantic and Mountain —2 to +2; Pacific Coast —3 to +1; Middle Atlantic and West South Central —4 to 0; East North Central —6 to —2; West North Central —7 to —3.

Nationwide Department Store Sales Down 2% from 1959 Week

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Nov. 26, 1960, show a decrease of 2% over the like period last year. In the preceding week for Nov. 19 a decrease of 7% was reported. For the four weeks ended Nov. 26 a 4% decline was reported. The Jan. 1 to Nov. 26 period showed a 1% increase.

According to the Federal Reserve System, department store sales in New York City for the week ended Nov. 26 showed no change over the same period last year. In the preceding week ended Nov. 19 sales were 6% below the same period last year. For the four weeks ending Nov. 26 a 2% increase was reported over the 1959 period, and from Jan. 1 to Nov. 26 there was a gain of 5% above the level achieved in the 1959 period.

Electro-Mechanic Common Offered

The Electro-Mechanics Co., Westlake Hills, Texas, publicly offered 100,000 shares of its 10c par common stock at $3 per share on Nov. 23.

The offering was underwritten by James C. Tucker & Co., Inc., Austin, Texas; Hauser, Murdoch, Rippey & Co., Dallas, Texas; Bala Williams & Co., Wichita Falls, Texas; Wm. B. Robinson & Co., Corsicana, Texas, and Aetna Securities Corp., New York City.

The net proceeds of the offering will be added to the company's working capital.

What Steel Industry Must Realistically Face and Do

Continued from page 3

sible need for a reappraisal of the industry in relation to the markets it serves—and a new campaign to get to those markets, to find out what they need and want, and to sell it to them. This, of course, has been done, and done efficiently, by many companies in the industry. But I am saying that the problem deserves the attention of all in the steel industry. Let's not forget that some of the inroads on steel have been made by companies which followed this very tactic—they went out and invented new uses for their products. They were successful in convincing users that there was an advantage in trying a new material, a new way of building, or a new concept in packaging.

If you look at it in this way, the steel business isn't really the steel business at all. It is transportation, packaging, construction. It is shipping, power generating, household appliances and gadgets. It is most certainly national security. It is all these businesses, and many more.

It is this kind of empathy with users and consumers that cause companies to grow, and if the steel industry feels that the lack of it may be one of the factors which gave rise to this "staid and old" reference in *Newsweek*, perhaps it is a matter which deserves its attention. This way of looking at things emphasizes the challenges that the steel industry faces, and the many opportunities—some of which are as yet unexplored—to serve the economy and the nation.

Criticizes Paltry Research Effort

Now where does research fit into this? Perhaps a glance back through history will help to provide the answer, by reminding us of the snail's pace at which change has taken place up until comparatively recent years. Remember the terms in our history books, the Hundred Years War, the Middle Ages, the Roman Empire—expressions used to describe periods which lasted from a century onwards, and during which relatively little fundamental change took place. I venture the generalization that up until about the time of the Industrial Revolution, change was almost always a slow, gradual, evolutionary process; and that the development of the scientific method and its subsequent application to the solving of practical problems did more to accelerate change than any other happening in history.

Today we live in a period of unprecedented change. At this very moment, 90% of all the scientists who ever lived are now alive. Is there any relationship between these facts? I submit that there is. It has been said that the greatest invention of modern science is the concept of research itself, for research has provided modern man with the tools for deliberately creating progress, a way of leap-frogging across the years that was unknown to previous generations.

Has the steel industry fully appreciated the importance of research?

I would point out to you only this: In 1958, about $9 billion were spent on research and development in the United States. The research and development budget of the steel industry in that year was about $125 million — some 1.4% of the total.

When measured as a percent of sales, this was the lowest allocation to research and development made by any heavy industry. And 1958 was a low, low year for sales.

Now if we acknowledge that steel has a lot of problems—and I don't believe there's a steel man who wouldn't buy that statement—and if we categorically reject the assertion that the steel industry is *staid* and *old*, (and I hope we all reject that thesis vehemently!) then I submit that the steel industry is going to have to spend a lot more money on research over the next decade in order to improve things.

Certainly it will want to keep up its scientific investigations in metallurgy and process development—studies which have already resulted in vast technological improvements of existing processes, and in the development of completely new methods of steelmaking.

But in looking at the industry, I would also think that it should very probably be spending a good deal of time and effort on nontechnical research: research that might, for instance, point the way to how some of the new technological developments may be more readily adopted by steel companies; research that might go out to the steel consumers and attempt to find out, more incisively than has been done in the past, how steel can be better made to serve them, and what new uses there might be for steel.

New Uses for Steel

Let me illustrate what I mean. The construction business consumed about 25% of the steel produced in the United States during the 1950's and about 55% of steel produced in the Western States. Competition from other construction materials, however, has made recent inroads. It appears that if recent trends continue, the long-range growth in the construction market for domestically produced structural shapes, sheet and strip, pipe, wire, and other steel products will be seriously jeopardized.

On the other hand, certain new construction techniques and designs could have a significant positive effect on the future of steel in construction. For example, story-high corrugated webs in built-up structural components could provide greater spans, fewer columns, and more usable space.

Another example is the use of a foaming, fireproof film which could be sprayed on steel and aluminum framing to eliminate the need of concrete cladding and reduce the cost of building with these metals. Plastic design in multistory construction, load-bearing sandwich walls with erector-set characteristics, and suspension construction are examples of other designs that could favorably affect steel prices. Use of steel could also increase if there were broader acceptance of standard building components and if fabricators would adopt production-line techniques for producing sub-assembled units ready for rapid on-site erection.

These are concepts that some in the industry are already thinking about, and that will be a challenge to develop in the years to come. Is steel doing enough now to prepare for translating these ideas into practical application? It seems to me that a major amount of research attention could be devoted to these and other areas in determining the opportunities for steel in construction and manufacturing and transportation that will be coming up three, five, and even ten years hence.

Research Labor-Management Relations

Another possible area where I believe that productive and useful research could be done is in the area of labor-management relations. This industry well knows the painful dislocations that can be caused by a major prolonged strike. We need look back only to the 116-day steel shutdown which ended a year ago this month for an illustration.

I am firmly convinced that labor and management do not have to live in a more or less perpetual state of antagonism, and I submit that here too is another important area for research — for some broadly conceived studies aimed at identifying the deep human motivations, the areas of agreement and disagreement, and the methods of effecting peaceful solutions satisfactory to both groups.

This kind of study, it seems to me, would involve analyzing and seeking to understand some of the very basic drives that underlie human behavior. It is an area that is far too little explored by the research community. We've done a great deal to further our understanding of visible but real physical forces like electricity and magnetism, but we have a whole range of unanswered questions about the invisible but real human forces that affect our every action and our relationship with others.

What, for instance, do we really know about love or hate?

Do we have an awareness of the causes of resentment, of attitudes of superiority?

Are we in any way equipped with the knowledge, that I believe research could produce, of the elements that must underlie mutual trust and confidence between individuals and groups?

I am aware of course that some work in the area of labor-management relations has been done by the steel industry, and it is to be complimented on taking leadership in this field. But I do not believe that it or anyone else has begun to tackle the problem in its broadest or most fundamental terms. And think of the contribution that would be made to the industry, the nation, and the world if a co-operative effort aimed at seeking better to understand the workings of the human mind could be undertaken.

Research on labor-management strife would be difficult and relatively costly. On the other hand, it seems to me that a few hundred thousand dollars invested in well-conceived studies would be well worth the effort.

Let me say parenthetically that I do not believe that the object of such research should be to eliminate all tensions between labor and management, nor do I think this would be desirable. Human tensions—kept under control—produce a healthy situation in the area of labor-management relations. However, working towards bringing these tensions under control would be a fitting area for this industry's concern.

If steel were to take the leadership and sponsor some significant research in this field, it could have great consequences for other industries, and perhaps even for international relations. The discovery of basic knowledge about human behavior could be more important in this country's dealings with the rest of the world than the development of spectacular new weapons, and it would be infinitely more constructive. So I commend this to the steel industry as a very important area for research that deserves urgent attention.

Inter-Industry Research

I have discussed research that relates to the industry as a whole, and not just to individual companies. Increasingly, I feel, United States industries will find themselves faced with common problems that can be more effectively dealt with by industrial groups and associations. Of course, it makes great sense for companies to pursue product and process development on their own, and for them to place every possible research emphasis on those developments which are designed to keep them in effective competitive positions. But I also believe that it makes eminent sense for companies to join together in groups and associations to sponsor work that has industry-wide implications. We at Stanford Research Institute have found that such arrangements, with all the partners pulling together for a common result, can have a very beneficial effect on the work being done.

Now let me add a final word. I have reviewed a good deal about problems directly related to the steel industry, but I would like to close by suggesting some broader horizons that must concern us all. No one will challenge the assertion that the decade of the Sixties will be an exciting time. Science will produce during that decade as it has never produced before. New industries will rise, as electronics has risen in the decade past; and some companies and even industries—those that are really staid and old — will begin to decline. There will be new consumer demands. Our governmental machinery, responding to the needs of the times, will certainly change materially. Only time will tell what those changes will be. On the international scene, there probably will be a continuation and acceleration of the broad social upheavals that are taking place in Asia, Africa, and Latin America. Here again, the outcome will only be known far in the future.

A characteristic of our age is change. An axiom for our age is that those who resist change, those who look backward instead of ahead, will find themselves left behind in the rush toward the future. There are those in this world—enemies of freedom who deny the values we hold dear—who have a clear image of the future they want and are using every means at their disposal to get it. Let us be sure that our own values are firmly in mind; that we know where we want to go. Then we can use research, with all its remarkable capabilities, to achieve the kind of future we want to have.

*An address by Dr. Carter before the Regional Technical Meeting of the American Iron and Steel Institute, San Francisco, Calif., Nov. 4, 1960.

Electro-Science Acquires Control

In its largest investment to date, Electro-Science Investors, Inc., of Dallas, has acquired over 80% equity in Knapic Electro-Physics, Inc., of Palo Alto, Calif., for the sum of $2 million. The equity is in the form of convertible debentures and common stock.

The investment in Knapic Electro-Physics brings ESI's total investment commitment to some $3.5 million within the past month. This represents well over 20% of ESI's total assets.

Knapic Electroc-Physics, Inc., is one of the world's largest producers of silicon and germanium crystals for use in semi-conductive devices, which include transistors, rectifiers, diodes, solar cells and infrared applications.

"Our firm supplies some 40% of the crystals used in the United States in the manufacture of semi-conductors," said Dr. Dean Knapic, President of Knapic Electro-Physics. "This represents a substantial portion of an industry which has grown in output from eight million units in 1957 to an estimated 133 million units in 1961."

New Kidder Office

BOCA RATON, Fla.—A. M. Kidder & Co., Inc., has opened a branch office at 124 South Federal Highway under the management of L. Russell Gear.

$40 Million of Potomac Electric Bonds Offered

Dillon, Read & Co., Inc.; Lehman Brothers; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; and Johnston, Lemon & Co. headed an underwriting group which offered publicly $40,000,000 of Potomac Electric Power Co. first mortgage bonds, 5% series, due 1995, priced at 100.827% to yield 4.95% to maturity.

The bonds were awarded at competitive bidding on Dec. 7 at an interest cost to the company of about 4.99%.

The new bonds are redeemable at 107.33% for five years and thereafter at prices scaling downward from 104.98% to 100% for the last 12 months before maturity.

Of the net proceeds to the company from the sale of the bonds, $9,725,000 will be used to pay the company's outstanding bank loan notes. Such notes represent borrowings made for working capital, construction expenditures and other corporate purposes. The balance of such net proceeds will be used to reimburse the treasury of the company for a portion of the construction expenditures heretofore made and to provide for a portion of the company's continuing construction program.

It is estimated that gross property additions for the last three months of the year 1960 and for the year 1961 will aggregate approximately $67,000,000.

The company furnishes electric power to a service area of approximately 643 square miles, having a population of about 1,464,000, comprising the entire District of Columbia and portions of contiguous areas in Virginia and Maryland.

Ford Electronics Common Marketed

An underwriting group headed by Thomas Jay, Winston & Co., Inc., Beverly Hills, Calif. on Dec. 1 offered 150,000 shares of *Ford Electronics Corp.* no-par common stock at $2 a share.

Of the proceeds, $186,000 will be added to working capital and the balance will be applied against current obligations.

The company, which is located at 11747 Vose St., North Hollywood, Calif., is engaged in the manufacture of fractional horsepower motors and in the production of miniature and subminiature capacitors. The issue will be handled by brokers in New York, San Francisco and Los Angeles.

John N. Valianos has been President and Director of the company since its founding. He has been active in various West Coast enterprises since 1934 when he was elected President of the Farallone Packing Co. of San Francisco.

Fed. Land Bank Bonds Marketed

The Federal Land Banks offered on Dec. 7, two issues of bonds, $91,000,000 principal amount of 3⅝% bonds due Feb. 20, 1962, priced at 100, and $90,000,000 principal amount of 4% bonds due Oct. 20, 1964, priced at 99¾. Proceeds from the sale will be used to redeem $150,000,000 of 5.40% bonds maturing Dec. 20, 1960, to repay short-term borrowings, and to provide funds for lending operations. The offering will be made through John T. Knox, Fiscal Agent with the assistance of a nationwide selling group of securities dealers.

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)	Dec. 10	§48.3	*48.9	51.5	96.5
Equivalent to—					
Steel ingots and castings (net tons)	Dec. 10	§1,376,000	*1,393,000	1,468,000	2,732,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 25	6,992,460	6,968,160	6,821,410	6,968,675
Crude runs to stills—daily average (bbls.)	Nov. 25	¶8,092,000	7,987,000	7,934,000	7,973,000
Gasoline output (bbls.)	Nov. 25	28,776,000	28,205,000	27,968,000	28,957,000
Kerosene output (bbls.)	Nov. 25	3,108,000	3,269,000	2,535,000	2,333,000
Distillate fuel oil output (bbls.)	Nov. 25	13,367,000	13,138,000	12,956,000	12,904,000
Residual fuel oil output (bbls.)	Nov. 25	6,257,000	6,038,000	5,717,000	7,040,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Nov. 25	187,906,000	*184,911,000	186,815,000	179,179,000
Kerosene (bbls.) at	Nov. 25	37,099,000	36,833,000	36,626,000	31,692,000
Distillate fuel oil (bbls.) at	Nov. 25	175,741,000	175,327,000	178,924,000	170,886,000
Residual fuel oil (bbls.) at	Nov. 25	48,958,000	47,963,000	49,917,000	56,189,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 26	471,400	567,299	620,712	574,223
Revenue freight received from connections (no. of cars)	Nov. 26	472,828	494,099	517,410	531,431
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Dec. 1	$385,000,000	$613,400,000	$373,400,000	$383,400,000
Private construction	Dec. 1	172,700,000	365,300,000	165,200,000	233,400,000
Public construction	Dec. 1	212,300,000	248,100,000	208,200,000	150,000,000
State and municipal	Dec. 1	173,500,000	153,200,000	167,600,000	79,400,000
Federal	Dec. 1	38,800,000	94,900,000	40,600,000	70,600,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 26	6,390,000	8,045,000	7,990,000	8,151,000
Pennsylvania anthracite (tons)	Nov. 26	355,000	377,000	385,000	445,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Nov. 26	173	*170	149	176
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Dec. 3	14,368,000	13,500,000	13,932,000	13,907,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 1	290	276	317	261
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 29	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Nov. 29	$66.32	$66.32	$66.32	$66.41
Scrap steel (per gross ton)	Nov. 29	$28.50	$28.33	$29.50	$43.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 30	29.600c	29.600c	29.600c	33.225c
Export refinery at	Nov. 30	28.200c	27.900c	26.725c	29.025c
Lead (New York) at	Nov. 30	12.000c	12.000c	12.000c	13.000c
Lead (St. Louis) at	Nov. 30	11.800c	11.800c	11.800c	12.800c
‡Zinc (delivered) at	Nov. 30	13.500c	13.500c	13.500c	13.000c
Zinc (East St. Louis) at	Nov. 30	13.000c	13.000c	13.000c	12.500c
Aluminum (primary pig, 99.5%) at	Nov. 30	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Nov. 30	102.000c	102.750c	103.250c	100.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Dec. 6	86.26	86.11	87.63	81.48
Average corporate	Dec. 6	86.51	86.78	86.91	84.17
Aaa	Dec. 6	90.91	91.34	91.62	87.99
Aa	Dec. 6	88.81	88.95	89.37	86.11
A	Dec. 6	86.11	86.24	86.24	83.79
Baa	Dec. 6	80.69	81.05	81.17	79.25
Railroad Group	Dec. 6	83.91	84.04	84.04	82.03
Public Utilities Group	Dec. 6	87.72	87.86	88.13	84.30
Industrials Group	Dec. 6	87.80	88.27	88.81	86.24
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Dec. 6	3.96	3.99	3.80	4.41
Average corporate	Dec. 6	4.67	4.65	4.64	4.85
Aaa	Dec. 6	4.35	4.32	4.30	4.56
Aa	Dec. 6	4.50	4.49	4.46	4.70
A	Dec. 6	4.70	4.69	4.69	4.88
Baa	Dec. 6	5.13	5.10	5.09	5.25
Railroad Group	Dec. 6	4.87	4.86	4.86	5.02
Public Utilities Group	Dec. 6	4.58	4.57	4.55	4.84
Industrials Group	Dec. 6	4.57	4.54	4.50	4.69
MOODY'S COMMODITY INDEX	Dec. 6	355.8	355.8	354.8	376.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 26	261,948	283,461	299,841	275,752
Production (tons)	Nov. 26	270,596	309,245	318,032	310,853
Percentage of activity	Nov. 26	81	89	91	91
Unfilled orders (tons) at end of period	Nov. 26	384,818	393,601	418,183	438,833
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Dec. 2	108.80	108.60	109.77	111.54
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Nov. 11	2,121,150	2,010,170	1,606,250	2,648,330
Short sales	Nov. 11	504,400	426,140	299,310	419,310
Other sales	Nov. 11	1,744,230	1,624,670	1,273,940	2,191,190
Total sales	Nov. 11	2,248,630	2,050,810	1,573,250	2,610,500
Other transactions initiated off the floor—					
Total purchases	Nov. 11	318,310	257,340	199,300	510,280
Short sales	Nov. 11	50,300	32,000	24,300	59,100
Other sales	Nov. 11	329,170	241,740	168,400	508,950
Total sales	Nov. 11	379,470	273,740	192,700	568,050
Other transactions initiated on the floor—					
Total purchases	Nov. 11	710,684	688,970	477,612	864,570
Short sales	Nov. 11	164,500	139,410	79,020	137,810
Other sales	Nov. 11	587,959	519,497	394,455	868,745
Total sales	Nov. 11	752,459	658,907	473,475	1,006,555
Total round-lot transactions for account of members—					
Total purchases	Nov. 11	3,150,144	2,956,480	2,283,162	4,023,180
Short sales	Nov. 11	719,200	597,550	402,630	616,220
Other sales	Nov. 11	2,661,359	2,385,907	1,836,795	3,568,885
Total sales	Nov. 11	3,380,559	2,983,457	2,239,425	4,185,105
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	Nov. 11	1,446,667	1,432,734	1,263,670	1,828,308
Dollar value	Nov. 11	$67,541,044	$64,438,473	$62,833,952	$93,652,438
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Nov. 11	1,191,602	1,283,326	1,094,297	1,502,830
Customers' short sales	Nov. 11	22,367	25,638	23,109	9,686
Customers' other sales	Nov. 11	1,169,235	1,257,688	1,071,188	1,493,144
Dollar value	Nov. 11	$56,966,684	$57,868,032	$54,749,975	$76,890,597
Round-lot sales by dealers—					
Number of shares—Total sales	Nov. 11	324,570	381,220	295,800	374,870
Short sales	Nov. 11	------	------	------	------
Other sales	Nov. 11	324,570	381,220	295,800	374,870
Round-lot purchases by dealers—Number of shares	Nov. 11	561,210	526,670	483,990	684,170
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	Nov. 11	1,015,870	853,050	574,790	745,430
Other sales	Nov. 11	13,131,790	13,534,680	10,823,940	16,195,860
Total sales	Nov. 11	14,147,660	13,987,730	11,398,730	16,941,290
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Nov. 29	119.6	*119.6	119.4	118.9
Farm products	Nov. 29	89.7	90.3	88.6	84.9
Processed foods	Nov. 29	109.2	108.9	108.8	105.2
Meats	Nov. 29	97.5	96.4	95.9	89.7
All commodities other than farm and foods	Nov. 29	127.8	*127.8	127.9	128.6

*Revised figure. ¶Includes 899,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN RAILWAY CAR INSTITUTE— Month of October:			
Orders for new freight cars	5,885	2,061	2,722
New freight cars delivered	4,632	4,265	2,284
Backlog of cars on order and undelivered (end of month)	22,900	21,662	36,199
AMERICAN TRUCKING ASSOCIATION, INC.— Month of September:			
Intercity general freight transport by 394 carriers (in tons)	7,008,078	6,912,412	6,877,654
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of October:			
New England	$34,690,675	$29,228,760	$28,411,635
Middle Atlantic	139,631,117	187,953,217	118,193,428
South Atlantic	42,475,204	49,787,508	37,677,358
East Central	110,697,692	128,576,090	95,341,970
South Central	92,307,520	104,943,572	104,772,998
West Central	43,715,106	38,435,408	39,157,455
Mountain	26,353,298	39,127,412	28,963,374
Pacific	117,187,705	132,712,983	125,197,846
Total United States	$607,058,317	$710,764,950	$577,716,064
New York City	99,449,753	148,142,480	80,887,522
Total outside New York City	$507,608,564	$562,622,470	$496,828,542
COAL EXPORTS (BUREAU OF MINES)— Month of September:			
U. S. exports of Pennsylvania anthracite (net tons)	149,176	137,083	216,711
To North and Central America (net tons)	128,182	104,070	201,641
To Europe (net tons)	20,612	33,013	15,047
To South America (net tons)	------	------	23
To Asia (net tons)	336	------	------
Undesignated (net tons)	46	------	------
COAL OUTPUT (BUREAU OF MINES)—Month of October:			
Bituminous coal and lignite (net tons)	34,805,000	34,165,000	34,921,000
Pennsylvania anthracite (net tons)	1,615,000	1,518,000	1,805,000
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of August (000's omitted)	57,513,402	55,320,637	53,658,261
Revenue from ultimate customers—Month of August	$967,782,000	$936,843,000	$906,896,000
Number of ultimate customers at Aug. 31	58,163,340	58,067,246	57,037,919
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of October:			
Weekly earnings—			
All manufacturing	$91.48	$90.85	$89.06
Durable goods	98.89	98.15	96.52
Nondurable goods	81.30	81.51	79.79
Hours—			
All manufacturing	39.6	39.5	40.3
Durable goods	40.2	39.9	40.9
Nondurable goods	38.9	39.0	39.5
Hourly earnings—			
All manufacturing	$2.31	$2.30	$2.21
Durable goods	2.46	2.46	2.36
Nondurable goods	2.09	2.09	2.02
LIFE INSURANCE PURCHASES—INSTITUTE OF LIFE INSURANCE—Month of Sept. (000,000's omitted):			
Ordinary	$4,004	$4,314	$3,963
Industrial	550	569	560
Group	1,031	1,017	966
Total	$5,585	$5,900	$5,489
METAL OUTPUT (BUREAU OF MINES)— Month of September:			
Mine production of recoverable metals in the United States—			
Gold (in fine ounces)	175,374	*153,163	114,391
Silver (in fine ounces)	2,529,765	*2,460,567	1,857,027
Copper (in short tons)	97,879	*90,879	25,937
Lead (in short tons)	17,672	*18,460	20,343
Zinc (in short tons)	30,180	*33,411	28,874
METAL PRICES (E. & M. J. QUOTATIONS)— November:			
Copper—			
Domestic refinery (per pound)	29.600c	30.598c	34,060c
Export refinery (per pound)	27.470c	27.111c	30.481c
††London, prompt (per long ton)	£225,631	£222,232	£250,583
††Three months, London (per long ton)	£226,347	£224,071	£241,381
Lead—			
Common, New York (per pound)	12.000c	12.000c	13.000c
Common, East St. Louis (per pound)	11.800c	11.800c	12.800c
††London, prompt (per long ton)	£68,176	£67,250	£72,146
††Three months, London (per long ton)	£68,875	£68,679	£72,390
Zinc—			
East St. Louis (per pound)	13.000c	13.000c	12.500c
§§Prime Western, delivered (per pound)	13.500c	13.500c	13.000c
††London, prompt (per long ton)	£87.636	£87.911	£94.935
††London, three months (per long ton)	£86.864	£86.622	£90.179
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.375c	91.375c
Silver, London (per ounce)	79.500d	79.488d	80.250d
Sterling Exchange (check)	$2.81352	$2.81159	$2.80263
Tin, New York Straits	102.875c	103.319c	101.042c
Gold (per ounce U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$209.000	$209.000	$216.611
Antimony—			
¶New York, boxed (per pound)	32.590c	32.590c	32.590c
Laredo, bulk (per pound)	29.000c	29.000c	29.000c
Laredo, boxed (per pound)	29.500c	29.500c	29.500c
Platinum, refined (per pound)	$82.000	$82.000	$77.000
Cadmium (per pound, delivered ton lots)	$1.50000	$1.50000	$1.30000
(Per pound, small lots)	$1.60000	$1.60000	$1.40000
Cobalt, 97% grade (per pound)	$1.50000	$1.50000	$1.75000
Aluminum—			
99% grade ingot weighted avge. (per lb.)	26.000c	26.000c	26.800c
99% grade primary pig	23.250c	23.250c	24.700c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25

*Revised figure. †Estimated totals based on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

	Latest Month	Previous Month	Year Ago
MONEY IN CIRCULATION—TREASURY DEPT.			
As of Sept. 30 (000's omitted)	$32,000,000	$32,000,000	$31,800,000
NEW YORK STOCK EXCHANGE— As of October 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,243,000	$3,259,000	$3,378,000
Credit extended to customers	111,000	122,000	168,000
Cash on hand and in banks in U. S.	377,000	356,000	360,000
Total of customers' free credit balances	1,063,000	1,059,000	966,000
Market value of listed bonds	109,858,783	110,100,163	106,898,984
Market value of listed shares	281,529,166	283,318,365	295,165,327
Member borrowings on U. S. Govt. issues	695,000	684,000	523,000
Member borrowings on other collateral	2,313,000	2,325,000	2,289,000

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.

ACR Electronics Corp.
Sept. 28, 1960 filed 150,000 shares of common stock, 75,000 series I common stock purchase warrants, and 75,000 series II common stock purchase warrants, to be offered in units, each unit to consist of two common shares, one series I 5-year purchase warrant, and one 5-year series II warrant. Warrants are exercisable initially at $2 per share. **Price**—To be supplied by amendment. **Proceeds** — For salaries of additional personnel, liquidation of debt, research, and the balance for working capital. **Office**—551 W. 22nd Street, New York City. **Underwriter**—To be supplied by amendment.

● **Adler Built Industries, Inc.**
Aug. 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For acquisition and development of land and operating capital. **Office**—1201 W. 66th St., Hialeah, Fla. **Underwriter** — American Diversified Securities, Inc., Washington, D. C., is no longer underwriting. H. P. Black & Co., Washington, D. C., will handle offering.

Admiral Benbow Inn, Inc.
Nov. 21, 1960 (letter of notification) a maximum of 44,440 shares of common stock (no par) not to exceed $300,000 to be offered for subscription by holders of common stock on the basis of one new share for each five shares held. **Price**—At-the-market, and a minimum of $6.25 per share. **Proceeds** — For working capital. **Office** — 29 S. Bellevue Boulevard, Memphis, Tenn. **Underwriter** — James N. Reddoch & Co., Memphis, Tenn.

● **Aircraft Armaments, Inc.**
Sept. 26, 1960 filed 265,500 shares of common stock, to be offered by United Industrial Corp. to holders of UIC common on the basis of one Aircraft share for each 8 UIC shares held. **Price**—To be supplied by amendment. **Business**—The issuer, wholly owned by UIC, is engaged in applied research and development in various technical fields and works largely for the Department of Defense. **Office**—Cockeysville, Md. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing). **Offering**—Indefinitely postponed. **Note**—This statement is expected to be withdrawn.

All American Engineering Co.
Sept. 27, 1960 filed 85,918 shares of common stock (par 10 cents), to be offered to holders of the outstanding common of record Nov. 22 on the basis of one new share for each four shares held with rights to expire on Dec. 7. **Price** — To be supplied by amendment. **Business**—The firm is engaged primarily, under government-sponsored contracts, in research, development, and manufacturing activities related to the aircraft, satellite, and missile fields. **Proceeds** — For general corporate purposes. **Office**—Du Pont Airport, Wilmington, Del. **Underwriter**—Drexel & Co., Philadelphia, Pa. (managing). **Offering**—Expected in January.

Allen, McFarland & Co.
Sept. 8, 1960 (letter of notification) 120,000 shares of common stock (par 10 cents) and 30,000 shares of common stock (par 10 cents). **Price**—Of 120,000 shares, $2 per share; of 30,000 shares, 75 cents per share. **Proceeds** —To maintain markets in selected securities and for working capital. **Office** — 1120 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Allen, McFarland & Co. **Offering**—Expected in early January.

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.

Alloys Unlimited, Inc. (12/15)
Oct. 14, 1960 filed 135,000 shares of common stock (par 10¢), of which 75,000 shares are to be offered for the

Continued on page 33

NEW ISSUE CALENDAR

December 9 (Friday)

Gremar Manufacturing Co., Inc. ---- Common
(Milton D. Blauner & Co., Inc. and M. L. Lee Co., Inc.) 100,000 shares

December 12 (Monday)

Baruch (R.) & Co. ---- Common
(R. Baruch & Co.) $200,000

Beneficial Finance Co. ---- Debentures
(Eastman Dillon, Union Securities & Co.) $50,000,000

Chemtronic Corp. ---- Common
(Jay W. Kaufman & Co.) $400,000

Consumers Power Co. ---- Bonds
(Bids 11:30 a.m. EST) $35,000,000

Cook Coffee Co. ---- Common
(Goldman, Sachs & Co.) 100,000 shares

Does-More Products Corp. ---- Common
(H. L. Wright & Co., Inc.) $300,000

Geophysics Corp. of America ---- Common
(C. E. Unterberg, Towbin Co.) 50,000 shares

High Point Ski Ways, Inc. ---- Common
(Osborne, Clark & Van Buren, Inc.) $300,000

Koeller Air Products, Inc. ---- Units
(Lloyd Securities) $200,000

Long Island Plastics Corp. ---- Common
(The James Co.) $300,000

New Canaan Co. ---- Units
(Gidden, Morris & Co., Inc.) $202,000

Pall Corp. ---- Class A
(L. F. Rothschild & Co.) 80,000 shares

United International Fund Ltd. ---- Common
(Kidder, Peabody & Co.; Bache & Co. and Francis I. du Pont & Co.) $12,500,000

United States Shell Homes, Inc. ---- Units
(Hayden, Stone & Co.) 25,000 units

Vector Industries, Inc. ---- Common
(Plymouth Securities Corp.) $300,000

Winn-Dixie Stores, Inc. ---- Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 406,000 shares

December 13 (Tuesday)

Holiday Inns of America, Inc. ---- Common
(Equitable Securities Corp.) 127,845 shares

Loral Electronics Corp. ---- Debentures
(Kidder, Peabody & Co.; Lehman Brothers and Model, Roland & Stone) $5,000,000

Louisville & Nashville RR ---- Equip. Trust Ctfs.
(Bids noon EST) $7,755,000

School Pictures, Inc. ---- Common
(Equitable Securities Corp. and Kroeze, McLarty & Co.) 100,000 shares

Still-Man Manufacturing Corp. ---- Class A
(Francis I. duPont & Co.) 150,000 shares

December 14 (Wednesday)

Designatronics, Inc. ---- Common
(Cortland Investing Corp.; Rothenberg, Heller & Co. and Joseph Nadler & Co., Inc.) $225,000

Public Service Electric & Gas Co. ---- Preferred
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $25,000,000

Revlon, Inc. ---- Common
(Lehman Brothers and Reynolds & Co., Inc.) 130,000 shares

December 15 (Thursday)

Alloys Unlimited, Inc. ---- Common
(Newburger, Loeb & Co. and C. E. Unterberg, Towbin Co.) 135,000 shares

American Cryogenics, Inc. ---- Common
(Courts & Co.) 150,000 shares

Arway Manufacturing Corp. ---- Common
(Stern, Zeiff & Co., Inc.) $240,000

Brooks (James) & Co. Inc. ---- Units
(Lloyd Haas & Co.) $450,000)

Brothers Chemical Co. ---- Common
(Sandkuhl & Company, Inc.) $300,000

Carolina Metal Products Corp. ---- Common
(Arnold, Wilkens & Co.) $500,000

Frisch's Restaurants, Inc. ---- Common
(Westheimer & Co.) 180,000 shares

Marsh Supermarkets, Inc. ---- Debentures
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $2,000,000

Mortgage Guaranty Insurance Corp. ---- Common
(Bache & Co.) 155,000 shares

Polysonics, Inc. ---- Common
(M. H. Meyerson & Co., Ltd.; Karen Securities Corp. and Selected Investors) $210,000

Preferred Risk Life Assurance Co. ---- Common
(Preferred Investments, Inc.) $1,500,000

Stancil-Hoffman Corp. ---- Capital
(Pacific Coast Securities Co.) $300,000

Statmaster Corp. ---- Units
(Blaha & Co., Inc.) $250,000

Swingline, Inc. ---- Class A Stock
(Paine, Webber, Jackson & Curtis) 250,000 shares

Valdale Co., Inc. ---- Common
(B. N. Rubin & Co. and H. S. Simmons & Co.) $300,000

Westminster Fund, Inc. ---- Capital
(Kidder, Peabody & Co.) 4,000,000 shares

December 16 (Friday)

Pathe Equipment Co., Inc. ---- Class A
(Amos Treat & Co., Inc.) $625,000

Patrician Paper Co., Inc. ---- Units
(Hill, Darlington & Grimm) 8,000 units

Resisto Chemical, Inc. ---- Common
(Amos Treat & Co., Inc.) $500,000

December 19 (Monday)

Cove Vitamin & Pharmaceutical Inc. ---- Units
(Hill, Thompson & Co., Inc.) 54,000 units

Davos, Inc. ---- Common
(B. G. Harris & Co. Inc.) $250,000

Living Aluminum, Inc. ---- Common
(Arnold Malkan & Co., Inc. and Sulco Securities, Inc.) $300,000

Tele-Tronics Co. ---- Common
(Woodcock, Moyer, Fricke & French, Inc.) $300,000

Telephone & Electronics Corp. ---- Common
(Equity Securities Co.) $264,900

Willer Color Television System, Inc. ---- Common
(Equity Securities Co.) $242,670

December 20 (Tuesday)

Canaveral International Corp. ---- Common
(S. Schramm & Co., Inc.) 300,000 shares

Chematomics, Inc. ---- Common
(East Coast Investors Co.) $564,900

Drexel Equity Fund, Inc. ---- Common
(Drexel & Co.) $5,100,000

South Central Natural Gas Corp. ---- Common
(Willis E. Burnside & Co., Inc.) $750,000

Speedry Chemical Products, Inc. ---- Debentures
(S. D. Fuller & Co.) $2,000,000

Speedry Chemical Products, Inc. ---- Common
(S. D. Fuller & Co.) 60,000 shares

United Gas Corp. ---- Common
(Bids to be received) 161,573 shares

December 21 (Wednesday)

California-Pacific Utilities Co. ---- Common
(Eastman Dillon, Union Securities & Co.) 57,986 shares)

Geotechnics & Resources, Inc. ---- Capital
(S. D. Fuller & Co.) $299,600

Ritter Co., Inc. ---- Debentures
(Lehman Brothers) $4,500,000

December 23 (Friday)

International Mosaic Corp. ---- Common
(B. G. Harris & Co., Inc.) $279,999

December 27 (Tuesday)

Coral Aggregates Corp. ---- Common
(Peter Morgan & Co. and Robinson & Co., Inc.) $400,000

Palm Developers Limited ---- Common
(David Barnes & Co., Inc.) $300,000

December 30 (Friday)

Circle Controls Corp. ---- Common
(Rodetsky, Kleinzahler, Walker & Co.; L. C. Wegard & Co. and L. D. Sherman & Co.) $285,000

Midland-Guardian Co. ---- Common
(Kidder, Peabody & Co.) 100,000 shares

January 4 (Wednesday)

Chicago, Burlington & Quincy RR ---- Equip. Tr. Ctfs.
(Bids to be received) $8,550,000

National Aeronautical Corp. ---- Common
(White, Weld & Co.; Yarnall, Biddle & Co. and Stroud & Co., Inc.) 60,000 shares

January 9 (Monday)

Bell Electronic Corp. ---- Common
(Schwabacher & Co.) 136,000 shares

January 10 (Tuesday)

Pocket Books, Inc. ---- Common
(White, Weld & Co. and Goldman Sachs & Co. 600,000 shares

January 11 (Wednesday)

Brunswick Corp. ---- Debentures
(Offering to stockholders—underwritten by Lehman Brothers and Goldman, Sachs & Co.) $25,634,000

Iowa Power & Light Co. ---- Bonds
(Bids 10:00 a.m. CST) $10,000,000

Peerless Tube Co. ---- Capital
(Winslow, Cohu & Stetson, Inc.) 150,000 shares

January 16 (Monday)

Datamation, Inc. ---- Common
(Berner Bros. and Earl Edden Co.) $160,000

Freoplex, Inc. ---- Common
(Alessandrini & Co., Inc.) $300,000

Lee Communications Inc. ---- Common
(H. B. Crandall Co.) $300,000

Penobscot Chemical Fibre Co. ---- Debentures
(Coffin & Burr, Inc.) $3,250,000

Radar Measurements Corp. ---- Common
(Blaha & Co., Inc.) $299,950

January 17 (Tuesday)

Kansas Gas & Electric Co. ---- Bonds
(Bids 11:00 a.m. EST) $7,000,000

Gulf States Utilities Co. ---- Common
(Bids to be received) $11,500,000

Security National Bank of Long Island ---- Common
(Offering to stockholders—underwritten by Bache & Co.) 97,371 shares

January 18 (Wednesday)

New York Central RR ---- Equip. Trust Ctfs.
(Salomon Bros. & Hutzler and Halsey, Stuart & Co., Inc.) $4,125,000

January 23 (Monday)

General Bowling Corp. ---- Common
(H. S. Simmons & Co., Inc. and McMahon, Lichtenfeld & Co.) $1,000,000

Jouet, Inc. ---- Common
(Edward H. Stern & Co.) $300,000

January 24 (Tuesday)

Otter Tail Power Co. ---- Bonds
(Bids to be received) $6,000,000 to $8,000,000

February 15 (Wednesday)

Chesapeake & Potomac Telephone Co. ---- Bonds
(Bids 2:30 p.m. EST) $20,000,000

March 15 (Wednesday)

Rochester Gas & Electric Corp. ---- Bonds
(Bids to be received) $15,000,000

June 13 (Tuesday)

Virginia Electric & Power Co. ---- Bonds
(Bids to be received) $30,000,000 to $35,000,000

Continued from page 32

account of the company and 60,000 shares for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company manufactures certain components for such semiconductor devices as silicon and germanium transistors, diodes and rectifiers. **Proceeds**—For general corporate purposes including debt reduction. **Office**—21-01 43rd Ave., Long Island City, N. Y. **Underwriters**—Newburger, Loeb & Co. and C. E. Unterberg, Towbin Co., New York, N. Y.

★ Altamil Corp.
Nov. 30, 1960 filed 251,716 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business** — The manufacture and sale of large machined structural components and stainless steel sandwich panels for use in military and commercial aircraft and missiles. **Proceeds**—To selling stockholders. **Office**—225 Oregon St., El Segundo, Calif. **Underwriter**—None.

American Consolidated Mfg. Co., Inc.
Sept. 27, 1960 (letter of notification) 39,500 shares of common stock (par 33⅓ cents). **Price** — $5 per share. **Proceeds** — For advertising and promotion and accounts receivable. **Office**—835 N. 19th St., Philadelphia, Pa. **Underwriter**—Martin, Monaghan & Mulhern, Inc., Ardmore, Pa.

● American Cryogenics, Inc. (12/15)
Oct. 27, 1960 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries make and sell liquid and gaseous nitrogen and oxygen, dental and medical equipment, and various other gases and cylinders. **Proceeds**—About $1,300,000 for expansion of production facilities including the purchase of equipment, with the balance for working capital. **Office** — New Savannah Road, Augusta, Ga. **Underwriter**—Courts & Co., Atlanta, Ga. (managing).

★ American Educational Life Insurance Co.
Dec. 5, 1960 filed 960,000 shares of class A common voting stock (par $1) and 240,000 shares of class B nonvoting common stock to be sold in uints, each unit to consist of 4 shares of class A stock and one share of class B stock. **Price**—$25 per unit. **Business**—The writing of life insurance and allied lines of insurance. **Proceeds**—For capital and surplus. **Office** — Third National Bank Bldg., Nashville, Tenn.

● American Heritage Life Insurance Co.
Oct. 24, 1960 filed 354,157 shares of common stock, being offered to holders of the outstanding common of record Dec. 1 on the basis of one new share for each eight shares held with rights to expire on Dec. 14 at 3:30 p.m. (EST). **Price**—$6.50 per share. **Business**—The company writes ordinary life, group life, and group accident and health insurance in 13 shares and the District of Columbia. **Proceeds**—To be used to repay $1,481,006 of short-term indebtedness incurred in acquiring stock of Acme United Life Insurance Co., a new subsidiary of the issuer, with the remainder for general corporate purposes. **Office**—218 West Adams St., Jacksonville, Fla. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City, and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (managing).

American Income Life Insurance Co.
Aug. 26, 1960 filed 90,174 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each 5⅓ shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—5th and Franklin, Waco, Texas. **Underwriters**—Ladenburg, Thalmann & Co. and Lee Higginson Corp., both of New York City (managing). **Note**—This stock is not qualified for sale in New York. Statement effective Nov. 9.

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 Playlands Corp.
Aug. 22, 1960 filed 300,000 shares of common stock. **Price**—$4 per share. **Business**—The company intends to operate an amusement and recreation park on 196 acres of land near Liberty, N. Y. **Proceeds**—For development of the land. **Office**—55 South Main St., Liberty, N. Y. **Underwriter**—M. W. Janis Co., Inc., New York City. **Offering**—Imminent.

American Recreational Development Corp.
Sept. 7, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Proceeds**—For expenses in constructing and operating recreation centers. **Office** — 210 E. Lexington St., Baltimore 2, Md. **Underwriter**—Investment Securities Co. of Maryland, Baltimore, Md.

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.

● Americana Properties, Inc.
Oct. 27, 1960 filed 100,000 shares of common stock. Price—$6 per share. **Business**—The operation of shopping areas and bowling establishments in Long Island, N. Y. **Proceeds**—For debt reduction and construction of stores and a bowling facility. **Office** — 855 Montauk Highway, Oakdale, L. I., N. Y. **Underwriter**—Plymouth Securities Corp., New York City. **Offering** — Expected sometime in January.

Ampal-American Israel Corp.
Oct. 25, 1960 filed $5,000,000 of 7-year series I 6% sinking fund debentures. **Price**—At par. **Proceeds**—For various business enterprises in Israel. **Office**—17 East 71st Street, New York City. **Underwriter**—None.

Anelex Corp.
Nov. 25, 1960 filed 65,000 shares of common stock, of which 55,000 are subject to purchase on exercise of warrants and 10,000 were issued to Putnam & Co., Hartford, Conn. **Price**—The 55,000 shares are issuable on exercise of warrants at from $16 to $17.50 a share. The 10,000 shares are owned by Anderson-Nichols & Co., and are subject to purchase under options by three individuals at $7.50 a share. **Business**—The design, development and manufacture of high speed printers and high speed paper tape readers for use with computers and electronic data processing systems. **Proceeds**—To working capital. **Office** — 150 Causeway St., Boston, Mass. **Underwriter**—None.

● Apache Corp.
Oct. 26, 1960 filed $4,000,000 of 6% convertible subordinated debentures, due Dec. 1, 1975. **Price** — At par. **Business**—Management of long-term risk capital investments in gas, oil, and real estate ventures, and also in mutual funds. **Proceeds**—For debt reduction, working capital, and to buy a small oil producing company. **Office**—523 Marquette Ave., Minneapolis, Minn. **Underwriters**—Paine, Webber, Jackson & Curtis, New York City and Piper, Jaffray & Hopwood, Minneapolis, Minn. **Offering**—Expected in late December.

Arway Manufacturing Corp. (12/15)
Nov. 15, 1960 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price** — $2 per share. **Business** — Manufacturers of plastic table cloths, mats, and trays. **Proceeds**—For general corporate purposes. **Office** — 1041 Utica Avenue, Brooklyn, N. Y. **Underwriter**—Stern, Zeiff & Co., Inc., New York, N. Y.

Associated Oil & Gas Co.
Nov. 23, 1960 filed 107,317 shares of outstanding capital stock. **Price**—At the market. **Business**—The acquisition, exploration and production of oil and gas. **Proceeds**—To selling stockholders. **Office**—1410 Bank of the Southwest Bldg., Houston, Texas. **Underwriter**—None.

★ Associated Traffic Clubs Insurance Corp.
Dec. 5, 1960, filed 250,000 shares of common stock (par 80c), to be sold to the Associated Traffic Clubs of America and their members. **Price**—$2 per share. **Business**—Provides insurance coverage to the members of the above club. **Proceeds**—To be added to surplus to maintain it at the amount required by law and to carry on and further develop the business of the company. **Office**—900 Market St., Wilmington, Del. **Underwriter**—A. T. Brod & Co., New York, N. Y.

★ Automatic Concessions Corp.
Nov. 30, 1960 (letter of notification) 75,000 shares of common stock (par 12½ cents). **Price** — $4 per share. **Business** — The design, manufacture and operation of coin-operated children's amusement devices. **Proceeds**—For reduction of current liabilities and for working capital. **Office** — 5000 Brush Hollow Rd., Westbury, N. Y. **Underwriter**—None.

● Avery Adhesive Products, Inc.
Nov. 18, 1960 filed 250,000 shares of common stock (par $1), of which 100,000 shares are to be offered for the account of the company, and 150,000 outstanding shares are to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Business**—The manufacture of pressure-sensitive labels. **Proceeds** — Approximately $1,080,000 will be used to redeem the outstanding 5% preferred stock, and the balance will be for working capital. **Office**—2540 Huntington Drive, San Marino, Calif. **Underwriters**—Kidder, Peabody & Co., New York City, and Wagenseller & Durst, Inc., Los Angeles, Calif. **Offering**—Expected in early January.

Avionics Investing Corp.
July 12, 1960 filed 250,000 shares of capital stock (par $1). **Price** — $10 per share. **Business** — The issuer is a closed - end non - diversified management investment company. **Proceeds**—For investments in small business concerns in avionics and related fields, with a proposed limit of $800,000 to be invested in any one such enterprise. **Office** — 1000 - 16th Street, N. W., Washington, D. C. **Underwriter**—S. D. Fuller & Co., New York City. **Offering**—Temporarily postponed.

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.

★ Banner Industries Inc.
Dec. 6, 1960 filed 250,000 shares of common stock (par 10c), 222,500 warrants for the purchase of a like number of common shares and 222,500 common shares underlying the warrants. Offering will be made in units, each unit to consist of two shares of common stock and one warrant for the purchase of one share at $6 per share to May 1, 1962. **Price**—To be supplied by amendment. **Proceeds**—$200,000 will be used to open leased departments in self-service discount centers and super markets, about $100,000 will be used to expand the company's imports from Europe and Japan and the balance will be used for additional working capital. **Office**—St. Louis, Mo. **Underwriter**—Netherlands Securities Co., Inc., New York City.

● Baruch (R.) & Co. (12/12-16)
Sept. 20, 1960 (letter of notification) 100,000 shares of common stock (par 75 cents). **Price** — $2 per share. **Business**—The issuer is a broker-dealer with the SEC, and a member of the NASD. **Proceeds**—To take positions and maintain markets in securities, participate in underwritings, and the balance for working capital. **Office**—1518 K St., N. W., Washington, D. C. **Underwriter**—Same.

Bell Electronic Corp. (1/9)
Oct. 12, 1960 filed 136,000 shares of common stock, of which 86,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holder thereof. **Price**—To be supplied by amendment. **Business**—The company, which was organized in May 1959, is a distributor of electronic parts and equipment manufactured by others. **Proceeds**—For inventory and to carry accounts receivable. **Office**—306 E. Alondra Blvd., Gardena, Calif. **Underwriter** — Schwabacher & Co., San Francisco, Calif.

● Beneficial Finance Co. (12/12-16)
Nov. 4, 1960 filed $50,000,000 of 20-year debentures. **Price**—To be supplied by amendment. **Business**—A holding company with subsidiaries engaged primarily in the small loan and sales finance business. **Proceeds**—To be added to the general funds for the reduction of short-term bank loans. **Office**—50 Church St., New York City. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

Bonneville Manufacturing Co.
Oct. 24, 1960 (letter of notification) 32,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For lease of a building and operating capital. **Office**—10915 N. Burgard, Portland, Ore. **Underwriter**—Auld & Co., Portland, Oreg.

Bowling & Construction Corp.
Nov. 28, 1960 filed 120,000 shares of class A common stock. **Price**—$5 per share. **Business**—The building, leasing and operation of bowling centers. **Proceeds** — For working capital. **Office**—26 Broadway, New York, N. Y. **Underwriter** — Arnold Malkan & Co., Inc., New York City (managing).

● Bowl-Mor Co., Inc.
Oct. 28, 1960 filed $2,000,000 of 6% convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office** — Newtown Road, Littleton, Mass. **Underwriters**—Paine, Webber, Jackson & Curtis and Granbery, Marache & Co., both of New York City (managing). **Offering**—Expected in January.

● Bowl-Mor Co., Inc.
Oct. 25, 1960 filed 78,955 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Business**—The company manufactures pin - sitting machines for various types of bowling games. **Proceeds**—For working capital and for costs of the company's entry into the "tenpin" bowling field. **Office** — Newton Road, Littleton, Mass. **Underwriters** — Paine, Webber, Jackson & Curtis, and Granbery, Marache & Co., both of New York City (managing). **Offering**—Expected in January.

Bradford Pools, Inc.
Oct. 24, 1960 filed 160,000 shares of class A common stock, with stock purchase warrants attached, to be offered in units consisting of five shares of stock and one warrant. **Price**—$10 per unit. **Business**—The construction, sale, and installation of pools in New Jersey and neighboring states. **Proceeds**—For general corporate purposes, including working capital. **Office** — 245 Nassau St., Princeton, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York City. **Offering**—Expected in late December.

● Brooks (James) & Co., Inc. (12/15)
Oct. 24, 1960 filed $400,000 of 12% subordinated debentures, due 1980, 50,000 shares of common stock, and warrants for the purchase of 50,000 common shares, to be offered in units consisting of $400 of debentures, 50 common shares, and warrants for the cash purchase of 50 shares. **Price**—$450 per unit. **Business**—The retail sale in two Bronx, N. Y., stores of furniture, appliances, cameras, photo supplies, and related items. **Proceeds**—To reduce accounts payable to factors, with the balance for working capital. **Office**—542 E. 138th Street, New York City. **Underwriter**—Lloyd Haas & Co., New York City.

● Brothers Chemical Co. (12/15)
Aug. 9, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Business**—Manufacturing chemicals. **Proceeds**—For general corporate purposes. **Office** — 575 Forest Street, Orange, N. J. **Underwriter**—Sandkuhl & Company, Inc., Newark, N. J. and New York City.

★ Brunswick Corp. (1/11)
Dec. 5, 1960 filed $25,634,000 of convertible subordinated debentures, due Jan. 1, 1981, to be offered to holders of the outstanding common stock of record Jan. 11, on the basis of $100 of debentures for each 65 shares then held. **Price**—To be supplied by amendment. **Business** — The manufacture and distribution of bowling products. **Proceeds** — For general corporate purposes, primarily for foreign investments and increased inventory. **Office**—623 S. Wabash Ave., Chicago, Ill. **Underwriters**—Lehman Brothers and Goldman, Sachs & Co. (managing).

Business Finance Corp.
Aug. 5, 1960 (letter of notification) 195,000 shares of common stock (par 20 cents). **Price** — $1.50 per share. **Proceeds**—For business expansion. **Office**—1800 E. 26th St., Little Rock, Ark. **Underwriter**—Cohn Co., Inc., 309 N. Ridge Road, Little Rock, Ark.

California-Pacific Utilities Co. (12/21)
Nov. 21, 1960 filed 57,986 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—550 California St., San Francisco, Calif. **Underwriter** — Eastman Dillon, Union Securities & Co., New York, N. Y.

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Campbell Chibougamau Mines, Ltd.
Oct. 14, 1960 filed 305,392 shares of common stock to be offered to warrant holders. **Price**—$4 per share. **Business**—The company owns and works mining properties. **Proceeds**—For general funds of the company. **Office**—55 Yonge St., Toronto, Canada. **Underwriter**—None.

Canaveral International Corp. (12/20-30)
Aug. 12, 1960 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Land sales and development. **Proceeds**—$150,000 for accounts payable, $335,000 for mortgage and interest payments, $250,000 for advertising, $250,000 for development costs and $290,000 for general working capital. **Office**—1766 Bay Road, Miami Beach, Fla. **Underwriter** — S. Schramm & Co., Inc., New York City.

Caribbean American Corp.
Sept. 14, 1960 filed 459,500 shares of capital stock. **Price**—$2 per share. **Business**—Caribbean real estate. **Proceeds**—For general corporate purposes. **Office**—615 Robinson Bldg., 15th & Chestnut Sts., Philadelphia, Pa. **Underwriter**—R. P. & R. A. Miller & Co., Inc., Philadelphia, Pa. **Note**—This statement was effective Nov. 16.

Caribbean & Southeastern Development Corp.
Sept. 28, 1960 filed 140,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For investment in land in the Caribbean area, development of a site in Atlanta, Ga., and the balance for general corporate purposes. **Office**—4358 Northside Drive, N. W., Atlanta, Ga. **Underwriter**—To be supplied by amendment.

Carolina Metal Products Corp. (12/15)
Sept. 28, 1960 filed 100,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — Repayment of indebtedness, machinery and equipment, and the balance for working capital. **Office** — 2222 S. Blvd., Charlotte, N. C. **Underwriter**—Arnold, Wilkens & Co., New York City.

Century Acceptance Corp.
Sept. 29, 1960 filed $1,000,000 of 6½% junior subordinated debentures, due 1975, with five-year warrants for the purchase of 80,000 shares of regular common shares. The debentures are to be offered at par, and in units of one $500 debenture with warrants for 40 shares. **Proceeds**—For working capital and general corporate purposes. **Office**—1334 Oak Street, Kansas City, Mo. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo. (managing). **Offering**—Expected in December.

Chematomics, Inc. (12/20)
Nov. 2, 1960 filed 188,300 shares of common stock, of which 175,000 shares are to be offered for public sale, and the remaining 13,300 shares, being outstanding are to be offered for the account of selling stockholders, subsequent to the sale of the new shares. **Price**—$3 per share. **Business**—The company which was organized in February 1960, is engaged in the development, production and distribution of heat-resistant synthetic resins. **Proceeds** — For new equipment, promotion, inventory, working capital and research and development. **Office**—122 East 42nd Street, New York City. **Underwriter**—East Coast Investors Co., New York City.

● **Chemonics Corp.**
Oct. 17, 1960 (letter of notification), 100,000 shares of common stock (par one cent). **Price** — $3 per share. **Proceeds**—For general funds and working capital. **Office**—1827 N. E. 144th St., North Miami, Fla. **Underwriter**—To be supplied by amendment. **Note**—This letter was withdrawn on Nov. 7.

Chemtronic Corp. (12/12)
Sept. 2, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—The company makes and sells miniature electrolytic capacitors. **Proceeds**—For general corporate purposes, including the repayment of bank loans and the addition of technical personnel. **Office**—309 11th Ave., South, Nashville, Tenn. **Underwriter**—Jay W. Kaufmann & Co., New York City.

Circle Controls Corp. (12/30)
Oct. 28, 1960 (letter of notification) 95,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacture and rebuilding of electronic, electro-mechanical and mechanical controls. **Proceeds**—For general corporate purposes and working capital. **Office**—204 S. W. Boulevard, Vineland, N. J. **Underwriters**—Rodetsky, Kleinzahler, Walker & Co., Jersey City, N. J.; L. C. Wegard & Co., Trenton, N. J. and L. D. Sherman & Co., New York, N. Y.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

Click Chemical Corp.
Nov. 3, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacturers of household chemicals. **Proceeds**—To go to a selling stockholder. **Office**—601 S. Columbus Ave., Mt. Vernon, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York, N. Y.

Coastal Acceptance Corp.
Oct. 3, 1960 (letter of notification) $100,000 of 10-year 7% registered series notes, to be offered in denominations of $100 to $1,000 each. **Price**—At face value. **Proceeds**—For working capital. **Office**—36 Lowell St., Manchester, N. H. **Underwriter** — Shontell & Varick, Manchester, N. H.

Coburn Credit Co., Inc.
Nov. 18, 1960 filed 50,000 shares of common stock (par value $1). **Price**—$4 per share. **Business**—Consumer sales finance business. **Proceeds**—For general corporate purposes. **Office**—53 N. Park Avenue, Rockville Centre, N. Y. **Underwriters**—Brand, Grumet & Seigel, Inc. and Kesselman & Co., Inc., New York, N. Y. **Offering**—Expected in early January.

Colwell Co.
Nov. 18, 1960 filed $1,000,000 of 6½% subordinated sinking fund debentures, due 1976, each $1,000 debenture to have an attached warrant for the purchase of 50 shares of common stock. Also filed were 60,000 shares of common stock, of which 50,000 shares are to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Business**—Originating and servicing loans secured by mortgages on real property. **Proceeds**—For working capital. **Office**—5856 Wilshire Boulevard, Los Angeles, Calif. **Underwriter** — Mitchum, Jones & Templeton, Los Angeles, Calif. and J. A. Hogle & Co., Salt Lake City, Utah.

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.

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.

Consumers Cooperative Association
Oct. 25, 1960 filed $8,000,000 of 5½%, 25-year subordinated certificates of indebtedness, 320,000 shares of 5½% preferred stock, 40,000 shares of 4% second preferred stock, and 1,000 shares of common stock. **Prices**—For the certificates of indebtedness, 100% of principal amount, and for the common stock and both classes of the preferred stock, $25 per share. **Business**—The association is a cooperative wholesale purchasing and manufacturing association and functions as a supply source for local farmers' cooperative associations in several mid-Western States. **Proceeds**—For facility expansion and improvement, with $1,739,600 to be used for the retirement of maturing certificates of indebtedness and redemption prior to maturity of such certificates and the 5½% preferred stock. **Office**—3315 N. Oak Trafficway, Kansas City, Mo. **Underwriter**—None.

● **Consumers Power Co. (12/12)**
Oct. 21, 1960 filed first mortgage bonds in the amount of $35,000,000, maturing in 1990 to be sold for the best price obtainable but not less favorable to the company than a 5¼% basis. **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. **Office**—212 West Michigan Ave., Jackson, Mich. **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. **Bids**—Expected to be received on Dec. 12 up to 11:30 a.m., at 300 Park Ave., New York City. **Information Meeting**—Scheduled for Dec. 9 at 11:00 a.m., Bankers Trust Co., 16 Wall St., New York City, 12th floor.

Continental Investment Corp.
Nov. 10, 1960 filed 100,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Business** — Purchasing retail instalment sales contracts and making direct loans secured by personal property. **Proceeds**—To go to selling stockholders. **Office**—120 S. Third St., Memphis, Tenn. **Underwriter**—J. C. Bradford & Co., Nashville, Tenn. (managing).

● **Cook Coffee Co. (12/12-16)**
Oct. 19, 1960 filed 100,000 shares of outstanding common stock (par $1). **Price** — To be supplied by amendment. **Business** — Wholesale and retail grocery business. **Proceeds**—To three selling stockholders. **Office**—16501 Rockside Road, Maple Heights, Cleveland 37, Ohio. **Underwriter**—Goldman, Sachs & Co., New York City (managing).

● **Coral Aggregates Corp. (12/27)**
Aug. 25, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company intends to engage in the extraction and sale of rock. **Proceeds**—For equipment, working capital, and the retirement of indebtedness, with the balance for general corporate purposes. **Office**—7200 Coral Way, Miami, Fla. **Underwriters**—Peter Morgan & Co., New York City, and Robinson & Co., Inc., Philadelphia, Pa.

Cove Vitamin & Pharmaceutical Inc. (12/19-23)
Sept. 30, 1960 filed 108,000 shares of common stock (par 50 cents), and five-year warrants for the purchase of an additional 54,000 shares of common stock to be offered in units, each unit to consist of two shares and a warrant for the purchase of one share. **Price** — To be supplied by amendment. **Business**—Mail order marketing of vitamins through department stores. **Proceeds** — To implement the company's merchandising plan and for working capital. **Office**—26 The Place, Glen Cove, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York, N. Y.

Cowles Chemical Co.
Nov. 29, 1960 filed $2,500,000 of convertible subordinated debentures, due Dec. 31, 1980. **Price**—To be supplied by amendment. **Business**—The production and distribution of high purity chemicals for industrial use, primarily by laundries. **Proceeds** — For expansion and construction. **Office**—Cleveland, Ohio. **Underwriters**—Shearson, Hammill & Co., New York City and Gunn, Carey & Roulston, Inc., Cleveland, Ohio (managing). **Offering**—Expected in mid-January.

Crumpton Builders, Inc.
Nov. 17, 1960 filed 750,000 shares of common stock, $1,500,000 of 9% convertible debentures due Jan. 10, 1981, and warrants, to be offered in units, each unit to consist of five shares of common stock, one debenture and one warrant. **Price**—To be supplied by amendment. **Business**—The construction of owner completed ("shell") homes. **Proceeds**—To increase mortgage notes receivable and the balance for general corporate purposes. **Office** — 2915 West Hillsborough Ave., Tampa, Fla. **Underwriter** — Courts & Co., Atlanta, Ga. and New York City. **Offering**—Sometime in January.

Daffin Corp.
Aug. 22, 1960, filed 150,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The company makes agricultural implements, feed grinding and mixing equipment for the livestock industry, and conveying and seed cleaning equipment. **Proceeds**—To selling stockholders. **Office**—Hopkins, Minn. **Underwriters**—Lehman Brothers, New York City, and Piper, Jaffray & Hopwood, Minneapolis, Minn. (managing). **Offering**—Indefinitely postponed.

Dalto Corp.
March 29 filed 431,217 shares of common stock to be offered for subscription by holders of such stock of record Oct. 7 at the rate of one-and-a-half new shares for each share then held. **Price**—$1.25 per share. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—Sterling, Grace & Co., 50 Broad St., New York City. **Offering**—Indefinitely postponed.

★ **Datamation, Inc. (1/16-20)**
Nov. 30, 1960 (letter of notification) 80,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—The processing of paper work on a service basis for business organizations to provide them with the cost-cutting and time-saving benefits of electronics. **Proceeds**—For general corporate purposes. **Office** — 100 S. Van Brunt St., Englewood, N. J. **Underwriter**—Bertner Bros. and Earl Edden Co., New York City.

Davega Stores Corp.
Sept. 7, 1960, filed $1,500,000 of 6½% convertible subordinated debentures, due 1975, being offered to its common stockholders of record Nov. 23 pursuant to preemptive rights, with rights to expire on Dec. 14 at 3:30 p.m. (EST). **Price**—$100 per debenture plus accrued interest. **Business**—The company operates a chain of 29 retail stores in the metropolitan New York area in which it sells various electrical appliances, sporting goods and apparel. **Proceeds**—For general corporate purposes, including fixtures and inventory for two new retail discount centers. **Office**—215 Fourth Avenue, New York City. **Underwriter**—Amos Treat & Co., Inc., New York City (managing).

★ **Davos, Inc. (12/19-23)**
Oct. 26, 1960 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—Preparation of a ski lift for the current season, redemption of notes payable and for development and improvement of property. **Office** — Woodridge, N. Y. **Underwriter**—B. G. Harris & Co., Inc., New York, N. Y.

Delta Design, Inc.
Sept. 28, 1960 filed 100,000 shares of capital stock. **Price**—$4.50 per share. **Business** — Development of vacuum system components. **Proceeds** — For acquisition of land and construction of a factory; purchase of new machinery and tooling; inventory and working capital. **Office**—3163 Adams Ave., San Diego, Calif. **Underwriter**—None.

Designatronics, Inc. (12/14)
Sept. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $2.25 per share. **Business**—Manufacturers of electronic equipment. For general corporate purposes. **Office** — 199 Sackett St., Brooklyn, N. Y. **Underwriters** — Cortlandt Investing Corp.; Rothenberg, Heller & Co., Inc. and Joseph Nadler & Co., Inc., New York, N. Y.

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.

Diketan Laboratories, Inc.
Sept. 30, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To increase inventory, purchase new equipment, for research and new product development and working capital. **Office** — 9201 Wilshire Blvd., Beverly Hills, Calif. **Underwriter** — Holton, Henderson & Co., Los Angeles, Calif.

● **Does-More Products Corp. (12/12)**
Oct. 12, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds** — To pay notes payable, purchase inventory, for purchase of die and equipment and additional working capital. **Office**—201 W. Semmes St., Osceola, Ark. **Underwriter** — H. L. Wright & Co., Inc., New York, N. Y.

● **Drexel Equity Fund, Inc. (12/20)**
Oct. 25, 1960 filed 500,000 shares of common stock (par 10 cents). **Price**—$10.20 per share. **Business**—This is a new mutual fund, organized as a closed-end fund on Oct. 19, which will become open-end pursuant to the public sale of these shares. **Proceeds**—For portfolio investment.

Office—1500 Walnut Street, Philadelphia, Pa. **Distributor and Investment Adviser**—Drexel & Co., Philadelphia, Pa.

Durian, Inc.
Oct. 24, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For promotion, advertising, purchase of equipment and working capital. **Address**—Blooming Glen, Pa. **Underwriter**—Hess, Grant & Remington, Inc., Philadelphia, Pa. **Offering**—Imminent.

★ Eastern Bowling Corp.
Nov. 29, 1960 filed 150,000 shares of class A stock. **Price**—To be supplied by amendment. **Business**—The acquisition, establishment and operation of bowling centers. **Proceeds**—For general business purposes. **Office**—99 West Main St., New Britain, Conn. **Underwriter**—Schirmer, Atherton & Co., Boston (managing).

Echlin Manufacturing Co.
Nov. 21, 1960 (letter of notification) an undetermined number of shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Address**—Branford, Conn. **Underwriter**—Blair & Co., Inc., Chicago, Ill.

★ Edlund Engineered Products, Inc.
Nov. 25, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For plant improvements, purchase of new equipment, retirement of a short term loan and for working capital. **Office**—350 N. E. 75th St., Miami, Fla. **Underwriter**—Albion Securities Co., Inc., New York, N. Y. **Offering**—Expected in mid-January.

Edwards Industries, Inc.
Sept. 27, 1960 filed 100,000 shares of common stock. **Price**—$4.50 per share. **Proceeds** — For land, financing of homes, and working capital relating to such activities. **Office**—Portland, Oreg. **Underwriter**—Joseph Nadler & Co., Inc., New York City (managing). **Offering**—Expected in late December or early January.

Electro Industries, Inc.
July 19, 1960 (letter of notification) 75,000 shares of class A common stock (no par) and 20,000 shares of additional class A common stock to be offered to the underwriters. **Prices**—Of class A common, $2 per share; of additional class A common, 2½ cents per share. **Proceeds**—To expand the company's inventory to go into the packaging and export of electrical equipment, and for working capital. **Office**—1346 Connecticut Ave., N. W., Washington, D. C. **Underwriter** — Carleton Securities Corp., Washington, D. C.

Electro-Mechanics Co.
Oct. 4, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Address**—Westlake Hills, Tex. **Underwriter**—James C. Tucker & Co., Inc., Austin, Tex.

Electro-Nuclear Metals, Inc.
Aug. 31, 1960 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase new equipment, rental and for administrative costs. **Office**—115 Washington Blvd., Roseville, Calif. **Underwriter**—A. J. Taranto & Co., Carmichael, Calif.

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. **Underwriter** — Bateman, Eichler & Co. of Los Angeles, Calif. **Offering**—Indefinitely postponed.

Electronic Tube Corp.
Nov. 28, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of cathode ray tubes and associated electronic products. **Proceeds**—The acquisition of equipment; initiation of production; repayment of existing indebtedness and for working capital. **Office**—1200 E. Mermaid Lane, Philadelphia, Pa. **Underwriter**—Harrison & Co., Philadelphia, Pa. (managing).

Elion Instruments, Inc.
Oct. 28, 1960 filed 60,000 outstanding shares of capital stock (par 50 cents), together with five-year warrants for the purchase of 6,000 new capital shares, to be offered for sale in units of one share of stock and one-tenth of a warrant. No sale will be made of less than 10 such units. **Price**—To be related to the price of the company's stock in the over-the-counter market immediately prior to the offering. **Business**—The firm makes and sells instruments and equipment for scientific and industrial measurement and analyses. **Proceeds**—To selling stockholders, who are two company officers who will lend the net proceeds to the company. **Office**—430 Buckley St., Bristol, Pa. **Underwriter** — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa. **Offering**—Expected in late January-to-early February.

★ Falls Plaza Limited Partnership
Dec. 5, 1960 filed 480 units of limited partnership interests. **Price**—$1,000 per unit. **Business**—The building and operation of a shopping center on Broad Street in Falls Church, Va. **Proceeds**—For the purchase of land and the erection of a shopping center. **Office** — 1823 Jefferson Place, N. W., Washington, D. C. **Underwriter**—Hodgdon & Co., Inc., and Investor Service Securities Inc., both of Washington, D. C.

First American Investment Corp.
Oct. 14, 1960 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Business**—Insurance. **Proceeds**—To acquire control of Western Heritage Life Insurance Co. of Phoenix, and to organize subsidiaries. **Office**—2222 N 16th St., Phoenix, Ariz. **Underwriter**—None.

First Small Business Investment Company of Tampa, Inc.
Oct. 6, 1960 filed 500,000 shares of common stock. **Price**—$12.50 per share. **Proceeds** — To provide investment capital. **Office**—Tampa, Fla. **Underwriter**—None.

Florida Suncoast Land & Mining Co.
Sept. 30, 1960 filed 1,050,000 shares of common stock, of which 330,000 shares are to be offered in exchange for certain lands and assets, and the balance will be for public sale. **Price**—To be supplied by amendment. **Proceeds** — For the acquisition and development of land, mining operations and equipment, and the balance for working capital. **Office**—Tarpon Springs, Fla. **Underwriter**—None.

Foremost Industries, Inc.
Oct. 14, 1960 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Business**—Manufacturers of stainless steel food service equipment used by department, drug and variety chain stores, and institutions. **Proceeds**—For expansion; to repay a loan; advertising, sales and promotion; for working capital and general corporate purposes. **Office**—250 W. 57th St., New York, N. Y. **Underwriter**—Richard Bruce & Co., Inc., New York, N. Y.

Franklin Discount Co.
Aug. 23, 1960, filed $300,000 of 8% subordinated convertible debentures, due serially 1966-1968, and $300,000 of 8% subordinated capital notes due eight years, eight months and eight days after date of issue. **Prices**—At par. **Business**—The company is engaged in the consumer finance or small loan business, and, to a lesser extent, in the purchasing of car, boat, and appliance installment sales contracts from dealers. **Proceeds**—For general corporate purposes. **Office**—105 North Sage Street, Toccoa, Ga. **Underwriter**—None.

★ Freoplex, Inc. (1/16-20)
Nov. 25, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business**—The sale and servicing of home food freezers; the sale of bulk food supplies for freezer use and the operation of a retail super market. **Proceeds** — For general corporate purposes. **Address**—Route 18, Tices Lane, East Brunswick, N. J. **Underwriter**—Alessandrini & Co., Inc., New York City.

● Frisch's Restaurants, Inc. (12/15)
Oct. 18, 1960 filed 180,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Cincinnati, O. **Underwriter**—Westheimer & Co., Cincinnati, O. (managing).

Gala Industries, Inc.
Oct. 25, 1960 (letter of notification) 16,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds** — For equipment, advertising and sales, working capital, research and development. **Address** — Clifton Forge, Va. **Underwriter**—Storer Ware & Co., Roanoke, Va.

● Garsite Corp.
Oct. 12, 1960 filed 100,000 shares of common stock. **Price**—$3 per share. **Business**—A hydrant jet fueling company. **Proceeds**—Expansion. **Office**—Seaford, L. I., N. Y. **Underwriter**—Theodore Arrin & Co., Inc., 82 Beaver St., New York City.

(Connie B.) Gay Broadcasting Corp.
Sept. 9, 1960 filed 130,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries own and operate radio and television stations. **Proceeds**—For the acquisition of a television station and two radio stations in Missouri. **Office** — 4000 Albemarle St., N. W., Washington, D. C. **Underwriter**—Hill, Darlington & Grimm, New York City (managing). **Note**—This statement was withdrawn on Nov. 17.

General Bowling Corp. (1/23-27)
Nov. 17, 1960 filed 250,000 shares of common stock (par 10¢). **Price**—$4 per share. **Business**—The issuer owns two bowling establishments, and a tract of land in Indiana County, Pa., on which it hopes to build a third. **Proceeds**—To equip the prospective establishment ($150,000), to repay a bank loan ($50,000), to add eight lanes to a bowling facility ($50,000), and the balance will be used for working capital. **Office**—2 Park Avenue, Manhasset, L. I., N. Y. **Underwriters**—H. S. Simmons & Co., Inc., and McMahon, Lichtenfeld & Co., both of New York City.

General Development Investment Plans, Inc.
Oct. 6, 1960 filed 1,285 of Investment Plans. **Price**—To be offered for public sale with sales commissions ranging from 8% to 10%, depending upon the type of mortgage financing involved. **Proceeds**—For investment in Port St. Lucie Country Club homes, on the east coast of Florida. **Business**—The company is a wholly-owned subsidiary of General Development Corp., whose principal business is the development of large tracts of land into planned communities. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—None.

Genie Petroleum, Inc.
Nov. 10, 1960 filed 838,718 shares of common stock. **Price**—$1 per share. **Business**—Development of oil properties. **Proceeds**—For general corporate purposes. **Office**—5245 W. Irving Park Road, Chicago, Ill. **Underwriter**—The issuer intends to become a licensed broker-dealer in the states in which this offering is to be made, and to offer 338,718 of the shares through its officers and employees. The remaining 500,000 shares will be offered through other licensed broker-dealers on a "best efforts" basis.

★ Geochron Laboratories, Inc.
Nov. 29, 1960 filed 150,000 shares of common stock. Also filed were 30,000 common shares underlying 6% convertible notes and 60,000 warrants to purchase a like number of common shares. **Price**—To be supplied by amendment. **Business**—The operation of a laboratory at Cambridge, Mass., to furnish on a commercial basis, determinations of the age of rock and mineral samples. **Proceeds** — For construction, equipment, and working capital. **Office** — 24 Blackstone St., Cambridge, Mass. **Underwriter**—Globus, Inc. and Ross, Lyon & Co., both of New York City.

● Geophysics Corp. of America (12/12)
Sept. 28, 1960 filed 50,000 shares of common stock of which 18,750 shares are to be offered for the account of the issuing company and the remaining 31,250 for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—New Bedford, Mass. **Underwriter**—C. E. Unterberg, Towbin Co., New York City (managing).

● Geotechnics & Resources, Inc. (12/21-25)
Nov. 25, 1960 (letter of notification) 149,800 shares of capital stock (par 25 cents). **Price**—$2 per share. **Business**—Scientific research and development. **Proceeds**—For general corporate purposes. **Office** — Westchester County Airport, White Plains, N. Y. **Underwriter**—S. D. Fuller & Co., New York, N. Y.

★ Glamour Vending Corp.
Nov. 25, 1960 (letter of notification) 140,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—To purchase vending machines, for inventory and for working capital. **Office**—1212 Tower Bldg., Denver, Colo. **Underwriter**—J. R. Holt & Co., Denver, Colo.

Gold Medal Packing Corp.
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.

● Golden Crest Records, Inc.
Oct. 25, 1960 filed 85,000 shares of 10c par class A common stock. **Price**—$3 per share. **Proceeds**—The firm will use the proceeds of its first public offering for working capital and general corporate purposes. **Office**—Huntington, L. I., N. Y. **Underwriter**—Dean Samitas & Co., Inc., 111 Broadway, New York City and Valley Forge Securities Co., Inc., Philadelphia, Pa. (jointly). **Note**—This filing was withdrawn Nov. 16 and will be refiled the week of Dec. 12. **Offering**—Expected in late January.

Great American Industries, Inc.
Nov. 10, 1960 filed 500,000 shares of outstanding common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To go to selling stockholders. **Office**—485 Fifth Ave., New York, N. Y. **Underwriter**—J. G. White & Co., Inc., New York, N. Y.

● Gremar Manufacturing Co., Inc. (12/9)
Sept. 20, 1960 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—Manufactures coaxial cable connectors and associated fittings for the electronic and electrical industries. **Proceeds** — For general corporate purposes, including debt reduction, inventory and construction. **Office**—7 North Ave., Wakefield, Mass. **Underwriters**—Milton D. Blauner & Co., Inc. and M. L. Lee Co., Inc., New York, N. Y

● Gro-Rite Shoe Co., Inc.
Oct. 12, 1960 (letter of notification) an undetermined number of shares of common stock (par $1). **Price**—The offering will not exceed $300,000. **Proceeds**—For working capital. **Address**—Route 2, Box 129, Mount Gilead, N. C. **Note**—This letter was withdrawn Nov. 18.

● Guild Musical Instrument Corp.
Oct. 25, 1960 filed 110,000 shares of common stock. **Price**—$3 per share. **Proceeds** — For general corporate purposes, including debt reduction, machinery and equipment, inventory, and working capital. **Office**—Hoboken, N. J. **Underwriter**—Michael G. Kletz & Co., Inc., New York City. **Offering**—Expected in late January.

● Gulf Guaranty Land & Title Co.
Nov. 29, 1960 filed $750,000 of 7% convertible subordinated debentures, due 1968 and 150,000 shares of common stock to be offered in units, each unit to consist of $100 of debentures and 20 shares of common stock. **Price**—$200 per unit. **Business** — The development of a planned community in Cape Coral, Fla. **Proceeds**—To reduce indebtedness, repay a mortgage, construction, and general corporate purposes. **Office**—Miami, Fla. **Underwriter**—Street & Co., New York City.

● Gulf States Utilities Co. (1/17)
Nov. 29, 1960 filed 350,000 shares of common stock. **Proceeds**—To repay short-term notes, for construction, and general corporate purposes. **Office**—Beaumont, Tex. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers; Glore, Forgan & Co.; Lee Higginson Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected Jan. 17, 1961. **Information Meeting**—Scheduled for Jan. 12 at 11:00 a.m. at the Hanover Bank, New York City.

Heinicke Instruments Co.
Nov. 10, 1960 filed 67,000 shares of common stock. **Price** To be supplied by amendment. **Business**—The company, together with its subsidiaries, makes stainless steel pumps for its own use and sale to others, and designs

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and manufactures high frequency cleaning equipment used in the cleaning and sterilization of glassware. **Proceeds**—To reduce by $300,000 the issuer's note in the amount of $470,000 payable to its president, Dr. Kurt J. Heinicke, with the balance for plant and equipment and other general corporate purposes. **Office**—2035 Harding St., Hollywood, Fla. **Underwriter** — Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (managing).

Heller, (Walter E.) & Co.
Oct. 24, 1960 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—About $1,000,000 to purchase preferred stock of Nationwide Investment Co., about $1,000,000 to purchase securities of an as yet unorganized firm tentatively named "Credit Acceptance Co.," and the remainder for general corporate purposes. **Office**—105 West Adams St., Chicago, Ill. **Underwriters** — F. Eberstadt & Co. and Dean Witter & Co., both of New York City (managing). **Offering**—Expected in late December to early January.

● High Point Ski Ways, Inc. (12/12-16)
Oct. 17, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Operation of a ski area, ice-skating rink, open air theatre, skeet and other shooting ranges. **Proceeds**—For general corporate purposes. **Address**—Port Jervis, N. Y. **Underwriter**—Osborne, Clark & Van Buren, Inc., New York, N. Y.

Hilltop, Inc.
Aug. 17, 1960 filed $1,650,000 of 6% subordinated debentures, due 1980, and 1,650 shares of class A common stock, to be offered in units of one $1,000 debenture and one class A share. **Price** — To be supplied by amendment. **Business**—The principal business of the company, which was organized under Kansas law in June, 1959, will be the owning, acquiring, improving, developing, selling, and leasing of improved and unimproved real property. **Proceeds**—To reduce funded debt. **Office**—401 Columbian Bldg., Topeka, Kan. **Underwriter**—None.

● Holiday Inns of America, Inc. (12/13)
Nov. 16, 1960 filed 127,845 shares of outstanding common stock (par $1.50). **Price**—To be supplied by amendment. **Business** — The firm and its licensees own and operate 162 inns throughout the country. The issuer, through a subsidiary, gains additional revenue from selling various supplies and equipment to motels, principally its licensees. **Proceeds**—To selling stockholders. **Office**—3736 Lamar Ave., Memphis, Tenn. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

Home Builders Acceptance Corp.
July 15, 1960 filed 1,000,000 shares of common stock (par 50c). **Price**—$1 per share. **Business**—The company is engaged in real estate financing and lending. **Proceeds**—For general corporate purposes. **Office** — 409 N. Nevada, Colorado Springs, Colo. **Underwriter**—None.

Howell Instruments Inc.
Oct. 4, 1960 filed 140,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Address** — Fort Worth, Texas. **Underwriters**—G. H. Walker & Co., New York, N. Y. and Dewar, Robertson & Pancoast, San Antonio, Tex. **Offering**—Indefinitely postponed.

Hydro-Electronics Corp.
Nov. 21, 1960 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Business**—The design and manufacture of precision measuring equipment, automation equipment and general precision fluid controls. **Proceeds** — For general corporate purposes. **Office**—691 Merrick Road, Lynbrook, L. I., N. Y. **Underwriter**—Lloyd Securities, New York, N. Y.

Hydromatics, Inc.
Nov. 25, 1960 filed $1,000,000 of debentures, due Jan. 1, 1971 with warrants for the purchase of common stock to be offered in units, each unit to consist of a $1,000 debenture and one warrant; and 20,000 outstanding common shares. **Price**—To be supplied by amendment. **Business**—The designing, manufacturing and selling of ball valves. **Proceeds**—To retire bank loans, purchase additional equipment and for working capital. **Office** — 5 Lawrence St., Bloomfield, N. J. **Underwriters** — Paine, Webber, Jackson & Curtis and Tucker, Anthony & R. L. Day, both of New York (managing).

Hydroswift Corp.
Oct. 20, 1960 filed 70,000 shares of common stock. **Price**—$5 per share. **Business**—The firm, which was organized in February, 1957, makes and wholesales products and services for the fiberglass industry, including particularly fiberglass boats known as "HydroSwift" and "Skyliner." **Proceeds**—For general funds, including expansion. **Office** — 1750 South 8th St., Salt Lake City, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

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.

● Illinois Beef, L. & W. S., Inc.
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. **Offering**—Expected in February.

Industrial Control Products, Inc.
Nov. 1, 1960 filed 125,000 shares of 10¢ par class A stock. **Price**—$4 per share. **Business**—The design and manufacture of control systems and subcontracted precision machining. The firm has recently begun to make double-diffused, broad base silicon diodes, but is not yet in commercial production of these items. **Proceeds**—For expenses of semi-conductor production, research and development, advertising and selling, inventory, and general funds. **Office**—78 Clinton Road, Caldwell Township, N. J. **Underwriter**—Edward Hindley & Co., 99 Wall Street, New York 5, N. Y. (managing). **Offering**—Expected in mid-January.

★ Industrial Leasing Corp.
Nov. 25, 1960 (letter of notification) 1,000 shares of common stock (par $5). **Price**—$45 per share. **Proceeds**—To go to selling stockholders. **Office**—515 S. Aiken Ave., Pittsburgh, Pa. **Underwriter** — McKelvy & Co., Pittsburgh, Pa.

International Diode Corp.
July 29, 1960 filed 42,000 shares of 6% non-cumulative convertible preferred stock (par $8). **Price** — $8 per share. **Business**—Makes and sells diodes. **Proceeds**—To establish a staff of production and sales engineers, finance new product development, buy equipment, and add to working capital. **Office**—90 Forrest St., Jersey City, N. J. **Underwriter**—Ernst Wells, Inc., New York City.

★ International Electronic Research Corp.
Dec. 1, 1960 filed 220,000 shares of common stock, of which 110,000 shares will be sold by the company and 110,000 shares for the account of selling stockholders. **Price**—To be supplied by amendment. **Business**—Produces a heat dissipating tube shield for electron tubes, precision AC instruments, and does subcontract work in the aircraft and rocket engine industry. **Proceeds**—To repay outstanding loans and increase working capital. **Office**—135 West Magnolia Blvd., Burbank, Calif. **Underwriter**—Schwabacher & Co., San Francisco, Calif. and New York City (managing).

International Mosaic Corp. (12/23)
Sept. 30, 1960 (letter of notification) 93,333 shares of common stock (par 10 cents). **Price**—$3 per share. **Business** — Manufacture of glass mosaics by machines and processes. **Proceeds** — For general corporate purposes. **Office**—45 East 20th St., New York 3, N. Y. **Underwriter**—B. G. Harris & Co., Inc., New York, N. Y.

Investors Preferred Life Insurance Co.
Sept. 26, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For capital and surplus accounts. **Office**—522 Cross St., Little Rock, Ark. **Underwriter** — Life Securities, Inc., P. O. Box 3662, Little Rock, Ark.

Iowa Power & Light Co. (1/11)
Nov. 7, 1960 filed $10,000,000 of first mortgage bonds, due 1991. **Price**—To be supplied by amendment. **Proceeds**—To reduce past and future bank loans incurred for construction, the aggregate cost of which is estimated at $20,500,000 for 1960-1961. **Office**—823 Walnut Street, Des Moines, Iowa. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Equitable Securities Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc., Lehman Brothers; Eastman Dillon, Union Securities & Co.; Blyth & Co. and Kidder, Peabody & Co. **Bids**—Expected to be received on Jan. 11 up to 10:00 a.m. (CST) at the Assembly Room, 8th floor, Harris Bank Bldg., 111 W. Monroe St., Chicago, Ill.

● Irving Fund for Investment in U. S. Government Securities, Inc.
July 22, 1960, filed 400,000 shares of common stock. **Price** — $25 per share. **Business** — A diversified investment company, which will become an open-end company with redeemable shares upon the sale and issuance of the shares being registered. **Proceeds**—For investment in U. S. Government securities. **Office**—50 Broad Street, New York City. **Underwriter**—Capital Counsellors, 50 Broad St., New York City.

Israel Development Corp.
Nov. 21, 1960 filed $3,000,000 of 5½% convertible sinking fund debentures, series A, due 1975, and 100,000 shares of common stock underlying such debentures. **Price**—To be offered in denominations of $500, $1,000 and $5,000, payable in cash or State of Israel bonds. **Business**—The company is a closed-end investment company which makes funds available for the economic development of Israel. **Proceeds**—To invest in establishing or existing Israeli businesses. **Office**—17 East 71st St., New York City. **Underwriter**—None.

★ Jouet, Inc. (1/23-27)
Nov. 28, 1960 (letter of notification) 300,000 shares of common stock (par five cents). **Price** — $1 per share. **Business** — The manufacture of dolls, toys and similar items. **Proceeds**—For expenses of offering; the purchase and installation of machinery and molds and for working capital. **Office**—346 Carroll St., Brooklyn, N. Y. **Underwriter**—Edward H. Stern & Co., 32 Broadway, New York, N. Y.

Jonker Business Machines, Inc.
Sept. 30, 1960 filed 50,000 common stock units, each unit to consist of one share of class A common and 3 shares of class B common, to be offered for subscription by holders of its common stock. **Price**—The price and the basis of the rights offering will be supplied by amendment. **Proceeds**—To establish sales and information centers, establish distributorships, expansion, and the balance for working capital. **Office**—404 No. Frederick Ave., Gaithersburg, Md. **Underwriter** — Hodgdon & Co., Inc., Washington, D. C.

Jungle Juice Corp.
Oct. 28, 1960 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price**—$2.50 per share. **Proceeds**—For working capital and expansion. **Address**—Seattle, Wash. **Underwriters**—Planned Investing Corp., New York, N. Y. and Fidelity Investors Service, East Meadow, N. Y. **Offering**—Expected sometime in Janaury.

Kanavau Corp.
Sept. 30, 1960 filed 250,000 shares of common stock (par $1). **Price**—$10 per share. **Business**—A real estate investment company. **Proceeds**—For acquisition of properties, working capital and general corporate purposes. **Office**—415 Lexington Ave., New York, N. Y. **Underwriter**—Ira Investors Corp., New York, N. Y.

● Kansas Gas & Electric Co. (1/17)
Nov. 29, 1960 filed $7,000,000 of first mortgage bonds, due 1991. **Price**—To be determined at competitive bidding. **Proceeds**—To retire bank loans and for company's construction program. **Office** — 201 North Market St., Wichita, Kansas. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith and Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co.; Kuhn, Loeb & Co., and A. C. Allyn & Co. (jointly). **Bids** — Scheduled for Jan. 17 at 11 a.m. (EST), Room 240, 2 Rector St., New York City.

Keystone Alloys Co.
Oct. 28, 1960 filed 107,755 shares of common stock, of which 32,755 shares are to be offered for the account of the issuing company and 75,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The company makes aluminum siding and accessories, coated materials, aluminum railing and columns for interior and exterior use, and a variety of aluminum combination storm-screen sash and doors and related products. **Proceeds**—$150,000 will be used to finance the construction and installation of an additional paint line, with the balance for working capital. **Office**—511 Mellon Bank Bldg., Latrobe, Pa. **Underwriter** — Singer, Deane & Scribner, Pittsburgh, Pa. (managing).

● Koeller Air Products Inc. (12/12)
Aug. 31, 1960 filed 100,000 shares of common stock (par 5 cents) and 50,000 warrants to be offered in units, each unit to consist of 2 shares of common stock and 1 warrant. Each full warrant is convertible into one share of common within a year from the date of offering at $2 per share. **Price**—$4 per unit. **Business**—The firm distributes hydrogen, nitrogen, oxygen, and welding equipment. **Proceeds** — For general corporate purposes. **Office**—596 Lexington Ave., Clifton, N. J. **Underwriter**—Lloyd Securities, 150 Broadway, New York City.

LP Gas Savings Stamp Co., Inc.
Sept. 27, 1960 (letter of notification) 30,000 shares of common stock **Price**—At par ($10 per share). **Proceeds**—For purchase of creative design and printing of catalogs, stamp booklets, advertising and for working capital. **Office**—300 W. 61st St., Shreveport, La. **Underwriter**—International Sales & Investment, Inc., 4501 North Blvd., Baton Rouge, La.

Lake Central Airlines, Inc.
Nov. 9, 1960 filed 130,000 shares of $20 par preferred stock. **Price**—To be supplied by amendment. **Business**—The issuer is a local service airline operating primarily in the midwest. **Proceeds**—Together with a $3,000,000 bank loan, the proceeds will be used to acquire more planes and for other purposes germane to expansion. **Office**—Indianapolis, Ind. **Underwriter**—William Blair & Co., Chicago, Ill. (managing).

"Lapidoth" Israel Oil Prospectors Corp. Ltd.
Oct. 27, 1960 filed 1,500,000 ordinary shares. **Price**—To be supplied by amendment, and to be payable either totally or partially in Israel bonds. **Business**—The company was organized in October 1959 as a consolidation of individual and corporate licensees who had been operating in the oil business as a joint venture. **Proceeds**—For exploration and development of oil lands. **Office**—22 Rothschild Blvd., Tel-Aviv, Israel. **Underwriter**—None.

Leadville Water Co.
June 28, 1960 (letter of notification) $220,000 of 20-year 6% series A first mortgage coupon bonds to be offered in denominations of $1,000. **Price**—At par. **Proceeds**—For a mortgage payment, outstanding notes, construction of a new water supply and general corporate purposes. **Office**—719 Harrison Ave., Leadville, Colo. **Underwriter**—H. M. Payson & Co., Portland, Me.

● Leasing Credit Corp.
Nov. 29, 1960 filed 200,000 shares of class A stock and 200,000 warrants to be offered in units of one share and one warrant. **Price**—$4 per unit. **Business**—The company plans to engage in business of advancing funds to finance accounts receivable, inventories and purchase of equipment. **Proceeds**—For working capital. **Office**—440 West 34th Street, New York City. **Underwriter**—Edward Lewis & Co., Inc., New York (managing).

★ Lee Communication Inc. (1/16-20)
Nov. 28, 1960 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Business**—The manufacture, research, sale and distribution of communications equipment and related products. **Proceeds**—For payment of bank loans; new equipment; advertising and promotion; engineering research and for working capital. **Office**—470 Park Ave., S., New York, N. Y. **Underwriter**—H. B. Crandall Co., New York, N. Y.

Liberian Iron Ore Ltd.
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. Note — This offering has temporarily been postponed.

Life Assurance Co. of Pennsylvania
Nov. 29, 1960 filed 60,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment in income producing securities and mortgages. **Office** — Philadelphia, Pa. **Underwriter** — Auchincloss, Parker & Redpath, Washington, D. C. (managing).

● **Living Aluminum Inc. (12/19)**
Oct. 3, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Business**—Manufacturers of aluminum furniture and other household products. **Proceeds**—For additional equipment; purchase of a building; plant expansion and working capital. **Office**—40 Gazza Blvd., Farmingdale, N. Y. **Underwriters**—Arnold Malkan & Co., Inc. and Sulco Securities, Inc., New York, N. Y.

★ **Lone Star Gas Co.**
Dec. 6, 1960 filed a maximum of 665,838 shares of common stock (par $10) to be offered to holders of record Jan. 5 on the basis of one new share for each 10 shares then held, with rights to expire on Jan. 23. **Price**—To be supplied by amendment. **Business**—The operation of gas transmission lines and distribution systems in Oklahoma and Texas. **Office**—301 South Harwood St., Dallas, Tex. **Proceeds**—Repay short-term loans and for construction. **Underwriter**—First Boston Corp. (heading a group for unsubscribed for shares).

● **Long Island Plastics Corp. (12/12)**
Oct. 26 (letter of notification) 300,000 shares of common stock (10c par). **Price**—$1 per share. **Business**—Conversion of waste or scrap nylon into pellets for use in gears and other products, and the treatment of reclaimed nylon so as to permit its mixture and blending with various plastics. **Proceeds** — For additional equipment, inventory, and working capital. **Office** — Farmingdale, L. I., N. Y. **Underwriter**—The James Co., 369 Lexington Ave., New York City.

● **Loral Electronics Corp. (12/13)**
Oct. 27, 1960 filed $5,000,000 of convertible subordinated debentures, due Dec. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—For plant additions, acquisitions, and working capital. **Office**—825 Bronx River Ave., New York City. **Underwriters**—Kidder, Peabody & Co., Lehman Brothers, and Model, Roland & Stone, all of New York City (managing).

● **Madigan Electronic Corp.**
Oct. 5, 1960 filed 110,000 shares of common stock (par 10 cents). **Price**—$4.25 per share. **Business**—The design manufacture and sale of electronic equipment for use primarily in weapons and data processing systems. **Proceeds**—Reduction of indebtedness and working capital. **Office**—200 Stonehinge Lane, Carle Place, N. Y. **Underwriter**—McLaughlin, Kaufman & Co., New York City

Marine & Electronics Manufacturing Inc.
Sept. 22, 1960 (letter of notification) 100,000 shares of common stock class A (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses in the fabrication of sheet metal parts for missiles, rockets, radar and marine items. **Address**—Hagerstown, Md. **Underwriter**—Batten & Co., Washington, D. C.

Marine View Electronics, Inc.
Oct. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes. **Office**—88-06 Van Wyck Expressway, Jamaica 18, N. Y. **Underwriter**—Fund Planning, Inc., New York, N. Y. **Offering**—Indefinite.

Marsh Supermarkets, Inc. (12/15)
Nov. 4, 1960 filed $2,000,000 of convertible subordinated debentures, due Dec. 15, 1980. **Price**—To be supplied by amendment. **Business** — The corporation, directly and through two subsidiaries, operates a chain of 67 supermarkets, a bakery and ice cream plant, and processes and packages delicatessen items. **Proceeds**—For general corporate purposes, including the redemption of preferred stock and expenses incidental to the opening of new outlets. **Address**—Yorktown, Ind. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

Mensh Investment & Development Associates, Inc.
Nov. 17, 1960, filed (1) $1,100,250 of 8% convertible subordinated debentures, due Sept. 1, 1970, and 36,675 shares of capital stock (par $1) to be offered in units of $750 of debentures and 25 shares of stock; (2) $969,000 of debentures and 32,300 shares of stock to be offered for subscription by stockholders and (3) approximately $142,860 of debentures and not to exceed 5,000 shares of stock to be offered in exchange for the 6% debentures, due March, 1961, of its subsidiary, Mentos Investments, Inc. **Price**—(1) $1,100 per unit; (2) 100% per debenture and $10 per share of stock. **Business** — The principal assets of the company are an office building at 1910 K St., N. W., Washington, D. C. **Proceeds**—To retire certain obligations; make improvements on property; retire debentures due 1961, and to construct or acquire income producing properties. **Office**—1625 Eye St., Washington, D. C. **Underwriter**—None.

Metropolitan Securities, Inc.
Nov. 17, 1960 (letter of notification) 100,000 shares of class A common stock (par $1). **Price**—$3 per share. **Proceeds** — For working capital. **Office** — 919-18th St., N. W., Washington, D. C. **Underwriter** — Metropolitan Brokers, Inc., Washington, D. C.

Metropolitan Telecommunications Corp.
Sept. 27, 1960 filed $600,000 of convertible subordinated debentures, to be offered for the account of the issuing company, and 25,000 shares of outstanding common stock, to be offered for the account of four company officers, the selling stockholders. **Prices**—For the debentures, at par; for the common, to be supplied by amendment. **Business**—The company makes and sells electronic and communications equipment. **Proceeds**—For general corporate purposes including debt reduction, working capital, and expansion. **Office** — Ames Court, Plainview, N. Y. **Underwriters**—M. L. Lee & Co., Inc and Milton D. Blauner & Co., Inc., both of New York City (managing). **Offering**—Indefinite.

Mid-America Life Insurance Co.
Oct. 11, 1960 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price** — $2.75 per share. **Proceeds**—For capital and surplus accounts. **Office**—318 Northwest 13th St., Oklahoma City, Okla. **Underwriter**—F. R. Burns & Co., Oklahoma City, Okla.

Midland-Guardian Co. (12/30)
Oct. 27, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business** — The firm discounts retail instalment sales notes for dealers in shell homes, mobile homes, and cars; finances at wholesale inventories of dealers in mobile homes and cars; makes small loans directly to borrowers; and operates various insurance subsidiaries, including a life insurance company. **Proceeds**—To repay short-term bank loans, which on Sept. 30 amounted to $31,529,000. **Office**—1100 First National Bank Bldg., Cincinnati, O. **Underwriter**—Kidder, Peabody & Co., New York City (managing).

Midwestern Acceptance Corp.
Sept. 8, 1960, filed 1,169,470 shares of common stock and $994,050 of 6% debentures, to be offered for public sale in units of one share of stock and 85¢ of debentures. **Price** — $1 per unit. **Business** — The company will do interim financing in the home building industry. **Proceeds** — To start its lending activities. **Address** — P. O. Box 886, Rapid City, S. D. **Underwriter**—None.

Mineral Concentrates & Chemical Co., Inc.
Nov. 10, 1960 filed 75,000 shares of common stock. **Price**—$5 per share. **Business**—Production of beryllium oxide. **Proceeds** — To pay two corporate notes; plant improvements; research and experimentation with flotation process; and working capital. **Office**—1430 First National Bank Bldg., Denver, Colo. **Underwriter**—None.

Minneapolis Gas Co.
Nov. 21, 1960, filed 228,346 shares of common stock to be offered for subscription by common stockholders on the basis of one share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds** — For repayment of bank loans and for additions to the property. **Office**—739 Marquette Ave., Minneapolis 2, Minn. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn.

Mobile Credit Corp.
Sept. 14, 1960 filed 25,874 shares of common stock and 1,000 shares of $100 par 6% cumulative convertible preferred stock. The stock will be offered for subscription by shareholders of record on the basis of two shares of new common for each three such shares held and one share of new preferred for each 38.81 common shares held, the record date in each case being Sept. 1, 1960. **Prices**—For common, $10 per share; for preferred, $100 per share. **Business**—The purchase of conditional sales contracts from dealers in property so sold, such as mobile homes, trailers, boats, and motorcycles. **Proceeds**—For working capital. **Office**—100 E. Michigan Ave., Jackson, Mich. **Underwriter**—None.

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. **Offering**—Imminent.

● **Mohawk Insurance Co.**
Aug. 8, 1960, filed 75,000 shares of class A common stock **Price**—$12 per share. **Proceeds**—For general funds. **Office**—198 Broadway, New York City. **Underwriter**—R. F Dowd & Co., Inc., 39 Broadway, New York 6, N. Y. **Offering**—Expected in late December.

Monarch Electronics International, Inc.
Oct. 31, 1960 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company, organized in 1958 under the name Arrow Electronics International, Inc., imports and sells electronic and high fidelity parts and equipment. **Proceeds**—To retire bank loans and for working capital. **Office**—7035 Laurel Canyon Boulevard, North Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., 240 Montgomery Street, San Francisco, Calif. **Offering**—Expected sometime in January.

★ **Moon Rocket Minerals, Inc.**
Nov. 29, 1960 (letter of notification) 2,900,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—130 I St., Salida, Colo. **Underwriter**—None.

Mortgage Guaranty Insurance Corp. (12/15)
Oct. 17, 1960 filed 155,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Insuring lenders against loss on residential first mortgage loans, principally on single family non-farm homes. **Proceeds**—For capital and surplus. **Office**—606 West Wisconsin Avenue, Milwaukee, Wis. **Underwriter**—Bache & Co., New York City (managing). **Note**—This stock is not qualified for sale in New York State.

Mountain States Telephone & Telegraph Co.
Oct. 28, 1960 filed 6,729,142 shares of capital stock being offered to stockholders of record Nov. 28 on the basis of one new share for each five shares then held. Rights expire Dec. 20. **Price**—$12.50 per share. **Proceeds**—To repay short-term loans made to finance construction. **Office**—931 14th St., Denver, Colo. **Underwriter**—None.

National Aeronautical Corp. (1/4)
Nov. 8, 1960 filed 60,000 shares of $1 par common stock. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—Ft. Washington, Pa. **Underwriters**—White, Weld & Co., New York City, Yarnall, Biddle & Co. and Stroud & Co., Inc., both of Philadelphia (jointly).

National Airlines, Inc.
Sept. 21, 1960 filed $10,288,000 of convertible subordinated debentures, due 1975, to be offered for subscription by holders of the outstanding common stock on the basis of $100 of debentures for each 18 common shares held. **Price**—To be supplied by amendment. **Business**—Domestic and international transport of persons, property, and mail. **Proceeds**—To make payments on planes and reduce short-term indebtedness, with the balance for general corporate purposes. **Office** — Miami International Airport, Miami, Fla. **Underwriter** — Lehman Brothers, New York City (managing). **Offering**—Expected in late December.

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**—Indefinite.

National Western Life Insurance Co.
Sept. 13, 1960 filed 225,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds from the sale of shares to be issued as a result of options, in the amount of $1,106,407.50 for the discharge of indebtedness and general corporate purposes. **Office**—Denver, Colo. **Underwriter**—Peters, Writer & Christensen Inc., Denver, Colo. **Offering** — Expected sometime in December.

Navajo Freight Lines, Inc.
May 9, 1960, filed (with the ICC) 250,000 shares of common stock, of which 189,000 shares, being outstanding stock, will be offered for the account of the present holders thereof, and 61,000 shares will be offered for the account of the issuing company. **Price**—To be supplied by amendment. **Office**—1205 So. Plate River Drive, Denver 23, Colo. **Underwriters**—Hayden, Stone & Co. and Lowell, Murphy & Co. (jointly). **Offering**—Indefinitely postponed.

New Canaan Co. (12/12)
Nov. 7, 1960 (letter of notification) 8,000 shares of class A capital stock (no par) and 2,000 shares of class B capital stock (no par) to be offered in units of 4 shares of class A and 1 share of class B for subscription by holders of class A and class B stock. Rights expire on Nov. 18, 1960. **Price**—$101 per unit. **Proceeds**—To repay a bank loan, loans to subsidiaries and for working capital. **Office**—39 South Ave., New Canaan, Conn. **Underwriter** — Glidden, Morris & Co., 165 Broadway, New York, N. Y.

New Moon Homes, Inc.
Nov. 28, 1960 filed 131,600 shares of common stock (par $1), of which 66,668 shares are to be offered by the company, and 64,932 shares for the account of selling stockholders. **Price**—$9 per share. **Business**—The manufacture and sale of mobile homes. **Proceeds**—For working capital and new product development. **Office**—7808 Carpenter Freeway, Dallas, Texas. **Underwriter**—Baker, Simonds & Co., Detroit, Mich. (managing).

New Western Underwriting Corp.
Oct. 25, 1960 filed $2,000,000 of 15-year 6% subordinated convertible debentures. **Business** — The company which was organized in August, 1959, is developing, through subsidiaries, a dealer-recourse finance business and a life insurance business. **Proceeds**—For expansion. **Price**—At par. **Office**—Helena, Mont. **Underwriter**—Wilson, Ehli, Demos, Bailey & Co., Kook Bldg., 3203 3rd Ave., North Billings, Mont.

Newton Shopping Center, Inc.
Oct. 21, 1960 (letter of notification) $300,000 of 6% sinking fund debentures to be offered in denominations of $1,000 each. **Price**—At face value. **Proceeds**—For working capital and construction of a shopping center. **Office**—200 Hillcrest Bldg., Ralston, Neb. **Underwriter**—The First Trust Co. of Lincoln, Lincoln, Neb.

Normandy Oil & Gas, Inc.
Aug. 31, 1960 filed 750,000 shares of common stock. **Price**—$1 per share. **Business**—Oil and gas exploration and production. **Proceeds** — For general corporate purposes. **Office**—620 Oil & Gas Bldg., Wichita Falls, Texas. **Underwriter**—None, but 102,500 of the shares are reserved for commissions to selling brokers at the rate of 15 shares for each 100 shares sold.

Nuclear Engineering Co., Inc.
Nov. 17, 1960 (letter of notification) 30,000 shares of common stock (par 33⅓ cents). **Price**—$10 per share. **Proceeds**—To repay a bank loan, account payable and for working capital. **Office**—65 Ray Street, Pleasanton, Calif. **Underwriter** — Walter C. Gorey Co., San Francisco, Calif.

★ **Pacific Coast Fabricating Co.**
Nov. 23, 1960 (letter of notification) $300,000 of 7% debentures to be offered in units of $100 each, due in 10 series of $30,000 each from Dec. 31, 1965 to Dec. 31, 1974, with the option to convert into shares before maturity at $1 per share. **Proceeds**—To pay current liabilities, notes payable and for working capital. **Office**—2500 N. E. 72nd Ave., Vancouver, Wash. **Underwriter**—None.

Pall Corp. (12/12)
Oct. 27, 1960 filed 80,000 shares of class A stock (par $1), of which 30,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of

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the present holders thereof. **Price**—To be supplied by amendment. **Business** — The firm produces metal and plastic filters for defense and consumer industries. **Proceeds**—For expansion, working caiptal, and to finance the company's entry into fibre glass manufacture. **Office**—30 Sea Cliff Ave., Glen Cove, L. I., N. Y. **Underwriter**—L. F. Rothschild & Co., New York City (managing).

Palm Developers Limited (12/27-30)
Sept. 8, 1960, filed 100,000 shares of common stock (par 1 shilling). **Price**—$3 per share. **Business**—The company intends to deal in land in the Bahamas. **Proceeds**—To buy land, and for related corporate purposes. **Office**—6 Terrace, Centreville, Nassau, Bahamas. **Underwriter**—David Barnes & Co., Inc., New York City.

● **Pathe Equipment Co., Inc. (12/16)**
Oct. 17, 1960 filed 125,000 shares of class A stock (par 75 cents), of which 42,500 shares are to be offered for the account of the company and 72,500 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. The remaining 10,000 shares have been acquired by the underwriter and Hampstead Investing Corp., as a finder's fee. **Price**—$5 per share. **Business**—Developing and producing automatic multiple needle and specialized sewing equipment. **Proceeds**—For general corporate purposes. **Office** — 16 Leliart's Land, East Paterson, N. J. **Underwriters** — Amos Treat & Co., Inc. and William Stix Wasserman & Co., Inc., New York, N. Y.

● **Patrician Paper Co., Inc. (12/16)**
Oct. 14, 1960 filed $800,000 of 7% unsecured subordinated notes due Oct. 1, 1965 and 96,000 shares of common stock (par 10c) to be offered in 8,000 units, each unit consisting of $100 principal amount of 7% notes and 12 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company manufactures facial and toilet tissues. **Proceeds**—For acquisition of property, to acquire machinery and equipment, and for repayment of certain loans. **Office** — 485 Lexington Ave., New York, N. Y. **Underwriter** — Hill, Darlington & Grimm, New York, N. Y.

Peerless Mortgage Co.
Nov. 16, 1960 (letter of notification) 430,000 shares of common stock (par 20 cents). **Price**—60 cents per share. **Proceeds**—For general corporate purposes. **Office**—403 Ursula Street, P. O. Box 187, Aurora, Colo. **Underwriter**—Copley & Co., Colorado Springs, Colo.

Peerless Tube Co. (1/11)
Nov. 22, 1960 filed 150,000 shares of capital stock. **Price**—To be supplied by amendment. **Business**—The production and sale of collapsible metal tubes and aerosol containers. **Proceeds**—To increase automation of production lines, for research and development, and the balance for working capital. **Office**—Bloomfield, N. J. **Underwriter**—Winslow, Cohu & Stetson, Inc., New York City.

● **Penobscot Chemical Fibre Co. (1/16)**
Oct. 24, 1960 filed $3,250,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Business**—Makes wood pulp, which it sells directly to the users, nearly all of whom are paper manufacturers. **Proceeds**—For construction, and for the reduction of indebtedness incurred for construction. **Office**—211 Congress St., Boston, Mass. **Underwriter**—Coffin & Burr, Inc., Boston, Mass. (managing).

★ **Perry Electronic Components, Inc.**
Nov. 30, 1960 (letter of notification) 75,000 shares of common stock (par five cents). **Price** — $4 per share. **Business**—The production of electronic components used by manufacturers of electronic instruments and equipment. **Proceeds** — For the purchase of electronic test equipment and machinery; for advertising and sales promotion; for research and development; for the acquisition of basic raw materials; for reduction of outstanding indebtedness; for working capital and for general corporate purposes. **Office**—81 Water St., Ossining, N. Y. **Underwriter**—S. B. Cantor & Co., and Farrell Securities Co., New York City. **Offering** — Expected sometime in January.

Philadelphia Aquarium, Inc.
Oct. 14, 1960 filed $1,700,000 of 6% debentures due 1975 and 170,000 shares of capital stock (par 50 cents) to be offered in units, each consisting of one $100 debenture and 10 shares of stock. **Price**—$150 per unit. **Business**—Operation of an aquarium in or about Philadelphia. **Proceeds**—To acquire ground and to construct an aquarium building or buildings. **Office**—2635 Fidelity-Philadelphia Trust Building, Philadelphia, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa. **Offering**—Expected in January.

Philippine Oil Development Co., Inc.
March 30 filed 103,452,615 shares of capital stock being offered for subscription by stockholders of record Aug. 25, at the rate of one new share for each 5½ shares held with rights to expire at 3:30 p.m. on Dec. 14. **Price**—U. S. price is 1.3 cents per share; Philippine price is 3 centavos per share. **Proceeds** — To be added to the company's working capital. **Office**—Soriano Bldg., Manila, Philippines. **Underwriter**—None. **Note**—The subscription offer has been extended.

Photogrammetry, Inc.
Aug. 10, 1960 (letter of notification) 13,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—For retirement of a short term note and working capital. **Office** — 922 Burlington Ave., Silver Spring, Md. **Underwriter**—First Investment Planning Co., Washington, D. C.

Pioneer Electronics Corp.
Oct. 26, 1960 filed 217,902 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each share held. **Price**—$1 per share. **Proceeds** — To retire current liabilities, for capital expenditures, and for working capital. **Office**—2235 S. Carmelina Ave., Los Angeles, Calif. **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. **Note**—The underwriter states that this offering will be delayed.

Plated Wires & Electronics, Inc.
Nov. 16, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price** — $4 per share. **Business**—Manufacturers of assorted wires, including special wires for high temperature controls. **Proceeds**—For general corporate purposes. **Office**—63 Main Street, Ansonia, Conn. **Underwriter**—J. B. Coburn Associates, New York, N Y.

● **Pneumodynamics Corp.**
Nov. 22, 1960 filed 175,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The company is primarily a government defense contractor, supplying products and services requiring advanced technology. **Proceeds** — To repay indebtedness and the balance for working capital. **Office**—3781 E. 77th St., Cleveland, Ohio. **Underwriters**—Hemphill, Noyes & Co. and Estabrook & Co. **Offering**—Expected in mid-January.

Pocket Books, Inc. (1/10)
Nov. 17, 1960 filed 600,000 outstanding shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Business** — The issuer publishes and distributes paperback books, distributes publications of other publishers, and sells phonograph records. **Proceeds**—To selling stockholders. **Office**—630 Fifth Ave., New York City. **Underwriters**—White, Weld & Co. and Goldman, Sachs & Co., both of New York (managing).

● **Polysonics, Inc. (12/15)**
Nov. 18, 1960 (letter of notification) 70,000 shares of 1 cent par common stock. **Price**—$3 per share. **Business**—The company, formed last July, will act as theatrical producers and will produce jazz festivals, concerts, records and commercial films. The firm also plans to enter the development and merchandising of new commercial color sound process for industrial and commercial advertising. **Proceeds**—For working capital. **Office**—480 Lexington Avenue, New York City. **Underwriters**—M. H. Meyerson & Co., Ltd., 15 William Street, New York City (managing); Karen Securities Corp., New York City, and Selected Investors, Brooklyn, New York.

Popell (L. F.) Co.
Nov. 18, 1960 filed 99,996 shares of common stock to be offered for subscription by common stockholders at the rate of one share for each three shares of common stock held. **Price**—To be supplied by amendment. **Business**—Distribution, sale and installation of building, insulating and acoustical products. **Proceeds**—For plant construction; expansion of its distribuiton of Perma-Glaze and working capital. **Office**—2501 Northwest 75th Street, Miami, Fla. **Underwriter**—To be supplied by amendment.

Porce-Cote Research & Development Corp.
Nov. 18, 1960 (letter of notification) 50,000 shares of class A stock (par 10 cents). **Price**—$5 per share. **Business**—Research and development of chemical products. **Proceeds**—For general corporate purposes. **Office**—336 Uniondale Ave., Uniondale, N. Y. **Underwriter**—Suburban Investors Corp., Uniondale, N. Y.

Precisioncraft Electronics, Inc.
Nov. 14, 1960 (letter of notification) 150,000 shares of capital stock (no par). **Price**—$1 per share. **Proceeds**—To retire a bank loan and to purchase building inventories and for working capital. **Office**—5335 W. 102nd St., Los Angeles, Calif. **Underwriter**—Garat & Polonitza, Inc., Los Angeles, Calif.

Preferred Risk Life Assurance Co. (12/15)
Aug. 18, 1960 filed 300,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For general corporate purposes. **Office** — 20 East Mountain St., Fayetteville, Ark. **Underwriter**—Preferred Investments, Inc., a subsidiary of the issuer.

● **Public Service Electric & Gas Co. (12/14)**
Nov. 23, 1960 filed 250,000 shares of $100 par cumulative preferred stock. **Price**—To be supplied by amendment. **Proceeds** — For construction. **Office** — 80 Park Place, Newark, N. J. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

Puritron Corp.
Aug. 3, 1960 filed 250,000 shares of common stock, of which 200,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of Joseph Stein, President, the present holder thereof. **Price**—To be supplied by amendment. **Business**—Makes and sells electronic air purifiers and range hoods. **Proceeds** — To retire indebtedness, with the balance for capital expenditures. **Office**—New Haven, Conn. **Underwriter** — Bache & Co., New York City (managing). **Offering**—Postponed.

R. E. D. M. Corp.
Sept. 27, 1960 filed 100,000 shares of common stock. **Price** $3.50 per share. **Proceeds**—For working capital ($217,-250) and production machinery and equipment ($50,000). **Office**—Little Falls, N. J. **Underwriter**—Robert Edelstein & Co., Inc., New York City. **Offering**—Expected sometime in January.

● **Radar Measurements Corp. (1/16)**
Sept. 28, 1960 (letter of notification) 85,700 shares of common stock (par $1). **Price**—$3.50 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes. **Office** — 190 Duffy Ave., Hicksville, N. Y. **Underwriter**—Blaha & Co., Inc., 29-28 41st Avenue, Long Island City 1, N. Y.

Rajac Self-Service, Inc.
Nov. 15, 1960 filed 154,375 shares of common stock (10c par). **Price**—$3 per share. **Proceeds**—$30,000 will be used to pay an outstanding note, $87,500 will be used for the acquisition, constructing, and equipping of an additional plant, $22,500 will be used to cover the expenses of offering the stock, and the balance will be used to reduce indebtedness and purchase equipment. **Office**—Mt. Vernon, N. Y. **Underwriter**—The James Co., 369 Lexington Avenue, New York 17, N. Y. **Offering**—Expected sometime in January.

Real Estate Mutual Fund
Oct. 14, 1960 filed 200,000 shares of beneficial interest. **Price**—$5 per share. **Business**—An open-end real estate investment trust specializing in investment real estate. **Office** — 606 Bank of America Bldg., San Diego, Calif. **Distributor**—Real Estate Mutual Distributors, Inc., San Diego, Calif.

Reeves Soundcraft Corp.
Nov. 23, 1960 filed 150,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Business** — The manufacture and distribution of magnetic tape, film and recording discs. **Proceeds** — To the Prudential Insurance Co. of America, the selling stockholder. **Office**—15 Great Pasture Road, Danbury, Conn. **Underwriter**—Emanuel, Deetjen & Co., New York City (managing). **Offering**—Expected some time in January.

● **Resisto Chemical, Inc. (12/16)**
Aug. 29, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—The firm makes and sells protective coatings for packaging and fabrics, and products used in insulation. **Proceeds**—For working capital ($235,358), with the balance for machinery, equipment, and general corporate purposes. **Office** — New Castle County Air Base, New Castle County, Del. **Underwriter**—Amos Treat & Co., Inc., New York City.

Restaurant Associates, Inc.
Nov. 16, 1960 filed 245,000 shares of $1 par common stock, of which 195,000 shares will be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Business** — The issuer operates a wide variety of restaurants, coffee shops, and cafeterias, mostly in New York City, including The Four Seasons and The Forum of the Twelve Caesars. **Proceeds**—For working capital and expansion. **Office**—515 W. 57th St., New York City. **Underwriter**—Shearson, Hammill & Co., New York City (managing). **Offering** — Expected in early January.

● **Revlon, Inc. (12/14)**
Oct. 28, 1960 filed 130,000 shares of outstanding common stock (par $1). **Price**—To be related to the price of the firm's shares on the New York Stock Exchange. **Proceeds** To two company officers, the selling stockholders. **Office**—666 Fifth Ave., New York City. **Underwriters**—Lehman Brothers and Reynolds & Co. Inc., both of New York City (managing). **Note**—This statement was effective Nov. 18.

★ **Reynolds & Reynolds Co.**
Dec. 1, 1960 filed 130,000 outstanding shares of class A common stock. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of business and accounting forms and systems. **Proceeds**—To selling stockholders. **Office** — 800 Germantown St., Dayton, Ohio. **Underwriters** — H. M. Byllesby & Co., Chicago, and Grant-Brownell & Co., Dayton, Ohio (managing).

Riddle Airlines, Inc.
Aug. 19, 1960 filed $2,250,000 of 6% subordinated convertible debentures. **Price**—At 100% of principal amount. **Proceeds** — To be used as operating capital to fulfill M. A. T. S. contract, and to acquire aircraft. **Office**—International Airport, Miami, Fla. **Underwriter**—James H. Price & Co., Coral Gables, Fla., and New York City.

● **Ritter Co., Inc. (12/21)**
Nov. 17, 1960 filed $4,500,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Business** — The firm manufactures medical and dental equipment. **Proceeds** — To retire $3,350,000 of short term bank loans, with the balance for general corporate purposes. **Office**—Ritter Park, Rochester, N. Y. **Underwriter**—Lehman Brothers, New York City (managing).

Rohm & Haas Co.
Nov. 17, 1960 filed 9,000 shares of outstanding common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders, the executors of the estate of Otto Haas, former Board Chairman and President. **Office**—222 West Washington Square, Philadelphia, Pa. **Underwriters**—Drexel & Co., Philadelphia, Pa., and Kidder, Peabody & Co., New York City (managing). **Offering**—Expected in early January.

Save-Co Veterans & Service & Department Stores, Inc.
Sept. 26, 1960 filed 163,636 shares of common stock, of which 127,273 shares are to be offered for the account of the issuing company and 36,363 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business** — The company operates a department store and gasoline service station the use of which is restricted primarily to veterans, military personnel, employees of non-profit organizations, and employees of firms doing government contract work. **Proceeds**—For general corporate purposes, including debt reduction and working capital. **Office**—3176 Frontier St., San Diego, Calif. **Underwriter** — Dempsey-Tegeler & Co., St. Louis,

Mo. (managing). **Offering** — Expected in mid-to-late December.

(G. T.) Schjeldahl Co.
Nov. 28, 1960 filed 9,000 outstanding shares of common stock and $765,000 of convertible subordinated debentures, due 1971. The debentures will be offered to holders of the outstanding common stock on basis of $100 principal amount of debentures for each 100 common shares held. **Price**—To be supplied by amendment. **Business**—The research, development and production of plastics and electronic instrumentation systems. **Proceeds**—For working capital, the acquisition and development of Plymouth Industrial Products, Inc., Sheboygan, Wis., and for expansion. **Office**—Northfield, Minn. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn. (managing).

● **School Pictures, Inc. (12/13)**
Sept. 28, 1960 filed 100,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 1610 North Mill St., Jackson, Miss. **Underwriters**—Equitable Securities Corp. of New York City, and Kroeze, McLarty & Co., of Jackson, Miss.

Seaboard Homes, Inc.
Nov. 7, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business** — Manufacture, assembly and sale of homes and home sectional components. **Proceeds**—For general corporate purposes. **Office**—200 Saw Mill River Rd., Hawthorne, N. Y. **Underwriters**—Richard Bruce & Co., Inc. and Fox & Walters, Inc., New York, N. Y.

Self Service Drug Corp.
Sept. 26, 1960 (letter of notification) $150,000 of 10-year 6% convertible debentures and 75,000 shares of common stock (no par) to be offered in units of $100 of debentures and 50 shares of common stock. **Price** — $200 per unit. **Proceeds** — To move and equip a new warehouse; pay off certain bank indebtedness and for new lines. **Office**—2826 Mt. Carmel Ave., N. Hills, Glenside, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa. **Offering**—Expected in early January.

Shatterproof Glass Corp.
Oct. 12, 1960 filed 100,000 shares of common stock (par $1), of which 50,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company makes and sells laminated safety plate and sheet glass, primarily to the automotive replacement market, and sells its products for use as original equipment to bus, truck, television, and farm and road equipment manufacturers. **Proceeds**—To repay current short-term bank loans incurred to supplement working capital. **Office** — 4815 Cabot St., Detroit, Mich. **Underwriters**—Dempsey-Tegeler & Co., St. Louis, Mo., and Straus, Blosser & McDowell, Chicago, Ill. (managing). **Offering**—Expected in mid-to-late December.

● **Shinn Industries Inc.**
Nov. 29, 1960 filed 150,000 shares of common stock. **Price**—$6 per share. **Business**—The manufacture, assembly and sale of aircraft and missile components and the construction of industrial and research facilities. **Proceeds**—To repay a bank loan, for expansion and inventory, and for working capital. **Office** — Wilmington, Del. **Underwriter**—Myron A. Lomasney & Co., New York City.

Shore-Calnevar, Inc.
Nov. 25, 1960 filed 200,000 common shares, of which 100,000 shares will be offered for public sale by the company and 100,000, being outstanding shares, by present stockholders. **Price**—To be supplied by amendment. **Business**—Designs and produces automobile hub caps, washroom dispensers and other janitorial supplies. **Proceeds**—To repay outstanding bank loans and to increase inventories. **Office** — 7701 East Compton Boulevard, Paramount, Calif. **Underwriter** — H. Hentz & Co. and Federman, Stonehill & Co., both of New York City (managing). **Offering** — Expected in late December to early January.

Simplex Wire & Cable Co.
Sept. 28, 1960 filed 118,000 shares of outstanding capital stock. **Price**—To be supplied by amendment. **Office**—Cambridge, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing). **Offering**—Indefinite.

Slick Airways, Inc.
Oct. 27, 1960 filed 600,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The company was engaged exclusively as a contract and charter carrier until July 1, 1960 when it diversified by acquiring Illinois Shade Cloth Corp. **Proceeds**—For general corporate purposes. **Office**—3000 No. Clybourn Ave., Burbank, Calif. **Underwriters** — Auchincloss, Parker & Redpath and Allen & Co., both of New York City (managing). **Offering**—Indefinitely postponed.

Solitron Devices, Inc.
Sept. 9, 1960 filed $400,000 of 6% subordinated convertible debentures, due 1967. **Price**—At par. **Business**—The company makes and sells solid state devices. **Proceeds**—For general corporate purposes. **Office**—67 South Lexington Ave., White Plains, N. Y. **Underwriter**—Casper Rogers & Co., New York City. **Offering**—Expected sometime in December.

● **South Central Natural Gas Corp. (12/20)**
Oct. 13, 1960 filed 250,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The company, which was organized in June 1960, is in the business of producing natural gas and oil. **Proceeds** — For working capital, with the balance for rental payments, loan repayments, drilling, and related expenditures. **Office**—1300 Oil & Gas Bldg., New Orleans, La. **Underwriter**—Willis E. Burnside & Co., Inc., New York City. **Note**—This statement was withdrawn Nov. 23.

★ **Southern Gas & Water Co.**
Nov. 28, 1960 (letter of notification) 12,000 shares of common stock (no par). **Proceeds**—To selling stockholders. **Office**—179 Summer St., Charleston, W. Va. **Underwriter**—Johnson, Lane, Space Corp., Savannah, Ga.

● **Southwest Gas Corp.**
Nov. 7, 1960 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The sale and distribution of natural gas for domestic, commercial, agricultural, and industrial uses in parts of California, Nevada, and Arizona. **Proceeds**—To reduce indebtedness, with the balance for working capital. **Office**—2011 Las Vegas Blvd. South, Las Vegas, Nev. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

Southwestern Capital Corp.
Sept. 30, 1960 filed 1,000,000 shares of common stock. **Price**—$3 per share. **Business**—A closed-end investment company. **Proceeds**—For investment purposes. **Office**—1326 Garnet Ave., San Diego, Calif. **Underwriter**—None.

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.

Speedee Mart, Inc.
Nov. 21, 1960 filed 90,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Enfranchising others to manage and operate retail food stores under the name of "Speedee Mart." **Proceeds**—For acquisitions, equipment and store inventories. **Office** — 7988 Normal Ave., La Mesa, Calif. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

Speedry Chemical Products Inc. (12/20)
Sept. 28, 1960 filed $2,000,000 of convertible subordinated debentures, due Dec. 1, 1975, and 60,000 shares of class A common stock (50c par). **Prices**—To be supplied by amendment. **Business**—The company makes special purpose inks and devices used in their application. **Proceeds**—For expansion, acquisitions, and the retirement of bank loans. **Office** — 91-31 121st St., Richmond Hill, Queens, L. I., N. Y. **Underwriter** — S. D. Fuller & Co., New York City (managing).

Stancil-Hoffman Corp. (12/15)
Sept. 30, 1960 filed 150,000 shares of capital stock. **Price**—$2 per share. **Business** — The research, development, manufacture, and sale of magnetic recording equipment. **Office** — 921 North Highland Ave., Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif.

● **Standard & Shell Homes Corp.**
Nov. 1, 1960 filed 210,000 shares of common stock and $350,000 of 9% subordinated sinking fund debentures, due Nov. 1, 1985, with warrants, to be offered in units consisting of six common shares, a $10 debenture, and two warrants. **Price**—To be supplied by amendment. **Proceeds**—For construction, mortgage funds, and working capital. **Office**—Miami Beach, Fla. **Underwriters**—Aetna Securities Corp. and D. Gleich Co., both of New York City, and Roman & Johnson, of Ft. Lauderdale, Fla.

Starfire Boat Corp.
Sept. 1, 1960 (letter of notification) 70,000 shares of common stock (par 10 cents). **Price**—$4.25 per share. **Proceeds**—For working capital. **Office**—809 Kennedy Bldg., Tulsa, Okla. **Underwriters**—Batten & Co., Washington, D. C. and F. R. Burns & Co., Oklahoma City, Okla.

★ **Statmaster Corp. (12/15)**
Nov. 25, 1960 (letter of notification) $125,000 of five-year 6½% convertible subordinated debentures and 125,000 shares of common stock (par 10 cents) to be offered in units, each unit to consist of $50 of debentures and 50 shares of common stock. **Price**—$100 per unit. **Proceeds**—To purchase inventory, retire a bank loan and for working capital. **Office**—3552 10th Court, Hialeah, Fla. **Underwriter**—Blaha & Co., Inc., Long Island City, N. Y.

● **Steel Crest Homes, Inc.**
Nov. 22, 1960 filed 180,000 shares of common stock; $45,000 of 8% subordinated sinking fund debentures ($10 face amount), due Sept. 1, 1981; and 45,000 warrants exercisable at $15 for the purchase of two shares and one debenture (for which 90,000 underlying common shares and 45,000 underlying 8% debentures were also filed). The securities will be offered in units, each unit to consist of four shares of stock, one $10 face amount debenture and one warrant. **Price**—$18 per unit. **Proceeds**—For the financing of homes sold by the company and its subsidiary, and for working capital. **Office**—Center Square, Pa. **Underwriters**—Marron, Sloss & Co., Inc., New York City and Harrison & Co., Philadelphia, Pa. **Offering**—Expected in late January.

Still-man Manufacturing Corp. (12/13)
Aug. 22, 1960 filed 150,000 outstanding shares of class A stock (par 75 cents). **Price**—To be supplied by amendment. **Business** — The company makes heating elements for small appliances and components for major appliances, and related items. **Proceeds**—To selling stockholders. **Office**—429-33 East 164 St., New York City. **Underwriter**—Francis I. duPont & Co., New York City.

● **Straus-Duparquet Inc.**
Sept. 28, 1960 filed $1,000,000 of 7% convertible subordinated debentures, due 1975. **Price**—At par. **Office**—New York City. **Underwriter**—None; the offering will be made through officials and employees of the company. **Offering**—Expected sometime in January.

★ **Super Market Distributors, Inc.**
Dec. 1, 1960 filed 200,000 outstanding shares of common stock. **Price**—$5 per share. **Business**—The wholesale distribution of non-food consumer items to supermarkets. **Proceeds**—To selling stockholders. **Office**—39 Old Colony Ave., Boston, Mass. **Underwriter**—Clayton Securities Corp., Boston, Mass.

● **Swingline, Inc. (12/15)**
Oct. 25, 1960 filed 250,000 shares of class A stock (par $1), of which 50,000 shares will be offered for the account of the issuing company and 200,000 shares, representing outstanding stock, to be offered for the account of the company president and his wife, the selling stockholders. **Price**—To be supplied by amendment. **Business**—The company makes and sells stapling machines and various other office supplies, and has a stock interest in Wilson Jones Co., of Massachusetts, which makes and sells record-keeping and other commercial stationery supplies. **Proceeds**—For new plant and general corporate purposes of a subsidiary, Ace Fastener Corp., of Illinois. **Office**—32-00 Skillman Avenue, Long Island City, L. I., N. Y. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing).

"Taro-Vit" Chemical Industries Ltd.
Nov. 25, 1960 filed 2,500,000 ordinary shares. **Price**—$0.60 a share payable in cash or State of Israel Bonds. **Business** — The company produces, in Israel, a poultry food supplement, and pharmaceutical and chemical products. **Proceeds** — $750,000 for expansion; $170,000 for equipment and working capital; and $130,000 for repayment of a loan. **Office** — P. O. Box 4859, Haifa, Israel. **Underwriter**—None.

Tech-Ohm Electronics, Inc.
June 29, 1960, (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 36-11 33rd Street, Long Island City, N. Y. **Underwriter**—Edward Lewis Co., Inc., New York, N. Y. **Note**—This issue was refiled on Sept. 6.

TelAutograph Corp.
Nov. 18, 1960 filed an unspecified number of shares of common stock (par value $1), to be offered to common stockholders for subscription. **Price**—To be supplied by amendment. **Proceeds**—For initial production expenses of a Telescriber compatible with an A. T. & T. analog subset; for initial production expenses of facsimile equipment to be made by its subsidiary Hogan Faximile Corp., and the balance for the reduction of indebtedness. **Office**—8700 Bellanca Avenue, Los Angeles, Calif. **Underwriters**—Baird & Co., and Richard J. Buck & Co., both of New York City, and Chace, Whiteside & Winslow, Inc., Boston, Mass. **Offering**—Expected some time in January.

● **Telecolor**
July 25, 1960 (letter of notification) 150,000 shares of common capital stock (par 25 cents) of which 100,000 shares are to be offered by officers. **Price**—$2 per share. **Proceeds**—To lease equipment and for working capital. **Office** — 7922 Melrose Ave., Hollywood, Calif. **Underwriter**—Raymond Moore & Co., Los Angeles, Calif. **Note**—This letter was withdrawn Nov. 14.

● **Telephone & Electronics Corp. (12/19-23)**
Aug. 18, 1960 (letter of notification) 52,980 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Business**—Electronic communications equipment and automatic, loud-speaking telephone. **Office**—7 East 42nd St., New York 17, N. Y. **Underwriter**—Equity Securities Co., New York, N. Y.

● **Tele-Tronics Co. (12/19-23)**
Aug. 10, 1960 (letter of notification) 100,000 shares of common stock (par 40 cents). **Price**—$3 per share. **Proceeds**—For plant expansion, additional machinery, acquisition of new facilities and working capital. **Office**—180 S. Main St., Ambler, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa.

★ **Texas Eastern Transmission Corp.**
Dec. 2, 1960 filed $30,000,000 of first mortgage pipe line bonds, due 1981, and 150,000 shares of preferred stock. **Price**—To be supplied by amendment. **Proceeds**—To retire revolving credit notes and for construction. **Office**—Memorial Professional Bldg., Houston, Texas. **Underwriter**—Dillon, Read & Co. Inc. (managing). **Offering**—Expected sometime in January.

Texas Research & Electronic Corp.
Oct. 3, 1960 filed 600,000 shares of common stock. **Price**—$1.15 per share. **Business**—Engaged in various phases of electronics. **Proceeds**—For acquisition of small businesses. **Office**—Meadows Bldg., Dallas, Tex. **Underwriter**—Naftalin & Co., Inc., Minneapolis, Minn.

● **Therm-Air Mfg. Co., Inc.**
Sept. 13, 1960 filed 125,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company makes and sells temperature and humidity control equipment for military and commercial use. **Proceeds**—To pay loans, for research and development, and for working capital. **Office**—1000 North Division St., Peekskill, N. Y. **Underwriter**—G. Everett Parks & Co., Inc., New York City.

● **Tip Top Products Co.**
Oct. 4, 1960 filed 60,000 shares of class A common stock. **Price**—To be supplied by amendment. **Address**—Omaha, Neb. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and First Trust Co. of Lincoln, Lincoln, Neb. **Offering**—Expected in December.

★ **Town Photolab, Inc.**
Nov. 30, 1960 filed 150,000 shares of common stock. **Price**—$4 per share. **Business** — The processing and sale of photographic film, supplies and equipment. **Proceeds**—For general business expenses. **Office** — 2240 Jerome Avenue, New York City. **Underwriter**—Michael G. Kletz & Co., New York City. **Offering**—Expected in late Jan.

Underwater Storage, Inc.
Nov. 8, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—

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For working capital. **Office**—1028 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Searight, Ahalt & O'Connor, Inc., New York, N. Y. **Offering**—Expected in early January.

Unifloat Marine Structures Corp.
Oct. 17, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To purchase raw materials, maintenance of inventory, machinery and equipment, and for working capital. **Office**—204 E. Washington St., Petaluma, Calif. **Underwriter**—To be supplied by amendment.

★ United Automotive Industries, Inc.
Nov. 28, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To retire outstanding indebtedness and for working capital. **Office**—2136 S. Garfield Ave., Los Angeles, Calif. **Underwriter** — Pacific Coast Securities Co., San Francisco, Calif.

★ United Enterprises, Inc.
Nov. 29, 1960 (letter of notification) $44,000 of 6% subordinated debentures, due serially July 1, 1963 to July 1, 1967, and 11,000 shares of common stock (no par) to be offered in units of one debenture and 250 shares of common stock; and 37,500 shares of common stock (no par) to be offered for subscription by stockholders in units of 250 shares for the endorsement of the company's notes in multiples of $1,000 each. **Price**—For debentures and common $1,400 per unit; for common: $1,000 per unit. **Proceeds**—For general corporate purposes. **Office**—704 Dermon Bldg., Memphis, Tenn. **Underwriter**—None.

● United Gas Corp. (12/20)
Nov. 29, 1960 filed a maximum of 161,573 shares of $10 par common stock. **Price**—To be supplied by amendment. **Proceeds** — To the selling stockholder, Electric Bond & Share Co. **Office**—Shreveport, La. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; First Boston Corp. **Bids**—To be received Dec. 20 up to 3:45 p.m. (EST) in room 2033, 2 Rector St., New York City. **Information Meeting**—Scheduled for 10:30 a.m., Dec. 16 in Room 240, 2 Rector St., New York City.

United Industries Co., Inc.
Sept. 27, 1960 filed $500,000 of 6% convertible serial subordinated debentures. **Price**—At par. **Business**—The issuer's major activity is the warehousing of grain under contract to the U. S. Commodity Credit Corp. **Proceeds**—For expansion, working capital, and loans to subsidiaries. **Office**—1235 Shadowdale, Houston, Texas. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Expected in mid-December.

United International Fund Ltd. (12/12)
Oct. 20, 1960 filed 1,000,000 shares of common stock (par one Bermuda pound). **Price**—$12.50 per share. **Business**—This is a new open-end mutual fund. **Proceeds**—For investment. **Office**—Bank of Bermuda Bldg., Hamilton, Bermuda. **Underwriters**—Kidder, Peabody & Co., Bache & Co., and Francis I. du Pont & Co., all of New York City (managing).

United Pacific Aluminum Corp.
Aug. 24, 1960 filed $7,750,000 of convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, the proceeds will be used to pay for the erection of a primary aluminum reduction facility. **Office** — Los Angeles, Calif. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. (managing).

★ U. S. Diversified Interests
Nov. 28, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For a loan to the company's subsidiary; to purchase assets of a business, and for expansion. **Office**—3033 N. Central Ave., Phoenix, Ariz. **Underwriter**—None.

United States Shell Homes, Inc. (12/12-16)
Oct. 28, 1960 filed $2,500,000 of 8% capital debentures, due Dec. 15, 1975, with warrants attached for the purchase of 50,000 shares of common stock, and 100,000 shares of such stock. These securities are to be offered in units consisting of $100 of debentures with attached warrants for the purchase of two common shares, and four such shares. **Price**—To be supplied by amendment. **Business**—The sale, construction, and financing of "shell" homes. **Proceeds**—For use by Dixie Acceptance Corp., a wholly-owned subsidiary of the issuer, who proposes to retire outstanding indebtedness, purchase secured instalment obligations, purchase 20,000 outstanding shares of its stock, and add to working capital. **Office** — 4415 Beach Boulevard, Jacksonville, Fla. **Underwriter**—Hayden, Stone & Co., New York City (managing).

Universal Electronics Laboratories Corp.
Oct. 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price** — $4 per share. **Business**—The manufacture, sale and installation of equipment used by schools and colleges in the instruction of modern foreign languages (language laboratories). **Proceeds** — For general corporate purposes. **Address** — 510 Hudson St., Hacksensack, N. J. **Underwriter**—Underhill Securities Corp., 19 Rector Street, New York, N. Y.

Urban Development Corp.
Aug. 30, 1960 filed 300,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including debt reduction. **Office**—Memphis, Tenn. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

Valdale Co., Inc. (12/15)
July 27, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To pay accounts payable, reduce a bank loan, advertising and for working capital. **Office**—Red Lion, Pa. **Underwriters**—B. N. Rubin & Co. and H. S. Simmons & Co. both of New York City.

Varifab, Inc.
Nov. 14, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Manufacturers of components, subassemblies, assemblies and special devices in the missile and computer fields. **Proceeds**—For general corporate purposes. **Address**—High Falls, N. Y. **Underwriter**—Droulia & Co., New York, N. Y.

● Vector Industries, Inc. (12/12-13)
Aug. 29, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay in full the remainder of such subscription to capital stock of International Data Systems, Inc. and to retire outstanding notes. **Office**—2321 Forest Lane, Garland, Tex. **Underwriter**—Plymouth Securities Corp., New York City.

Vim Laboratories, Co., Inc.
Oct. 26, 1960 (letter of notification) 90,000 shares of class A common stock (par $1). **Price**—$2.75 per share. **Proceeds**—To provide funds for further expansion of the company's operations. **Office**—5455 Randolph Rd., Rockville, Md. **Underwriter**—First Investment Planning Co., Washington, D. C.

★ Western Beryl Corp. of Nevada
Nov. 22, 1960 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining operations. **Office**—248 S. Sierra St., Suite 1, Reno, Nev. **Underwriter**—None.

Western Factors, Inc.
June 29, 1960, filed 700,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—To be used principally for the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities. **Office** — 1201 Continental Bank Bldg., Salt Lake City, Utah. **Business**—Factoring. **Underwriter**—Elmer K. Aagaard, Newhouse Bldg., Salt Lake City, Utah.

Westminster Fund, Inc. (12/15)
Oct. 14, 1960 filed 4,000,000 shares of capital stock. **Business**—This is a new mutual fund, and its intention is to offer holders of at least $25,000 worth of acceptable securities the opportunity of exchanging each $12.50 worth of such securities for one share in the Fund, which will receive a maximum commission of 4%. **Office**—Westminster at Parker, Elizabeth, N. J. **Investment Advisor**—Investors Management Co. **Dealer - Manager**—Kidder, Peabody & Co., New York City.

★ Westmore, Inc.
Dec. 1, 1960 (letter of notification) 150,000 shares of common stock (par 40 cents). **Price**—$2 per share. **Business**—Inventing, developing, producing and marketing of electronic test equipment. **Proceeds**—For production, research and development; for repayment of loans and for working capital. **Office**—Fanwood, N. J. **Underwriter**—Vincent, James & Co., Inc., 37 Wall St., New York, N. Y.

● Willer Color Television System, Inc. (12/19-23)
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.

● Williamsburg Greetings Corp.
Aug. 26, 1960 filed 180,000 shares of common stock (par 25 cents). **Price** — $6 per share. **Business**—The company and its subsidiaries are engaged chiefly in the design, production, and sale of greeting cards. **Proceeds**—About $400,000 will be applied to the reduction of factoring advances, with the balance to be added to working capital. **Office**—3280 Broadway, New York City. **Underwriters** — Standard Securities Corp., New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa., and Amos Treat & Co., Inc., New York City. **Note** — This Registration Statement was withdrawn on Dec. 2.

Winn-Dixie Stores, Inc. (12/12)
Nov. 22, 1960 filed 406,000 shares of outstanding common stock, of which 350,000 shares are for public offering, and 56,000 shares are to be offered to key employees. **Price**—To be supplied by amendment. **Business**—The company operates 510 retail food stores. **Proceeds**—To Diversified Locations, Inc., the selling stockholder. **Office**—5050 Edgewood Court, Jacksonville, Fla. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc. (managing).

● Wisconsin Southern Gas Co., Inc.
Oct. 26, 1960 filed 27,996 shares of common stock being offered to the holders of the outstanding common on the basis of one new share for each five shares held of record Nov. 22 with rights to expire Dec. 14. **Price** — $21 per share. **Proceeds**—To reduce bank indebtedness. **Office**—Lake Geneva, Wis. **Underwriters**—The Milwaukee Co., Milwaukee, Wis., and Harley, Haydon & Co., Inc., and Bell & Farrell, Inc., both of Madison, Wis.

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. **Note**—The SEC has challenged the accuracy and adequacy of this statement. A hearing was scheduled for Aug. 29 at the request of the company counsel and the results have not as yet been announced.

Zurn Industries, Inc.
Sept. 26, 1960 filed 200,000 shares of common stock ($1 par), of which 100,000 shares are to be offered for the account of the issuing company and 100,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture of mechanical power transmission equipment, fluid control devices, building plumbing drainage products and research and development of a synchro-gear assembly for atomic submarines. **Proceeds**—For new equipment, the repayment of loans, and working capital. **Office**—Erie, Pa. **Underwriter**—Lee Higginson Corp., New York City (managing). **Offering**—Postponed.

Prospective Offerings

★ Advance Industries Corp.
Dec. 5, 1960 it was reported that a "Reg. A" filing covering 100,000 shares of the company's 10 cent par common stock is expected in mid-December. **Price**—$3 per share. **Business**—Manufacturer of furniture. **Proceeds**—For equipment and general corporate purposes. **Office**—Chantilly, Va. **Underwriter**—Allen, McFarland & Co., Washington, D. C.

Alberta Gas Trunk Line Co., Ltd.
Sept. 1, 1960 A. G. Bailey, President, announced that new financing of approximately $65,000,000 mostly in the form of first mortgage bonds, is expected early in 1961. **Office**—502-2nd St., S. W., Calgary, Alberta, Canada.

American Investment Co.
Nov. 3, 1960, Donald L. Barnes, Jr., executive vice-president, announced that debt financing is expected in early 1961 in the form of about $6,000,000 of capital notes and $4,000,000 to $6,000,000 of subordinated notes. **Office**—St. Louis, Mo.

Approved Finance Inc.
Nov. 11, 1960 it was reported by Paul O. Sebastian, Vice-President-Treasurer, that the company is considering a rights offering to stockholders of additional common stock via a Regulation "A" filing, possibly to occur in mid-1961. **Office**—39 E. Chestnut St., Columbus, Ohio **Underwriter**—Vercoe & Co., Columbus, Ohio.

● Arkansas Power & Light Co.
Sept. 20, 1960 it was announced that this subsidiary of Middle South Utilities plans the issuance of approximately $15,000,000 of first mortgage bonds, sometime in Mar. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Blyth & Co. and Dean Witter & Co. (jointly); Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.

Atlantic Transistor Corp.
Sept. 12, 1960 the company reported that it is contemplating filing its first public offering, consisting of a letter of notification covering an undetermined number of shares of its $1 par common stock. **Business** — The company makes and sells a "water - tight, unbreakable" marine radio known as the "Marlin 200." **Proceeds**—For the development of the "Marlin 300," which is to be a similarly constructed radio with a ship-to-shore band. **Office**—63-65 Mt. Pleasant Ave., Newark, N. J. **Underwriter**—Mr. Roth, Comptroller, states that he is actively seeking an underwriter to handle the offering. **Note**—The issuing company is a wholly-owned subsidiary of Auto-Temp Inc.

Automation Development, Inc.
Sept. 20, 1960 it was reported that a "Reg. A" filing, comprising this firm's first public offering is expected. **Note** — This firm was formerly carried in this column under the heading "Automation for Industry Inc." **Proceeds**—For further development of the "Skyjector." **Office**—342 Madison Ave., New York City. **Underwriter**—Ross, Riemer, Collins & Co., Inc., 44 Beaver St., New York City.

Automation Labs Inc.
Sept. 14, 1960 it was reported that a "Reg A" filing is expected. **Business** — Electronics. **Office** — Westbury, L. I., N. Y. **Underwriter** — Sandkuhl and Company, Newark, N. J., and New York City.

Baltimore Gas & Electric Co.
Oct. 3, 1960 it was reported that the utility expects to sell about $20,000,000 of additional securities, possibly bonds or preferred stock, sometime during the first half of 1961. **Office**—Lexington Building, Baltimore, Md. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and First Boston Corp. (jointly); Harriman Ripley & Co., Inc. and Alex. Brown & Sons (jointly).

Bo-Craft Enterprises Inc.
Nov. 18, 1960 it was reported that a letter of notification consisting of 100,000 shares of 10 cent par common stock will be filed for this company. **Price**—$3 per share. **Business**—The company is engaged in the manufacture of parts for zippers. **Proceeds**—For expansion and general corporate purposes. **Office**—11-54 44th Drive, Long Island City, N. Y. **Underwriter**—Harwyn Securities, 1457 Broadway, New York City.

Brooklyn Union Gas Co.
Sept. 21, 1960 G. C. Griswold, Vice-President and Treasurer, announced that there will be no further financing in 1960 but that $25,000,000 to $30,000,000 of mortgage bonds or preferred stock are expected in late 1961 or early 1962. **Office**—176 Remsen St., Brooklyn 1, N. Y.

Business Capital Corp.
Nov. 18, 1960 George H. Dovenmuehle, Board Chairman of Dovenmuehle Inc., Chicago, Ill., reported that this firm is contemplating "a large public offering." **Business**—This is a small business investment company formed in 1960, and it plans to develop real estate. In addition to Mr. Dovenmuehle, directors will be drawn from Commonwealth Edison Co.; Chicago Title & Trust Co.; Continental Assurance (Chicago); Booz Allen & Hamilton and Armour Research Institute. **Office**—Chicago, Ill.

California Asbestos Corp.
Sept. 28, 1960 it was reported that discussion is under way concerning an offering of about $300,000 of common stock. It has not yet been determined whether this will be a full filing or a "Reg. A." **Business**—The company, which is not as yet in operation but which has pilot plants, will mine and mill asbestos. **Proceeds**—To set up actual operations. **Address**—The company is near Fresno, Calif. **Underwriter**—R. E. Bernhard & Co., Beverly Hills, Calif.

California Oregon Power Co.
Oct. 18, 1960 it was reported that the company expects to come to market in late 1961 to raise about $12,000,000 in the form of approximately $7,000,000 of bonds and $5,000,000 common stock. **Proceeds**—For the repayment of bank loans. **Office**—216 W. Main St., Medford, Oreg.

Carbonic Equipment Corp.
Oct. 5, 1960 it was reported that a full filing of about $300,000 of units, consisting of common stock, bonds and warrants will be made in late December. **Proceeds**—For expansion of the business. **Office**—97-02 Jamaica Ave., Woodhaven, N. Y. **Underwriter**—R. F. Dowd & Co., Inc.

● Casavan Industries
Sept. 21, 1960 it was reported by Mr. Casavena, President, that registration is expected of approximately $11,750,000 of common stock and $10,000,000 of debentures. **Business** — The company makes polystyrene and polyurethane for insulation and processes marble for construction. **Proceeds**—For expansion to meet $10,000,000 backlog. **Office**—250 Vreeland Ave., Paterson, N. J. **Underwriter**—To be named. **Registration**—Expected in late December.

★ Chesapeake & Potomac Telephone Co. (2/15)
Dec. 1, 1960 it was reported that this A. T. & T. subsidiary plans to sell $20,000,000 of bonds. **Office**—Washington, D. C. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. **Bids**—Expected to be received on Feb. 15. **Information Meeting**—Scheduled for Feb. 9 at 2:30 p.m. (EST) in Room 1900, 195 Broadway, New York City.

★ Chicago, Burlington & Quincy RR. (1/4)
Dec. 1, 1960 it was reported that bids will be received by the road on Jan. 4, for $8,550,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Probable bidders: Salomon Bros. & Hutzler and Halsey, Stuart & Co. Inc.

Citizens & Southern Small Business Investment Co.
Oct. 24, 1960 it was reported that the company expects to file $3,000,000 of its common stock. **Office**—c/o Citizens & Southern National Bank, Marietta at Broad, Atlanta, Ga.

Coca-Cola Co.
Sept. 22, 1960 it was announced that under the terms of the proposed acquisition of Minute Maid Corp. this company would issue about 906,400 shares of its common stock, each share of which will be exchanged for 2.2 Minute Maid shares. **Office**—Atlanta, Ga. **Note**—Minute Maid shareholders will vote on the proposed merger on Dec. 21.

Colorado Interstate Gas Co.
Oct. 17, 1960 it was reported by Mr. A. N. Porter of the company's treasury department that the company is awaiting a hearing before the full FPC with reference to approval of its application for expansion of its system, which will require about $70,000,000 of debt financing. Such approval is expected in December of this year, and the public financing is expected in the latter part of 1961. **Proceeds**—For expansion. **Office**—P. O. Box 1087, Colorado Springs, Colo.

Columbus & Southern Ohio Electric Co.
Sept. 22, 1960 it was reported the company will sell about $10,000,000 additional common stock sometime in 1961. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio. **Underwriter**—Dillon, Read & Co

Dakota Reinsurance Corp.
Nov. 28, 1960 it was reported by Walter H. Johnson, President, that the company plans its first public offering of an as yet undetermined amount of its $1 par common stock. **Business**—The company will enter the field of reinsurance on a multiple line basis. **Office** — P. O. Box 669, Yankton South Dakota. **Underwriter**—Mr. Johnson states that the company is actively seeking an underwriter.

Dallas Power & Light Co.
Sept. 14, 1960 it was stated by the company's president that there may possibly be some new financing during 1961, with no indication as to type and amount. **Office**—1506 Commerce Street, Dallas, Texas. **Underwriter**—To be determined by competitive bidding. Probable bidders: To be named.

Diversified Automated Sales Corp.
Nov. 16, 1960 it was reported by Frazier N. James, President, that a "substantial" issue of common stock, constituting the firm's first public offering, is under discussion. **Business** — The company makes a film and flashbulb vending machine called DASCO, which will sell as many as 18 products of various sizes and prices, and will also accept exposed film for processing. **Office** —223 8th Ave., South, Nashville, Tenn. **Underwriter**—Negotiations are in progress with several major underwriters.

Dodge Wire Manufacturing Corp.
Sept. 12, 1960 it was reported that registration is expected of $600,000 of common stock. **Proceeds** — For general corporate purposes. **Office** — Covington, Ga. **Underwriter**—Plymouth Securities Corp., 92 Liberty St., New York 6, N. Y.

Dynacolor Corp.
Aug. 22, 1960 it was reported that new financing will take place but there is no indication as yet as to type, timing and amount. **Office**—1999 Mt. Read Blvd., Rochester, N. Y. **Underwriter**—The company's initial financing was handled by Lee Higginson Corp., New York City.

Dynamic Center Engineering Co., Inc.
Oct. 3, 1960 it was reported that the company plans a full filing of its $1 par common stock. **Proceeds**—To promote the sale of new products, purchase new equipment, and for working capital. **Office** — Norcross, Ga. **Underwriter**—To be named.

Dynamic Instrument Corp.
Oct. 5, 1960 it was reported that a full filing of approximately $300,000 of bonds, common stock and warrants is expected. **Proceeds**—For expansion and the manufacture of a new product. **Office**—Westbury, L. I. **Underwriter**—R. F. Dowd & Co. Inc.

Exploit Films Inc.
Oct. 28, 1960 it was reported that the company will file a letter of notification consisting of 150,000 shares of common stock at $2 per share. **Proceeds**—For the production of TV and motion picture films, the reduction of indebtedness, and for working capital. **Office**—619 W. 54th St., New York City. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City. **Registration**—Expected in December.

First Real Estate Investment Fund
Nov. 10, 1960 it was reported that a stock offering of $10,000,000 will be made to New York State residents in early-to-mid-December, and in January, 1961 a filing will be made with the SEC which will permit inter-state offering. **Business**—This is a new mutual fund which will become open-end subsequent to the sale of this stock, and will invest primarily in commercial real estate and short-term government bills. **Office**—7 E. 42nd St., New York City. **Sponsor** — Fass Management Corp., New York City.

Florida Power & Light Co.
Oct. 24, 1960 it was reported that an undetermined amount of bonds may be offered in the Spring of 1961. **Office**—25 S. E. 2nd Ave., Miami, Fla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Blyth & Co., Inc.

Ford Motor Credit Co.
Oct. 17, 1960 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur in the first quarter of 1961. **Office**—Detroit, Mich.

General Resistance, Inc.
Sept. 19, 1960 it was reported that the company will file a letter of notification, comprising its first public offering, in late December or early January. **Office** — 430 Southern Blvd., Bronx, N. Y.

Georgia Bonded Fibers, Inc.
Sept. 14, 1960 it was reported that registration of 150,000 shares of common stock is expected. **Offices**—Newark, N. J., and Buena Vista, Va. **Underwriter**—Sandkuhl and Company, Newark, N. J., and New York City.

Goshen Farms Inc.
Oct. 5, 1960 it was reported that 100,000 shares of the company's common stock will be filed. **Proceeds**—For breeding trotting horses. **Office**—Goshen, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

Hemingway Brothers Interstate Trucking Co.
Sept. 16, 1960 the ICC granted the firm permission to issue $1,000,000 of 10-year registered 6% subordinated debentures. **Business**—The firm is a common carrier by motor vehicle operating in nine Eastern states. **Proceeds** —For debt reduction and additional equipment. **Office**—New Bedford, Mass. **Underwriter**—None.

Houston Lighting & Power Co.
Oct. 17, 1960 Mr. T. H. Wharton, President, stated that between $25-$35 million dollars is expected to be raised publicly sometime in 1961, probably in the form of preferred and debt securities, with the precise timing depending on market conditions. **Proceeds**—For construction and repayment of bank loans. **Office** — Electric Building, Houston, Texas. **Underwriter** — Previous financing was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler.

Indianapolis Power & Light Co.
According to a prospectus filed with the SEC on Aug. 25, the company plans the sale of about $14,000,000 of additional securities in 1963. **Office** — 25 Monument Circle, Indianapolis, Ind.

Industrial Gauge & Instrument Co.
Oct. 5, 1960 it was reported that 100,000 shares of common stock will be filed. **Proceeds** — Expansion of the business, and for the manufacture of a new product by a subsidiary. **Office**—1947 Broadway, Bronx, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

International Safflower Corp.
Oct. 28, 1960 it was reported that the company plans to file a letter of notification consisting of 60,000 shares of class A common stock (par $2). **Price** — $5 per share. **Proceeds**—To retire outstanding loans, purchase of planting seed, lease or purchase land, building and machinery and for working capital. **Office** — 350 Equitable Bldg., Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs Colo.

Iowa-Illinois Gas & Electric Co.
Oct. 24, 1960 it was reported by the company treasurer, Mr. Donald Shaw that the utility expects to come to market, perhaps in mid-1961, to sell long-term securities in the form of bonds and possibly preferred stock, with the amount and timing to depend on market conditions. The 1961 construction program is estimated at $17 million of which $10-$11 million will have to be raised externally. **Office**—206 E. 2nd St., Davenport, Iowa.

Japan Telephone & Telegraph Corp.
Oct. 27, 1960 it was announced that this government-owned business plans a $20,000,000 bond issue in the United States. **Proceeds**—For expansion. **Underwriters** —Dillon, Read & Co., First Boston Corp., and Kidder, Peabody & Co. **Offering**—Expected in the Spring of 1961.

Kawasaki Steel Co., Ltd.
Oct. 17, 1960 it was reported that the Japanese company is considering a $4,000,000 bond issue for U. S. offering. **Underwriter**—First Boston Corp., New York City.

Laclede Gas Co.
Nov. 15, 1960 Mr. L. A. Horton, Treasurer, reported that the utility will need to raise $33,000,000 externally for its 1961-65 construction program, but the current feeling is that it will not be necessary to turn to long-term securities until May 1962. **Office** — 1017 Olive St., St. Louis, Mo.

★ Lake Superior District Power Co. (2/8)
Dec. 2, 1960, G. A. Donald, Chairman and President stated that the company plans the issuance and sale of $30,000,000 30-year bonds. **Proceeds** — To repay bank loans and for expansion. **Office**—101 W. Second St., Ashland, Wisconsin. **Registration**—Expected about Jan. 9. **Offering**—Tentatively exepected on Feb. 8.

★ L'Aiglon Apparel, Inc.
Dec. 2, 1960, it was reported that company plans to file a registration statement with the SEC in January covering about 60,000 shares of common stock. **Office**—15th and Mt. Vernon Sts., Philadelphia, Pa. **Underwriters**—Alex. Brown & Sons, Baltimore, and Kidder, Peabody & Co., New York (jointly).

Long Island Lighting Co.
Nov. 11, 1960 it was reported by Fred C. Eggerstedt, Jr., Assistant Vice-President, that the utility contemplates the issuance of $25,000,000 to $30,000,000 of first mortgage bonds in the second or third quarter of 1961. **Office** —250 Old Country Road, Mineola, N. Y.

● Louisville & Nashville R.R. (12/13)
Nov. 30, 1960 it was reported that bids will be accepted by the road on Dec. 13, for $7,755,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Salomon Bros. & Hutzler. **Bids**—To be received at noon (EST).

Macrose Lumber & Trim Co., Inc.
Nov. 7, 1960, it was reported that a substantial common stock offering is contemplated in early 1961. **Office**—2060 Jericho Turnpike, New Hyde Park, L. I., N. Y.

Martin Paints & Wallpapers
Aug. 29, 1960 it was announced that registration is expected of the company's first public offering, which is expected to consist of about $650,000 of convertible debentures and about $100,000 of common stock. **Proceeds** —For expansion, including a new warehouse and additional stores. **Office**—153-22 Jamaica Ave., Jamaica, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York Citv N. Y.

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.

Mississippi Business & Industrial Development Corp.
Nov. 28, 1960 it was reported that the company will issue $1,000,000 of $10 par common stock, of which $500,000 will be subscribed for by utility companies and $500,000 will be sold to business and industry and the general public. **Business**—To assist via loans, investments, and other business transactions, in the location and expansion of businesses in Mississippi.

★ Montana-Dakota Utilities Co.
Dec. 1, 1960, F. R. Gamble, Treasurer, stated that company plans to sell $5,000,000 of preferred stock ($100 par), sometime in mid-January. Stockholders are to vote

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Dec. 13 on increasing the authorized preferred. **Proceeds**—$3,000,000 will be used to repay bank loans and $2,000,000 will be added to working capital. **Office**—831 Second Ave., South, Minneapolis, Minn. **Underwriter**—A previous preferred issue was underwritten on negotiated basis by Blyth & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Nedick's Stores, Inc.
Nov. 15, 1960 it was reported that a filing of approximately 17,000 shares of common stock is under discussion, but registration is not imminent. **Office**—513 W. 166th Street, New York City. **Underwriter**—Van Alstyne, Noel & Co., New York City.

New Orleans Public Service, Inc.
Nov. 10, 1960 it was reported that an issue of $15,000,000 of first mortgage bonds is expected in May, 1961. **Office**—317 Baronne St., New Orleans, La. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lee Higginson Corp., Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Salomon Brothers & Hutzler.

★ **New York Central RR. (1/18)**
Dec. 5, 1960 it was reported that the road plans the sale of $4,125,000 of equipment trust certificates. **Underwriters**—Salmon Bros. & Hutzler and Halsey, Stuart & Co. Inc. **Bids**—To be received on Jan. 18.

Northern Fibre Glass Co.
Sept. 28, 1960 it was reported that this company is planning to issue 100,000 shares of $1 par common stock under a letter of notification. **Office**—St. Paul, Minn. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

Northern Illinois Gas Co.
Nov. 9, 1960 C. J. Gauthier, Vice-President-finance reported that of the $95,000,000 in outside financing that will be required in the next four years to complete a $200,000,000 construction program, an unspecified amount might be raised through a common stock issue in 1961. **Office**—50 Fox St., Aurora, Ill. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., New York, N. Y. (managing).

● **One Maiden Lane Fund, Inc.**
Aug. 29, 1960 it was reported that registration is expected sometime in December of 300,000 shares of com. stock. **Business**—This is a new mutual fund. **Proceeds**—For investment, mainly in listed convertible debentures and U. S. Treasury Bonds. **Office**—1 Maiden Lane, New York 38, N. Y. **Underwriter**—G. F. Nicholls Inc., 1 Maiden Lane, New York 38, N. Y.

Orange & Rockland Utilities, Inc.
Oct. 18, 1960 it was reported that the sale of the $10 million of 30-year first mortgage bonds is tentatively expected in April, 1961. **Office** — 10 North Broadway, Nyack, N. Y. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly).

Otter Tail Power Co. (1/24)
Oct. 21, 1960, Albert V. Hartl, executive Vice-President of this utility told this newspaper that an issue of between $6,000,000 to $8,000,000 of 30-year first mortgage bonds is expected. **Office**—Fergus Falls, Minn. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; Glore, Forgan & Co.; White, Weld & Co.

Pacific Gas Transmission Co.
Nov. 2, 1960 it was reported by Mr. K. C. Cristensen, company Vice-President and Treasurer, that this subsidiary of Pacific Gas & Electric Co. plans a rights offering to stockholders later this year of $13,300,000 of convertible debentures and also plans the sale of $90,000,000 of first mortgage bonds, the timing of which is as yet undecided. **Office**—245 Market Street, San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., New York City (managing).

Pacific Lighting Corp.
Nov. 10, 1960 it was reported by Robert W. Miller, chairman, that the company will probably go to the market for $30,000,000 to $50,000,000 of new financing in 1961, but that if equity financing is used the amounts won't be high enough to dilute earnings of the common to below the $3.20 per share level. **Office**—600 California St., San Francisco 8, Calif.

Panhandle Eastern Pipe Line Co.
Sept. 28, 1960 it was reported that $65,000,000 of debentures are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing.)

Power Chem Industries
Oct. 18, 1960 it was reported that the company plans a "Reg. A" filing of 75,000 shares of common stock, constituting its first public offering. **Business**—The company is in the process of organizing and will manufacture additives for fuel oils. **Proceeds**—For expansion and general corporate purposes. **Office** — 645 Forrest Ave., Staten Island, N. Y. **Underwriter** — Ronwin Securities Inc., 645 Forrest Ave., Staten Island, N. Y. **Registration**—Expected in January.

★ **Public Service Co. of Colorado**
Dec. 2, 1960, W. D. Virtue, treasurer, stated that company plans the sale of about $20,000,000 of common stock to be offered stockholders through subscription rights in mid-1961. **Proceeds**—For expansion. **Office**—900 15th St., Denver, Colo. **Underwriter**—To be determined by competitive bidding. Last equity financing handled on a negotiated basis by First Boston Corp.

Public Service Electric & Gas Co. (12/13)
Oct. 24, 1960 filed 250,000 shares of cumulative preferred stock with the New Jersey Public Utility Commission. SEC filing is expected shortly. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—Newark, N. J. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing). **Information Meeting**—Scheduled for Dec. 8 at 11:00 a.m.

Puget Sound Power & Light Co.
Nov. 10, 1960 it was reported that the number of authorized common shares had been increased from 3,266,819 to 5,000,000, and that some of the added shares might be issued in 1961. **Office**—860 Stuart Bldg., Seattle 1, Wash. **Underwriter** — Previous financing has been handled by Blyth & Co.

Ram Electronics, Inc.
Nov. 4, 1960 it was reported that a December letter of notification is expected comprising this firm's first public offering. **Office**—Paramus, N. J. **Underwriter**—Plymouth Securities Corp., New York City.

Richards Aircraft Supply Co., Inc.
Oct. 10, 1960 it was reported that a "Reg. A" filing of the company's common stock is expected. **Proceeds**—For expansion and working capital. **Office**—Ft. Lauderdale, Fla. **Underwriter**—Blaha & Co., Inc., Long Island City, N. Y.

Rochester Gas & Electric Corp. (3/15)
Aug. 1, 1960 it was reported that $15,000,000 of debt financing is expected. **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. **Bids**—Tentatively expected on March 15.

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

★ **Security National Bank of Long Island (1/17)**
Dec. 1, 1960 it was reported that the bank plans to issue 97,371 shares of common stock to be offered to stockholders on the basis of one new share for each 10 shares held of record Jan. 17, subject to approval of its stockholders and Comptroller. **Price**—To be set at the annual meeting on Jan. 17. **Proceeds**—To increase capital. **Office**—Huntington, N. Y. **Underwriter**—Bache & Co. (managing).

South Carolina Electric & Gas Co.
Nov. 14, 1960 C. M. Over, Treasurer, reported that this utility is tentatively planning to issue $8,000,000 of first and refunding mortgage bonds and $5,000,000 principal amount of a new series of preferred stock in March 1961. **Underwriter**—To be determined by competitive bidding. **Address**—P. O. Box 390, Columbia, S. C.

Southern Natural Gas Co.
Oct. 28, 1960 it was reported by Mr. Loren Fitch, company comptroller, that the utility is contemplating the sale of $35,000,000 of 20-year first mortgage bonds sometime in 1961, with the precise timing depending on market conditions. **Proceeds** — To retire bank loans. **Office**—Watts Building, Birmingham, Ala. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co. and Kidder, Peabody & Co. (jointly).

Southern Railway Co.
Nov. 21, 1960 stockholders approved the issuance of $33,000,000 of new bonds. The issuance of an unspecified amount of additional bonds for other purchases was also approved. **Proceeds** — For general corporate purposes, including the possible acquisition of Central of Georgia Ry. **Office**—Washington, D. C. **Underwriter**—Halsey, Stuart & Co. Inc., will head a group that will bid on the bonds.

Southwestern Public Service Co.
Aug. 9, 1960, it was reported that in February, 1961, the company expects to offer about $15,000,000 in bonds and about $3,000,000 in preferred stock, and that about one year thereafter a one-for-twenty common stock rights offering is planned, with the new shares priced about 6½% below the then existing market price of the common. **Office**—720 Mercantile Dallas Building, Dallas 1, Texas. **Underwriter**—Dillon, Read & Co., Inc.

Storer Broadcasting Co.
Sept. 28, 1960 it was reported that a secondary offering is being planned. **Office**—Miami Beach, Fla. **Underwriter**—Reynolds & Co., New York City.

Telescript C.S.P., Inc.
Nov. 14, 1960 it was reported that a letter of notification, representing this firm's first public offering, will be filed shortly covering 60,000 shares of common stock. **Business**—The firm makes a prompting machine for television and an electronic tape editor. **Proceeds**—To expand plant and sales force, enter closed circuit television, repay a $20,000 loan, and for working capital. **Office**—155 West 72nd Street, New York City. **Underwriter**—Robert A. Martin Associates, Inc., 680 Fifth Avenue, New York City.

★ **Texas Gas Transmission Corp.**
Dec. 2, 1960, W. M. Elmer, President, stated that the company is planning a $25,000,000 debt and equity financing program for 1961. It is expected that a registration statement covering the proposed financing will be filed in fourth quarter of the year. **Proceeds**—For pipeline expansion. **Office**—Owensboro, Ky. **Underwriter**—Last sale of preferred stock on October 1959 was handled by Dillon, Read & Co., New York.

● **Trans World Airlines, Inc.**
Oct. 10, 1960 it was announced that financing needs have been scaled down to $318,000,000 from the original figures of $340,000,000 with $168,000,000 to be loaned to TWA by banks, insurance companies and other lenders, $50,000,000 to be drawn from internal sources, and $100,000,000 from the proposed sale of subordinated income debentures with stock purchase warrants to TWA stockholders. **Proceeds**—To give TWA direct ownership of a jet transport fleet. **Office**—10 Richards Road, Kansas City 5, Mo. **Underwriters** — Lazard Freres & Co., Lehman Brothers and Dillon, Read & Co., Inc. (managing). **Note**—Dec. 6 it was reported that Howard Hughes is said to have agreed to put his controlling stock in a voting trust in order to get $31 million in financing to pay for a fleet of jet airliners. The proposed deal is expected to be approved Dec. 7 by the lenders.

Trunkline Gas Co.
Sept. 28, 1960 it was reported that approximately $15,000,000 of bonds and $5,000,000 of preferred stock are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing).

★ **Union Electric Co.**
Dec. 2, 1960 it was reported that the utility has tentatively scheduled a preferred stock offering or a combination debt and preferred offering of about $30,000,000 for late 1961 or early 1962. **Proceeds**—For expansion of facilities. **Office** — 315 N. 12th Blvd., St. Louis, Mo. **Underwriter**—To be determined by competitive bidding. The last sale of preferred in November 1949 was underwritten by First Boston Corp.; Dillon, Read & Co., Lehman Brothers; White, Weld & Co. and Shields & Co. (jointly); and Blyth & Co. The last sale of bonds in September 1960 was bid for by Lehman Brothers, Blyth & Co. and Bear, Stearns & Co. (jointly); First Boston Corp. and Halsey, Stuart & Co. Inc.

Van Dusen Aircraft Supplies, Inc.
Nov. 1, 1960 it was reported that registration is expected in early December of a letter of notification covering 100,000 shares of this firm's $1 par common stock. **Proceeds** — For expansion. **Office** — Minneapolis, Minn. **Underwriter**—Stroud & Co., Philadelphia, Pa.

Virginia Electric & Power Co. (6/13)
Sept. 8, 1960 it was reported that the company will need $30,000,000 to $35,000,000 from outside sources in 1961. The financing will probably take the form of bonds and timing will repend upon market conditions. **Office**—Richmond 9, Va. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Stone & Webster Securities Corp.; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler; Goldman, Sachs & Co. **Bids** — Expected on or about June 13.

Waldorf Auto Leasing Inc.
Nov. 23, 1960 Mr. Tortorella, company secretary stated that a "Reg A" filing is expected. **Office**—2015 Coney Island Avenue, Brooklyn, N. Y. **Underwriter** — To be named.

★ **Western Union Telegraph Co.**
Dec. 6, 1960 it was reported that this company filed a plan with the FCC to transfer its Atlantic cable system to a newly organized company, Western Union International, Inc. The plan provides for the issuance by Western Union International of $4,500,000 of senior 15-year debentures to be taken up or placed by American Securities Corp., New York. In addition, about $4,000,000 of subordinated debentures and 400,000 shares of class A stock would be offered to stockholders of Western Union Telegraph Co. American Securities Corp., would purchase from Western Union International about 133,000 additional shares of class A stock giving American Securities ownership of approximately 25% of the outstanding class A stock of WUI. In addition, Western Union Telegraph would purchase 250,000 shares of class B stock for $100,000. **Office**—60 Hudson St., New York. **Underwriter**—American Securities Corp. (managing).

Whippany Paper Board Co.
July 19, 1960, it was reported that this New Jersey company plans to register an issue of common stock. **Underwriter**—Van Alstyne, Noel & Co., New York City. **Registration**—Expected in December.

Winona Wood Products Co.
Aug. 24, 1960, it was reported that a full filing of class A common stock is contemplated. **Business**—The company makes wood cabinets for household and industrial use. **Office**—Winona, N. J. **Underwriter**—Metropolitan Securities Inc., Philadelphia, Pa.

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.

Money Gifts the Answer?

"We must bring fresh hope to the less privileged people who make up such a large proportion of the population in many of the countries of Latin America. We must open before them the path to a better life of material well-being, equality and dignity.

Douglas Dillon

"We must help them to replace a hovel with a home. We must help them to acquire ownership of the land and the means for its productive use.

"We must help them to enjoy and use the fruits of modern knowledge for themselves, their families and their country. It is not enough only to construct modern factories, power plants and office buildings.

"These things are essential to the development process. But it often takes many years for their benefits to reach down to the ordinary citizen. We must therefore broaden our efforts to help all of the people.

"The task is nothing less than to lift whole segments of the population into the twentieth century. We must do this in order to bring increased opportunity to the man in the street and the man on the farm."—Douglas Dillon, Under Secretary of State to the Bogota Americas Conference.

To the extent that these people are really "less privileged" rather than merely indolent or shiftless, the remedy would appear to lie not so much in monetary gifts as in changes in domestic laws.

In any event more than foreign generosity will be required to right the situation. Let no one fail to recognize that fact.

Federal Street Fund Inc. Offered

Federal Street Fund, Inc., a newly formed diversified investment company designed to appeal to substantial investors, is making an offering of its common stock in exchange for blocks of securities of established companies. Public offering price is the net asset value, $1,000 per share, and the exchange will not be consummated unless securities having a market value of at least $20,000,000 are deposited with Morgan Guaranty Trust Co. of New York as repository for the Fund prior to Feb. 1, 1961. The minimum single exchange is set at $50,000. The Fund has an authorized capital of 150,000 shares of common stock.

Goldman, Sachs & Co., will act as Dealer Manager for a group of securities dealers who will solicit deposits of securities to be exchanged for shares of the Fund.

The main purpose of the Fund is to provide investors holding large blocks of acceptable securities with a method of diversifying their holdings without realizing gain or loss for Federal Income Tax purpose at the time of the exchange. The investment objective of the Fund is to seek possible long-term growth of capital and of future income.

The initial period for depositing securities will expire Feb. 1, 1961 unless extended. Following termination of the deposit period, the Fund will issue to each depositor a report listing all securities on deposit as well as their tax costs and market values. At any time during the deposit period and for a period of three weeks following the issuance of this report, depositors may withdraw their deposits without cost. The Fund will then have up to ten days in which to reject deposited securities, in order to achieve the desired balance and diversification of its portfolio.

Form Hamilton Secs.

MIAMI BEACH, Fla.—Hamilton Securities Inc. has been formed with offices at 1604-A Washington Avenue to engage in a securities business. Officers are Herbert I. Telles, President; Diane Marshall, Vice-President; and D. D. Singer, Secretary-Treasurer. Mr. Telles was formerly with Robert L. Ferman & Co.

Electronics Stock Offered

Techni Electronics, Inc. offered via a Nov. 30 prospectus, 112,500 shares of common stock at $2 per share through United Planning Corp. of Newark, N. J. The company of 71 Crawford St., Newark, N. J., was organized under the laws of the State of New Jersey in October, 1958 as Imperial Electronics, Inc. Its name was changed in July 1960 in order to avoid conflict of its name with an unaffiliated corporation organized under the laws of the State of New York.

It is engaged in the manufacture, sale and distribution of electronics and electrical products in the exercise and health, medical and housewares field.

The company has developed and is clinically testing a product designed to stimulate heart action in cases of actual or imminent heart stoppage. The device has been successfully tested under laboratory conditions. Due to the circuitry designed and developed by the company, the size of its electronic heart stimulator has been reduced to that of a cigarette case, and is completely portable. Unlike the cabinet-size machine now utilized, it can be carried in a Physician's bag.

The net proceeds of the offering are estimated at $176,750 after the expenses of the offering. It is expected that they will be utilized as follows: approximately $20,000 to retire bank loans; $25,000 for the acquisition of plants and equipment; $15,000 for research and development; $14,500 to repay loans to stockholders; $10,000 for advertising and promotion; and the balance of approximately $92,250 for working capital and general corporate purposes.

The capitalization upon the completion of the offering will consist of 500,000 shares of common stock authorized, of which 252,500 shares will be outstanding.

Gen'l Automation Common Offered

Bertner Bros. & Earl Edden Co., offered via a Dec. 5 prospectus 100,000 shares of General Automation Corp. common stock at $2 per share.

The business of the company consists of the development, production and marketing of controls for use in automating industrial machinery.

The net proceeds estimated at $165,000 will be allocated as follows: $50,000 for the sales program; $25,000 for a demonstration laboratory; $20,000 for new facilities and the balance estimated at $70,000 will be added to the general funds for working capital.

The capitalization of the company upon completion of this offering will consist of 500,000 shares of authorized stock, of wihch 320,980 shares will be outstanding.

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., November 29, 1960.

The Board of Directors has this day declared a dividend of Twenty-five Cents (25c) per share, being Dividend No. 124, on the Preferred Capital Stock of this Company, payable February 1, 1961, out of undivided net profits for the year ended June 30, 1960, to holders of said Preferred Capital Stock registered on the books of the Company at the close of business December 30, 1960.

The Board also declared on this day a dividend of Thirty Cents (30c) per share, being Dividend No. 200, on the Common Capital Stock of this Company, payable March 1, 1961, to holders of said Common Capital Stock registered on the books of the Company at the close of business January 27, 1961.

In addition, the Board declared an extra dividend, No. 199, for the year 1960, of Twenty-five Cents (25c) per share, on the Common Capital Stock of the Company, payable January 12, 1961, to stockholders of record at the close of business December 8, 1960.

R. M. SWEARINGEN,
Assistant Treasurer.

120 Broadway, New York 5, N. Y.

DIVIDEND NOTICES

CERRO DE PASCO CORPORATION

The Board of Directors of Cerro de Pasco Corporation, at a meeting held on December 6, 1960, declared the following dividends on the Common Stock of the Corporation:

Cash Dividend No. 162

Twenty-seven and one-half cents (27½¢) per share, payable December 29, 1960 to stockholders of record on December 16, 1960.

6% Stock Dividend

A stock dividend at the rate of 6 shares for each 100 shares, payable on February 10, 1961 to stockholders of record on January 16, 1961.

MICHAEL D. DAVID
Secretary

300 Park Avenue
New York 22, N. Y.

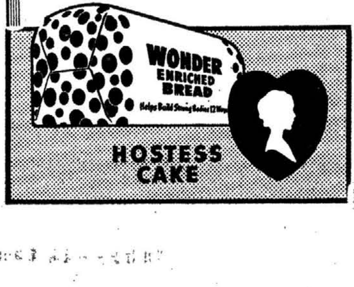
CONTINENTAL BAKING COMPANY

Preferred Dividend No. 88

The Board of Directors has declared this day a quarterly dividend of $1.37½ per share on the outstanding $5.50 dividend Preferred Stock, payable January 1, 1961, to stockholders of record at the close of business December 9, 1960.

Common Dividend No. 63

The Board of Directors has declared this day a regular quarterly dividend, for the fourth quarter of the year 1960, of 55¢ per share on the outstanding Common Stock, payable December 22, 1960, to holders of record of such stock at the close of business December 9, 1960.



The stock transfer books will not be closed.

WILLIAM FISHER
TREASURER

November 30, 1960

INTERNATIONAL SHOE COMPANY

St. Louis

199TH CONSECUTIVE DIVIDEND

Common Stock

A quarterly dividend of 45¢ per share payable on January 1, 1961 to stockholders of record at the close of business December 12, 1960, was declared by the Board of Directors.

ROBERT O. MONNIG
Vice-President and Treasurer

December 2, 1960

NATIONAL UNION Fire Insurance Company of Pittsburgh, Pa.

156th DIVIDEND DECLARATION

The Board of Directors of this company on December 6, 1960, declared a cash dividend of Fifty-Five Cents (55¢) a share on the capital stock.

The dividend is payable December 28, 1960, to shareholders of record on December 13, 1960.

A K Hatfield
Treasurer

DIVIDEND NOTICES

AMERICAN CAN COMPANY

CANCO

PREFERRED STOCK

On November 29, 1960 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable January 3, 1961 to Stockholders of record at the close of business December 9, 1960. Transfer books will remain open. Checks will be mailed.

JOHN R. HENRY, *Secretary*

LONG ISLAND LIGHTING COMPANY

QUARTERLY DIVIDEND

PREFERRED STOCK

The Board of Directors has declared the following quarterly dividends payable January 1, 1961 to holders of Preferred Stock of record at the close of business on December 12, 1960.

Series	*Per Share*
Series B, 5%	$1.25
Series D, 4.25%	$1.0625
Series E, 4.35%	$1.0875
Series F, 4.35%	$1.0875
Series H, 5⅛%	$1.28125

VINCENT T. MILES
Treasurer

November 30, 1960

Tri-Continental Corporation

A Diversified Closed-End Investment Company.

Final Quarter Dividends

Record Date December 13, 1960

57 cents a share on the COMMON STOCK

Payable December 24, 1960

67½ cents a share on the $2.70 PREFERRED STOCK

Payable January 1, 1961

65 Broadway, New York 6, N. Y.

TC
TENNESSEE CORPORATION

TENNESSEE CORPORATION

November 17, 1960

CASH DIVIDEND

A quarterly dividend of thirty-five (35c) cents per share was declared payable December 16, 1960, to stockholders of record at the close of business December 1, 1960.

STOCK DIVIDEND

In addition, a 2% stock dividend was declared payable December 28, 1960, to stockholders of record at the close of business December 1, 1960.

The above cash dividend will not be paid on the shares issued pursuant to the stock dividend.

JOHN G. GREENBURGH,
Treasurer

61 Broadway
New York 6, N. Y.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The White House is ready to send to Congress next month the all important decennial census of 1960.

The census has tremendous significance, not only to the communities and the states, but to the nation, and to business and industry. Many plans for plant expansion and home building and shopping centers are already being blue-printed for the future as a result of the census.

Not only does the census bear a wealth of data for industry and business, but it has important political significance. There will be a difference in the electoral vote of numerous states in the Presidential election of 1964.

There is no doubt about it—the people of the United States are sun conscious. Among other things sunny days are more cheerful days. The sunshine states are the fast growing states.

Lure of the Sun

Perhaps more people want to live in California than any other state. Nevertheless, Florida seems to be close behind. Florida which was the 20th largest state 10 years ago, is today the 10th largest. There are predictions in Washington that by 1970, Florida will have a population as big as Texas, the sixth largest state.

In leaping to 10th place in only a decade, Florida climbed over Kentucky, Louisiana, Alabama, Minnesota, Tennessee, Georgia, Wisconsin, Virginia, Missouri, North Carolina and Indiana.

California, the second largest state in 1950, remained the second largest state in 1960, but its population increased by more than 5,100,000 to a total of 15,717,204. There appears to be little doubt that in 1970 it will be the largest state, thus supplanting New York which has long held the title of Empire State.

All parts of the country have grown, of course. The Federal Reserve Bank of Dallas, in a commentary of the marked population growth in the Southwest in its November Business Review, noted that the urban population of the five Southwestern States increased 43% during the 1950's to reach 12.3 million, which is 72% of the Southwest's total population.

Houston, Dallas and Phoenix each gained more than 300,000 during the decade. Concentrations of new industry such as chemicals, aircraft and metal working, were contributing factors in this great growth. Houston is now the sixth largest city in the nation.

"Perhaps more than anything else," said the Dallas Reserve Bank's Business Review, "this review of population change, factor and location re-emphasizes the importance of diversifying, broadening and strengthening the basic economic structure of the Southwest. Where job opportunities exist, the young and more productive segment of the population will remain, and others will be attracted."

Some Cities on Decline

The older cities in the North and the Mid-West showed a decline in population. Actually eight of the ten largest cities in the United States have a population loss within their boundaries. The exceptions were Los Angeles, the third largest, and Houston. Losing population were New York, Chicago, Philadelphia, Detroit, Baltimore, Cleveland, Washington and St. Louis.

Federal Reserve Bank of Richmond, in its November Review, pointed out that the District of Columbia and West Virginia decreased in population during the past decade, while Maryland, Virginia, North Carolina and South Carolina showed substantial gains.

"The whole area meets difficult (population) problems in extending and coordinating the local governmental services required by the rapidly growing suburban areas," said the Federal Reserve Bank. Several cities, including Charlotte and Raleigh, have solved the problem in part by substantial expansions of city limits. Two other cities—Durham and Richmond — have under intensive study proposals to merge with the counties which surround them, but such mergers are beset by man and complex problems."

Then the bank points out the other extreme, which is less dramatized: the small and declining counties. In Virginia, the nation's 14th largest, 25 of its 98 counties have a population of less than 10,000, and 15 of those lost population during the decade. The same situation applies in most states where there are small rural counties.

Over-all Record Increase

Although both California and Florida outgained New York, the Empire State chalked up an over-all decade gain of 1,952,112, followed by Texas (1,868,483), Ohio (1,759,770), Michigan (1,451,428), Illinois (1,368,982), New Jersey (1,231,453), Pennsylvania (821,354), Maryland (757,688), Indiana (728,274), Virginia (648,269), Louisiana (573,506), Arizona (552,954), and Connecticut (527,954) to name the first 15 states in the rate of their population increase.

The final total showed a record increase of 28,000,000 in the United States. This exceeded the previous all-time record of 8,000,000 in the previous decade.

The total for the 50 states and the District of Columbia was 179,323,798 as of April 1. However, the Census Bureau says the total population in November exceeded 180,000,000.

The West led the regions in both amount and rate of growth. The population of the West increased by 7,900,000. It was the only region in which the rate of growth was greater than the 18.5% increase for the nation as a whole.

The South, the nation's most populous region, ranked second in the amount of growth with 7,800,000. Dixie's rate of growth was 16.5%, which was slightly higher than that of the North Central region. The Northeast with 13.2% had the smallest rate of gain.

Political Impact

The new census means a reapportionment of House seats in 25 states. Nine states will gain seats, including eight for California and four for Florida, and 16 states will lose seats. Pennsylvania will lose three, and New York, Massachusetts and Arkansas will each lose two seats.

Besides California and Florida, states that will gain seats are New Jersey, Ohio, Michigan, Maryland, Texas, Arizona and Hawaii. The four seats that Florida and the one that Texas will pick up will offset the loss of two seats in Arkansas, and one each in Alabama, Mississippi and North Carolina in the South, which has not been solid in Presidential elections since 1944, and which may never be solid again as a political unity.

[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.]

"Could I change my desk location? We look like a 'Before and After' ad!"

Shearson, Hammill Admits Partners

On January 1, Shearson, Hammill & Co., 80 Pine St., New York City, members of the New York Stock Exchange will admit to partnership Wendell B. Barnes, Harper C. Olmstead, manager of the La Jolla office; Blair A. Phillips, Jr., and Charles Werner of the Chicago office; Richard J. Teweles, the firm's Los Angeles manager.

With Eastman Dillon

PHILADELPHIA, Pa. — Eastman Dillon, Union Securities & Co., Philadelphia National Bank Building, announces that Mrs. John W. Whittaker is now associated with their Philadelphia office as a registered representative.

COMING EVENTS

IN INVESTMENT FIELD

Dec. 8, 1960 (Kansas City, Mo.)
Kansas City Security Traders Association annual winter dinner at the Phillips Hotel.

Dec. 8, 1960 (Philadelphia, Pa.)
Investment Association of Philadelphia annual meeting and election at Mask & Wig Club.

April 12-13-14, 1961 (Houston, Tex.) Texas Group Investment Bankers Association annual meeting at the Shamrock Hilton Hotel

June 22-25, 1961 (Canada)
Investment Dealers Association of Canada annual meeting at Jasper Park Lodge.

Oct. 16-20, 1961 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the Palm Springs Riviera Hotel.

Nov. 26-Dec. 1, 1961 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.

With Yarnall, Biddle & Co.

PHILADELPHIA, Pa. — Yarnall, Biddle & Co., 1528 Walnut Street, members of the New York Stock Exchange and other leading exchanges, announce that Rawson G. Lizars, Jr. and Charles H. Seiler are now associated with them as registered representatives.

The Security I Like Best

Continued from page 2

this perspective in mind, Airwork's aggressive management proceeded to establish a jet accessory service shop in Miami. This facility is currently overhauling fuel system components for the Lockheed Electra and it can handle any of the complex fuel and electrical systems on the Viscount, Fairchild F-27, Grumman Gulfstream, Lockheed Jet-Star, Boeing 707, and Douglas DC-8. Electrical connectors are also manufactured at the Miami plant helping to step-up the already fast pace of Airwork OEM sales. While accessory overhaul volume totaled only 10% of sales in fiscal 1960, Airwork's management is confident that this phase of its business will expand significantly in the current fiscal year to end July 31, 1961.

In the five-year period through fiscal 1960, Airwork's sales have been in a sharp upward trend, rising from $6.6 million in 1955-56, to a record $12.4 million, a gain of some 88%. During the same span, the earnings improvement was even more spectacular, increasing 143% from $0.23 a share to $0.56 a share in the fiscal year ended July 3, 1960. Capitalization consists of $1,220,727 of long term debt and 763,898 common shares. The latest available balance sheet dated July 31, 1960 showed $6,112,426 of current assets, against $2,208,812 of current liabilities, a ratio of 2.8 to 1.

Looking at the current fiscal year to end July 31, 1961, it has the makings of becoming a banner year for the company. Having expanded its scope of activities into the jet engine overhaul and accessory field, and with sales of business planes continuing to soar, Airwork's volume should reach a record $15 million, with profits snowballing to the vicinity of $.75 a share. At prevailing levels (8), the common shares of Airwork constitute a highly attractive speculative value with the promise that the past steady growth coupled with the enlarged scope of activities provide an excellent basis for material enhancement of earning power in future years. The stock is traded in the Over-the-Counter Market.

Yarnall Biddle Co. To Admit Partners

PHILADELPHIA, Pa.—On Jan. 1, Yarnall, Biddle & Co., 1528 Walnut Street, members of the New York and Philadelphia-Baltimore Stock Exchanges, will admit Warren H. Bodman and Charlton Yarnall II to partnership.