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Editorial AS WE SEE IT

The selection of Mr. Dillon as Secretary of the Treasury in the Kennedy Administration is developing into something of a political **cause celebre**. A good deal is being made of the fact that an official of the Eisenhower Administration and a registered Republican is thus being placed in the new Cabinet. Some observers had been wondering what the President thought of this appointment, in view of what he and candidate Nixon had been saying about the fiscal recklessness of the Democratic party. It is now revealed that both the President and the Vice-President had strongly urged Mr. Dillon not to take the post in the successor regime without definite (and according to report, written) assurance from the President-elect that he would be given a "free hand" to make sure that certain promises in the Democratic party platform are not kept. The President-elect rejoins with a statement that Mr. Dillon had agreed to accept the "Kennedy financial policies," while Mr. Dillon himself has said that it is understood between the President-elect and himself that they would "work toward" a sound fiscal and financial situation, or words to that effect.

It is evident that all this is a tale of little meaning although the words at times may be strong. One can scarcely imagine a newly elected President about to take office giving one of his official family **carte blanche** to proceed as he thought best in such basic matters as those which will govern and must govern the fiscal and financial position of the Federal Government. Still less imaginable is it when the appointee is an officer of the outgoing Administration presumably more or less in sympathy with its policies and programs. And, if in fact the President-elect did so in this particular instance, question would inevitably arise concerning his good faith either in the action thus taken or in the various statements made by him and in his behalf during the autumn campaign. Nor does the statement made by the President-elect about Mr. Dillon's acceptance of the Kennedy policies afford much enlightenment. No one knows, or at least the public does not know, (Continued on page 23)

What's in Store for the Economy And the Insurance Industry?

By Eugene M. Thore,* *Vice-President and General Counsel, Life Insurance Association of America*

A foretaste of the Kennedy Administration's legislative program stresses problems involving the insurance industry's relationship to a complex of national objectives. The industry is advised to devote full-time to Federal developments and to improve intra-industry communications. Though extensive legislative changes are not anticipated, increased tempo is seen for these areas: education, depressed areas, aged medical care, minimum wages, housing, taxation of mutuals, and insurance regulation.

I have been requested to appraise the November election results from the standpoint of the personal insurance business and to attempt to forecast what may be in store for the insurance industry. This is a bewildering assignment which has haunted me night and day since the election. At first I was tempted to employ the "often wrong never in doubt" technique in the hope that my conclusions would be forgotten long before events might contradict them. But experience has taught me that insurance men have good memories. So I have decided that, if I must attempt to forecast the political mysteries of the future, I shall do so only with a cautious, uncertain confidence. In defense of my timidity may I point out that even the most venturesome regard political prognostication as something less than an exact science.

Eugene M. Thore

It is self-evident that any speculating we do now must be based upon the issues of the recent campaign and the announced views of the successful candidate taken together with reactions of key Congressional leaders insofar as they have been made public. However, there is an additional ingredient which is most essential to the alchemy of prediction. That ingredient is past experience. So I propose first to take a quick look back over the years in the hope that we will better understand where we are today as well as what we may expect in the future.

During the last decade Federal developments of interest to the personal insurance business have been manifold. We have observed constant change in the Social Security System, such as the rapid and sometimes excessive liberalization of benefits, the addition of total and permanent disability benefits, and more recently pressures for medical care coverage for the aged. There has been a veritable avalanche of problems in the fields of corporate and personal income and estate taxation which has occupied much of our time and energies. Federal action in the regulatory field has also expanded, involving such matters as insurance advertising, disclosure of insurance details with respect to pension and welfare plans, Securities and Exchange Commission regulation of the new variable annuity, and the Congressional investigation of state regulation and practices in the fire and casualty and other insurance fields. There was substantial improvement in the inflation picture. Nevertheless, the specter of creeping inflation continued to threaten us and created an inflation psychology throughout the country.

We cannot go into greater detail here so as to mention all of our Federal experiences during the last decade. But as I reviewed this record in its entirety I came to the conclusion that we have been through a period of considerable progress at the Federal level; one in which an unusual number of problems peculiar to our business have been resolved in one way or another; one in which answers have been given to questions of great concern; one from which personal insurance has emerged with a better (Continued on page 22)

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

Will Ross, Inc.—John Arnold McLeod, Investment Department, America Fore Loyalty Group, New York City. (Page 2)

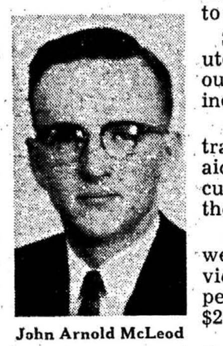
Yardney Electric Corp. — Alfred M. Lerner of A. M. Lerner & Co., Inc., New York City. (Page 2)

JOHN A. McLEOD

Investment Department, America Fore Loyalty Group, New York City

Will Ross, Inc.

With the new Federal Administration favoring increased medical aid for sixteen million senior citizens and enhanced by normal growth factors, the long-term outlook for the hospital supply industry is promising. The outstanding national surgical supply company which has demonstrated an annual rate of growth in earnings per share of 16% compounded during the past six years is Will Ross, Inc., Milwaukee, Wis. This rate of growth is slightly better than the record of the industry leader, American Hospital Supply Corporation.



John Arnold McLeod

Sales for the fiscal year ending March 31, 1961, are expected to top $16 million, up from $13,967,059 in 1960 and $11,998,528 in 1959. Sales for 1961 will reflect the August acquisition of the Shipman Surgical Company, located in Seattle and Tacoma, Wash. This acquisition gave Will Ross their first West Coast branch and a move towards the populous California market. Other regional branches are located in Atlanta, Baltimore, Albany, Dallas and Minneapolis.

Earnings per share are estimated at a conservative $2 this fiscal year, up 18% over the $1.70 reported last March. In 1959 Will Ross reported earnings per share of $1.44 which included 16 cents of non-recurring income. Dividends have been paid consecutively for 25 years and are currently at the annual rate of 60 cents, plus 10 cents extra, up from 0.375 cents last year. A further increase in the dividend early in 1961 seems likely.

Will Ross markets hospital supplies, furniture and equipment with disposable or expendable products accounting for approximately 50% of sales. In an effort to reduce spiraling labor costs, hospitals have been increasing their use of disposable products and this trend should continue to grow.

Expendable items include hypodermic syringes and needles, surgical gloves, numerous paper specialities, enemas, identification bands and transfusion and intravenous sets. Hospital equipment includes operating tables, sterilizers, oxygen equipment, stretchers and wheel chairs.

More than 400 independent suppliers manufacture, research and develop the products sold by Will Ross. Will Ross owns one manufacturing subsidiary in Ozark, Ala., employing 100 people and producing a full line of garments for surgeons, nurses and patients. Other textile products include sheets, towels and bedding. Production facilities of this subsidiary were increased 40% last year.

Will Ross active accounts number over 4,000 including hospitals, sanitariums, nursing homes, clinics, industrial infirmaries and first-aid stations. Customers are provided with prompt service through the use of seven warehouses, the largest located in Milwaukee.

The company is in sound financial condition and future growth can be financed internally without dilution of per share earnings. Working capital amounts to $2,700,000 and the current ratio is 2.8 to 1. Long-term debt amounts to only $113,000.

Several bullish factors contribute to the attractive long-term outlook for the hospital supply industry including:

(1) The new Federal Administration favoring increased medical aid for oldsters under Social Security at a cost of $700 million the first year and up.

(2) The Federal law which went into effect last October providing medical aid for elderly persons at a conservative cost of $202 million the first year and up.

(3) The Hill-Burton Act will appropriate $210 million each year till June, 1964 to assist communities to build new hospitals. Additional hospital construction is expected from union and church groups and fraternal organizations.

(4) The growing trend by 42 states to liberalize medical care aid which cost $230 million in 1959 and $290 million in 1960.

(5) Other factors are the increasing population with the arrival of 45 million babies in the next decade, the current shortage of hospital beds and the increased use of hospital facilities as the population becomes better educated and better insured. Approximately 72% of our population is covered by some form of medical prepayment insurance.

At this writing, Will Ross is selling at $52 a share or 25 times estimated earnings. With only 283,616 shares outstanding, a stock split appears likely. American Hospital Supply is selling at 38 times estimated earnings, and has been outperformed by Will Ross in growth in earnings per share during the last six years. In view of the outlook for continuing growth of earnings without cyclical swings and fluctuations, Will Ross appears most attractive for the longer term. The stock is traded in the Over-the-Counter Market.

ALFRED M. LERNER

A. M. Lerner & Co., Inc. New York City

Member National Association of Securities Dealers

Yardney Electric Corp.

Once in a great while an investment broker whose tastes run to the more romantic companies comes upon a science stock which has almost all the characteristics making for major capital gains. A situation which has shown steady growth in sales and earnings since its inception, presenting a strong financial condition (although it never went to the public for financing), with a large top-drawer staff of scientists and engineers. A company which has a management team that is conservative yet flexible enough to meet the exacting demands of dynamic growth.

Alfred M. Lerner

Yardney Electric Corporation appears to have these qualities while operating in a field whose market potential is limited only by man's imagination. The company provides compact power ranging from such things as portable TV receivers to the power supply for America's earth satellites, missiles and rockets. Yardney's patented silver-zinc and silver-cadmium batteries are especially designed for the rigors of outer space while providing from five to six times the energy of all other known batteries of comparable size and weight.

Not only are Yardney batteries superior to the orthodox lead-acid or nickel-iron batteries, but have also shown superiority in respect to size, power and weight to the nickel-cadmium batteries which we have heard so much about recently. The Yardney "Silcad" will provide close to two-and-a-half times as much ampere-hours as a nickel-cadmium battery of equal volume, while its "Silvercel" has had amazing success in our satellite program.

Yardney's batteries have helped launch Pioneer V, Tiros I and, more recently, Tiros II, and were used in the Vanguard Program in both satellite and launch stages. The Polaris, Minute Man, Titan, Atlas and explorer Programs are other areas where Yardney played an important part. The Silvercel was used as a power supply in launching all three stages of the Echo Communications satellite.

Because of the accelerated missile and defense program a majority of the Yardney business continues to be supplied by the United States Government and Government contractors. The relatively high price of these advance type batteries has limited their use in many commercial applications. But Yardney now is beginning a concerted effort to break into the commercial market.

The most significant current civilian application has come in the area of portable TV receivers which use Yardney rechargeable silver-cadmium batteries. Motorola, who is currently offering this set has given Yardney a substantial order in this area.

Its development of a sealed battery cell which is used in instruments and communications is nearing completion and may be on the market in six months. Management states that it believes Yardney has developed what may be an important break-through in the fuel-cell field which could have a dramatic impact on all present concepts of this new energy source. Even if the defense budget shrinks (which we can hardly believe under the current state of affairs) Yardney has several areas in which it can more than fill any temporary gap in military expenditures.

The development of these successful compact power sources and its break-through in the field of energy generation would be enough for any normal company, but not Yardney. For besides these products, Yardney has had impressive results with its chemical subsidiary. This subsidiary, called Yardney Chemical, Inc., has spent over 10 years of intensive labora-

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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.)

Investing for Fire and Casualty Companies

By H. Philip Chapman, Jr.,* *Investment Vice-President, Springfield-Monarch Insurance Companies*

Mr. Chapman delineates investment considerations governing stock fire, stock casualty and multiple line companies before turning to a discussion of investment policies. Because of differences in tax treatment he does not touch on mutual companies' investment policies. The author favors keeping equities for the long-pull with emphasis placed on quality and growth. Discerned are the virtues of municipals, revenue bonds and the lack of appeal of corporate obligations because of the tax angle. A strong appeal is made for the issue of convertible preferreds and even for straight sinking fund preferreds. Mr. Chapman outlines his general and specific approach to investment research and analysis, and he lists the common stock diversification of 26 fire and casualty groups.

This discussion of the subject, Investing for Fire and Casualty Insurance Companies will generally follow these two rather broad topics: (a) the over-all investment philosophy of the industry—and the factors that determine it, and (b) specific investment policies—such as common stock policy, bond policy and preferred stock policy.

H. P. Chapman, Jr.

To my mind there are three fairly simple financial considerations and relationships that pretty much shape the over-all investment philosophy of the industry.

A—Investment Philosophy

(1) Our insurance liabilities and their asset protection.

(2) Our capital funds and their investment.

(3) The proportionate relationship of our liabilities and our capital accounts.

These are, of course, oversimplifications; many people in the industry express the above factors in somewhat different ways.

(1) First is the protection of our insurance liabilities. These latter comprise our unearned premium reserve, loss reserves and miscellaneous liabilities. We like to see these covered dollar for dollar, or close to it, with "money good" assets. Such assets would include cash, receivables, i.e., premium balances and bonds. This is pretty much of a truism whether a company is predominantly fire, casualty and surety, or a mixture of both.

Perhaps this would be a good place to differentiate between the investment considerations of fire companies on the one hand and casualty companies on the other. The risks of casualty type operations are obviously of a much different nature than those of companies writing fire and allied lines. For one thing, claims being much slower of settlement, the loss reserves for casualty business are ordinarily much higher. In addition the policy term of most casualty lines is for a shorter period. This means that the relationship of loss reserves to unearned premium reserves is much higher than for their counterpart—fire operations.

Historically, before the advent of multiple line insurance a number of years ago, most individual companies either wrote one class of business or the other; i.e., fire and allied lines or casualty-surety. Since multiple line insurance came into vogue, it is now the rule for most companies—or groups of companies—to write all types, excepting, of course, life insurance.

One or two other financial differences should be pointed out. In the first place casualty operations historically have written more premium volume per dollar of capital funds than have the fire and allied lines segment of the business. This is a fairly important consideration to bear in mind. Thus, when we combine these two different types of insurance—in varying degrees—in a multiple line operation we are in a sense "combining oranges with apples"—financially. But, with this merging tendency of the industry as a whole, it seems best to treat the two types as one entity. From time to time it may be necessary to point out the specific influence of casualty operations as against influences derived from the fire end of the business.

At the end of 1959 the position of 748 stock fire and casualty companies—according to figures obtained from A. M. Best & Co.—revealed a protective ratio of about 102.7%; i.e., "money good" asset protection of insurance liabilities as referred to above. As in most other financial considerations, there is some divergence of feeling as to the importance of this ratio and in stating the desirability of a 100% coverage, I have oversimplified the problem, but only for reasons of clarity.

In the case of the Springfield Insurance Companies this ratio was 87.4% at the end of 1959. Our theory in this connection is simply that our capital structure—the relationship of capital funds to liabilities—is more conservative than the industry as a whole so that our liabilities do not call for quite the same degree of protection.

(2) Of second importance is the investment of those assets provided by capital funds. By and large we feel that after the protection of our liabilities pretty much of the balance of our assets

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OBSERVATIONS...

BY A. WILFRED MAY

THE SOPHISTICATED TAXPAYER

In our column of Dec. 15 we pointed out the widespread proclivity to confuse tax *postponement* with tax *savings*. Instances of this cited by us include (1) the so-called "tax-free" dividends paid by enterprises with "a Loss Carryover," that is, companies which have an accumulated deficit or a loss in the current year, (2) stock dividends, and (3) the new Mutual Funds, for whose shares the purchaser pays by turning in his currently held stocks.

Non-taxable dividends, in categories (2) and (3) above, constitute a return of capital. Lowering the recipient's cost basis, the resulting gap between the old and the new cost price adds to the ultimate capital gains tax, with the 25% maximum rate, effective until death.

In the case of the new mutual funds, to which the investor subscribes by exchanging his own miscellaneous stocks, a so-called "Tax Free" exchange taking place. This means that no capital gains tax is imposed at the time of the exchange. But it should be realized that a more disadvantageous, stepped-up capital gains tax liability is imposed after the time of the exchange. The investors in the newly-established Fund, as in the case of all investment companies which have been in business during the record Bull Market of the Fifties, are, in part, buying the customary tax bill on the unrealized appreciation.

Buying A Tax Bill

This capital gains tax "bill" becomes payable by the investor whenever the Fund management declares a distribution from the net capital gains it has realized during the year, by selling from its portfolio securities at a net profit.

This Fund tax burden differs from that which had been borne by the investor before the transfer in two ways. He now has no control whatever over the time of the management's sales of portfolio stocks, which may not coincide with his over-all tax problems. Furthermore, according to the Internal Revenue Service's ruling, irrespective of the individual exchanger's own cost basis, all the investors **pool** their unrealized capital appreciation. This will favor some investors over others. The investors whose deposited securities have a higher cost basis than the average of the Fund's pooled portfolio figure will be materially disadvantaged.

Tax-Dictated Maneuvering

We further pointed out in *Observations* of December 15, the over-emphasis on tax-dictated maneuvers.

Strongly, if unwittingly, substantiating our contention of the *investment* disadvantages to tax-induced selling, are the end-of-the-year reports and forecasts of the market's behavior, wherein "tax-depressed" issues are pointed out as providing bargains. Where such declines provide good value for the prospective *buyer*, the tax-depreciated price received by the *seller* must correspondingly disadvantage him investment-wise.

In our article of last week we specifically "filed a demurrer" against the importance given to the acceleration of tax loss sales within the current calendar year.

From Our Mail-Box

In this connection we are glad to publish the following communication from a tax authority showing some constructive advantages in accelerating security transactions.

DEAR MR. MAY:

Your observations on "wishful tax thinking" interest me very much.

You are completely sound in pointing up the difference between tax postponement and tax saving.

Here are some additional factors to be considered: The bird-in-hand psychology is real and important. If losses are not taken in the face of established profits, the dollars to be parted with, comes April 15, are more than if the losses are taken. That is immediate and visible. It gives the taxpayer more dollars to work with and on which to draw income until the Day of Judgment arrives—if ever.

There are also some technical considerations. Security losses are deductible only from security profits, except for the $1,000 a year loss. (Construe the word "securities" to mean "capital.") To take profits in one year and pay a tax on them, and to take losses in a later year and not be able to make use of them because there are no profits around, results in a net increase in the tax bill. It is perfectly natural therefore to play it safe by taking losses to kill off profits, rather than to speculate on whether there will be such an offset at some other time.

Conversely, suppose a fellow has taken losses and the fifth year carryover is about to expire. Taking profits in that year certainly results in tax economy, even if the same securities are immediately bought back.

I mention these things merely in supplement of the points you have so wisely made.

J. S. Seidman,
Seidman & Seidman
Certified Public Accountants
New York City

* * *

We are not unmindful of the possible benefits of *acceleration* to the taxpayer in other areas, as in the making of charitable donations. If you decide that your overall plan is to defer income until next year because you expect to come within a lower bracket then, and to speed up expenses for 1960, contributions should be made this year to effect the greatest amount of deductions.

N. Y. Inv. Assn. Elects Officers

Officers of The Investment Association of New York for the year 1961 were elected as follows it has been announced: Frederick S. Wonham, President; Ralph D. DeNunzio, Vice-President; Vincent C. Banker, Secretary and Richard E. Boesel, Jr. Treasurer.


Frederick S. Wonham

The Investment Association of New York is an organization of young men employed by investment banking firms in New York. Officers elected for the year 1961 hold the following posts: Mr. Wonham, manager, Syndicate Department, G. H. Walker & Co.; Mr. DeNunzio, manager, Syndicate Department, Kidder, Peabody & Co.; Mr. Banker, Institutional Sales Department, R. W. Pressprich & Co.; and Mr. Boesel, Jr., manager, Syndicate Department, Hayden, Stone & Co.

Election of executive committee chairmen were also announced as follows: Charles H. Jones, Jr., Wood Struthers & Co.; Morgan H. Harris, Jr., White, Weld & Co.; Peter P. Wiley, Merrill Lynch, Pierce, Fenner & Smith Inc.; G. Bruce Leib, Baker, Weeks & Co.; J. Scott Crabtree, Equitable Securities Corp. and Andrew M. Blum, Van Alstyne, Noel & Co.

The State of TRADE and INDUSTRY

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

The current issue of the Cleveland Trust Co.'s "*Business Bulletin*" summarizes its analysis of business trends in the year ahead, in part, as follows:

The current recession is unlikely to be drastic and prolonged, although it will probably continue for some time. Prospects for 1961 include a rise in spending by the Federal Government and also by state and local governments; some further liquidation of business inventories, followed by a change to accumulation; not much change in private residential construction, with any gain being small; a moderate drop in business capital outlays; some decline in consumer spending for durable goods; and a continued rise in consumer expenditures for services and non-durable goods.

Total gross national product in 1961 is likely to be in the range of $510 to $515 billion, or a gain of about 2% over the figure of approximately $503 billion estimated for 1960.

Some additional probabilities for 1961 are given below:

The Federal Reserve index of the physical volume of industrial production will average about 108 for the year 1960. The 1961 average will probably be about the same or slightly higher.

Passenger auto production in 1960 will be some 6.7 million cars, or 12% above the 1959 figure of 6.0 million. Output in 1961 will probably drop by around 10%.

Passenger auto imports (including a few used cars) declined from a peak of 694,000 in 1959 to around 450,000 in 1960. Some further decline appears likely in 1961.

Present low rate of steel operations will probably continue for some time and then turn up. Output for 1961 should at least equal the 1960 total of close to 100 million tons.

The number of new private dwelling units started will be approximately 1,250,000 for 1960. A slight rise is in prospect for 1961.

Total personal income for 1960 will be about $405 billion, as against $383 billion for 1959. The 1961 figure will probably be close to $415 billion.

Sales of all retail stores will be around $220 billion for 1960. They will probably be larger by 2 or 3% in 1961, with gains in soft goods providing the main upward push.

Business outlays for new plant and equipment rose from $32.5 billion in 1959 to an estimated $35.7 billion in 1960. A decline to around $34 billion is in prospect for 1961.

The margin between merchandise exports and imports has widened considerably this year. Some further gain in exports, perhaps 5 to 10%, is expected in 1961. Imports may increase slightly.

The consumer price index was 127.3 in October, 1960, and will average about 126.5 for the year 1960. The 1961 average will probably be higher by around 1 to 1½%.

Bank Clearings Rise 22.8% for Dec. 24 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. 24, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 22.8% above those of the corresponding week last year. Our preliminary totals stand at $32,140,678,909 against $26,163,274,289 for the same week in 1959. Our comparative summary for the leading money centers for the week follows:

Week End. Dec. 24—	000's Omitted 1960	1959	%
New York	$18,541,802	$14,810,959	+25.2
Chicago	1,334,799	1,131,841	+17.9
Philadelphia	1,175,000	1,032,000	+13.9
Boston	932,542	699,364	+29.1

Steel Orders Improve but Holiday To Cut Into Output This Week

Steelmakers are receiving a flurry of orders even though mill operations are expected to drop to the year's lowest level this holiday week—40% of capacity or less, the metalworking magazine *Steel* reported.

Bookings for next month are 5 to 10% better than December's. Other favorable signs:

(1) Demand for oil country goods is improving. December is the best month since the first quarter for some producers.

(2) Service centers have nearly completed their inventory adjustments.

(3) Canmakers have started issuing January and February requirements for tin plate.

The scrap market is also improving, the metalworking weekly reported. Brokers are seeking to

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C. G. Troup With Harris, Upham

CHICAGO, Ill. — Clarence G. Troup has become associated with Harris, Upham & Co., 135 South LaSalle Street. Mr. Troup was formerly manager of the stock and commodity departments for the Chicago office of Reynolds & Co. and prior thereto conducted his own investment business in Chicago.

Herbert Degginger and Gerald P. Tomas, both formerly with J. R. Williston & Beane, have also joined the staff of Harris, Upham & Co.

Ronwin Now Corp.

STATEN ISLAND, N. Y.—Ronwin Securities Corp. has been formed to continue the investment business of Ronwin Securities, 645 Forest Avenue. Officers are Ronald Guttve, President; Ronald I. Shiffman, Vice President, and Irwin M. Scarano, Secretary-Treasurer.

Electric Bond and Share Co.

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

A revised look at this renowned and reoriented equity, offering tax-exempt dividends, attractive fringe benefits, and a shiny new status as a closed-end investment trust.

The world is in transition and Electric Bond and Share has done plenty of "transiting" in the past 30 years. Bellwether of the utility holding companies in the Roaring 20s, its stock sold at 189 in 1929. Electric Bond and Share, in those frantic days of low margins and high quotations, was the corporate shepherd of such eminent affiliates as Electric Power and Light, American Power and Light, American & Foreign Power, United Gas, and had a benign relationship with American Gas & Electric Co., now American Electric Power Co. and comprising one of the most distinguished and successful groups of operating electric companies in America today.

In April, 1938, Electric Bond and Share became subject to the Holding Company Act and spent the next 14 years in a huge and complicated program of: (1) disolving domestic subholding companies; (2) paying off their bond and preferred stockholders; (3) delivering shares in operating companies to their common stockholders; (4) divesting itself of ownership in American operating pubilc utility company securities, and (5) retiring its own preferred shares. All of this involved over $1 billion in security values. The final step necessary to exempt Electric Bond and Share from the Holding Company Act, and to qualify the company as a registered investment trust was the sale on Dec. 20, 1960 of 140,498 shares of United Gas common. This liquidation reduced United Gas common holdings to 500,000, so that today Electric Bond and Share has nothing more than an investor status with United Gas Corp., being no longer represented on its board, and enjoined against rendering services to United Gas so long as it is a shareholder therein. So, from being the most eminent electric utility holding company in the world, Electric Bond and Share expects in January to complete its transition into a closed-end investment company, and it is expected application will shortly be made to list its common stock on the New York Stock Exchange.

After all these vast changes both in corporate direction and in security holdings, what does Electric Bond and Share look like today, and what attraction does its common stock offer to holders, present and perspective? We'll attempt to answer that double question in two stages.

Holdings of Electric Bond and Share Co.

Electric Bond and Share had net tangible assets on Dec. 16, 1960 of $152,647,902 equal to $29.07 per share on the 5,250,357 common shares outstanding. Of these assets, $90 million consisted of net current assets, short-term investments, and a portfolio of seasoned common stocks in some 30 highly respected companies (including 45,000 shares of American Tel. and Tel.), selected primarily for appreciation.

Among the other assets, the largest single company investment is in 3,678,385 shares of American & Foreign Power Company, Inc. This represents a majority (50.3%) of the outstanding common and works out to 7/10ths of a share of Foreign Power for each share of EBS. This major holding representing a market value of around $30 million, has quite a history. During the 1920's there appeared to be a fantastically profitable future in the employment of American capital to build and manage electric utilities in South America. Electric Bond and Share formed Foreign Power and entered this exciting field in a big enthusiastic way. In due course, this international public utility holding company acquired electric utilities in 11 countries of South America and in Shanghai. But there arose weighty problems with most of these companies. First it was foreign exchange, and unfriendly rate and regulatory Latin climates in the 1930s. Then the Shanghai property was taken over first by Japanese and later by the Red Chinese. It was written off entirely in 1941.

Next came the bearded ape who runs Cuba, Castro. He played havoc with Foriegn Power's biggest property (accounting for about 26% of total assets), Cuban Electric Co. First the hirsute haranguer in August, 1959, reduced electric rates by 22%, eliminating all net earnings; and then, in 1960, the Castro government expropriated the Cuban Electric Co. properties completely. These acts made necessary a reduction in Foreign Power common dividend from $1 to 50c and caused its stock to drop from 17½ at the 1958 year-end to a 1960 low of 6¾. The Cuban outlook today is bleak and Foreign Power common at today's price of 8½ places virtually no value at all on this sizable Cuban property which some day may be restored, or at least partially compensated for.

About the other major Latin companies there are brighter hopes. The Mexican subsidiaries have been sold for $64 million under a long-term instalment payout, bearing interest at 6½%. The interest thereon should bring in initially $4 million a year against only $1,400,000 annually heretofore distributed as a dividend from net earnings. The catch to this deal is that the $64 million must be reinvested in other (non-utility) businesses in Mexico. With Electric Bond and Share's managerial brains this should present no insurmountable problem, however. In fact other business ventures there may prove far more profitable, and less vulnerable politically.

In Argentina the properties of Foreign Power were officially sold on Nov. 28, 1958. The only hitch was that the price was left open, to be determined by the Chief Justice of the Argentine Supreme Court. If this solon sets the figure at $62 million or more, then the company must put the proceeds, plus 25% additional, into a new 300,00 kw generating station. If the approved amount is below $62 million then the proceeds (to be payable over a 15 year period) must be reinvested in Argentine non-utility ventures. This is sort of an Argentine roulette game, the principal gain from which might come from interest on $62 million—around $4 million per annum at 6½%. In any event, you can't appeal the decision! The Supreme Court is the top legal cat!

Even writing off Cuba entirely, it is possible to calculate the real values (assuming Mexican and Argentine payoffs in line with the above) of Foreign Power at somewhere around $25 per share. Further, dislike of the U. S. among South American countries may soften if we start pouring in more money there, as our government has virtually promised to do.

Service and Construction Companies

Other significant assets of Electric Bond and Share include the wholly owned Ebasco Services Incorporated, outstanding in the design and construction of electric generating plants, and boasting one of the largest and most respected management consulting organizations in the world. It presently pays dividends to the parent company at the rate of $1,500,000 annually.

Chemical Construction Corp., another wholly-owned subsidiary is a growing engineering and construction firm specializing in the building of chemical and petrochemical plants. During 1960 it has delivered quarterly dividends of $187,500 to EBS.

Most recent addition to the engineering and construction line was Walter Kidde Constructors, Inc., purchased in September, 1960 for 73,000 shares of Bond and Share.

Finally, EBS owns a half interest (United Gas Corp. owns the other half) in Escambia Chemical Corp., a petrochemical enterprise at Pensacola, Fla., engaged in producing ammonia and vinyl resins using natural gas (supplied by United Gas), as its principal raw material. An income flow from Escambia Chemical just commenced this year.

Having thus at some length described what Electric Bond and Share is today, it's time to draw some conclusions as to the current attractiveness of its common stock. First EBS common sells at discount. Its book value on Dec. 16 was $29.07 a share against a current market price of 25. Secondly, this book value was arrived at most conservatively. Realizations on liquidation of Mexican, Argentine and possibly Cuban properties could substantially increase the figure. Thirdly, the security portfolio is an elite and dynamic one with substantial unrealized profits. Next, the outlook for utility construction in 1961 is excellent and Ebasco earnings should expand. Fifthly, the clarification of corporate status as an investment trust now enables the company to concentrate on the business of making money for stockholders, and on the acquisition of other attractive companies that fit in with the program of packaged design, engineering, construction, management and financing featured by Electric Bond and Share.

Finally, the $1.20 present dividend is reasonably assured, and has the great advantage of complete exemption from Federal Income Tax for some years to come. Usually a tax exempt security provides a fixed return but no insulation against inflation. With Electric Bond and Share common the yield of 4.8% is equal to a tax return of 9.6% to a 50% bracketeer, and to 24% if you're in the 84% tax group. And, of course, Electric Bond and Share, with its fine portfolio and diversity of earning power may well deliver, in the future, larger dividends, and significant capital gains.

In the 1920's EBS was a market leader. With its present highly regarded management, a thorough discounting of its Latin American difficulties, and operattion in an entirely new corporate orbit, Electric Bond and Share may be ready once again to achieve broad market sponsorship and popularity in the Surging 60s. A consideration of this equity for current purchase would not seem illogical.

Brick to Head Synd. Dept. for Paine, Webber

David J. Lewis, general partner in Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange, will become a limited partner in the firm effective Jan. 1. Mr. Lewis will be succeeded as manager of the syndicate department by John Brick, a general partner in the firm since 1955. John Richardson, Jr., also a partner, will be in charge of the buying department. James J. Minot will continue the overall direction of underwriting.

John Brick

Watkins Named By Hugh Long Co.

ELIZABETH, N. J.—Bruce Watkins has been apopinted a regional representative for Hugh W. Long & Co., Inc. Mr. Watkins will represent the Long Company in northern New Jersey and will make his headquarters in the firm's Elizabeth office, Westminster at Parker. A graduate of Babson Institute, Wellesley Hills, Mass., he has had several years' experience as an account executive in the retail securities business and was formerly sales manager for the Scott-Paine Marine Corp., Stamford, Conn.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

As we approach the year-end, and consider the new year, it has become almost traditional to speculate in a general way concerning the course of the securities markets and, for our purposes, the state and municipal bond market in particular. As we seemingly emerge from what is considered the old and burst into a new era as though it were esoteric and even bordering on the unknown, it has become habit to analyze and resolve. The speculation will be heightened this year by the advent of a change in the national Administration, accompanied by legislative majorities that may be unusually impelling.

Year in Retrospect

A year ago it was easy to pronounce that the state and municipal bond market might likely be trendless during most of 1960. Many writers felt that it might go lower during the course of the year. The reasons were almost pat. Business was to prosper with its consequent demands on the money market. A great number of state and municipal issues were destined for marketing in unprecedented volume and the bond market generally was to be hard pressed by corporate and government financing of close to record proportions.

These majority views of course did not eventuate nor did they closely obtain. The bond market decidedly went up. The *Commercial and Financial Chronicle's* state and municipal bond yield Index stood at 3.68% on Jan. 1, 1960. As the year now closes the yield Index stands at 3.23%. This represents an average market improvement of about 6 points. This Index involves high grade, average maturity, general obligation bonds. The *Smith, Barney & Company* Turnpike bond yield Index stood at 4.31% last Jan. 1; on Dec. 22, 1960 the average yield stood at 3.85%. This represents a rise of close to 8 points.

Foregoing brief examples serve to show that first of the year predictions may easily fall far from their marks through a 12 month period despite their initial logic and thoughtfulness. We will try to make no long-term predictions but will rather attempt to report the salient market factors in a weekly continuum that may generate longer term market perspective.

As Situation Obtains Now

Today, peering even 30, 60 or 90 days into the tax-exempt bond market future would certainly appear to demand no more clairvoyance than might have been required a year ago. The answers again seem to appear quite pat. The bond market should improve. Business is relatively dull with unemployment showing an increase. Money seems plentiful with a likelihood of continuing abundance. The volume of new issue financing appears no greater than anticipated a year ago. Other general factors, including strong political insinuations, seem favorable to the market from present purview.

One may, therefore, quite easily predict a receptive market for many weeks at least. Nonetheless there are many experts who hesitate to adopt this straightforward, logical, simplified version of the market's near-term trend as a motivation for more than cautious tax-exempt bond investing. Most, if not all, market factors are subject to extensive change within relatively brief periods.

The year 1961 begins with the tax-exempt bond market on a relatively high base with a higher one in immediate prospect. Strong forces will be necessary to maintain this level through any lengthy period with new issue volume at its present expectancy. Any higher bond market level will inevitably lead to further international money market complications that will not long be quieted through mere money rate manipulations.

Also in the balance is the business prospect. Last year predictions went awry. This year may likely see a strong business upsurge that could soon get under way and presage a new cycle. This could detract from the prospects for the bond market.

The Problems of Commuter Railroads

We have written before concerning the transportation problems that confront our larger urban areas and their impact upon state and municipal credit. It seems to us that Governor Rockefeller of New York is exerting constructive leadership in urging the 1961 legislature to authorize more tax relief for the state's commuter railroads. He is also recommending revision of the full crew laws that have seriously impeded the railroads in recent years. The continuance and improvement of commuter rail service is an implied contingency.

The Governor's reported plans seem refreshing from all angles. He calls upon the state, the railroads, the unions, the municipalities and the commuters to share in an economical approach to saving the railroads and the service they can give. It would seem to us that his straightforward and even brave approach may bring about a tremendous public service.

Rockefeller's common sense approach seems in contrast to the frustrating piecemeal efforts being proffered on the west bank of the Hudson. Time is running out there for both New Jersey's railroads and the New Jersey Governor. The proposed plan for a quarter billion dollar Port Authority merry-go-round isn't quite the answer. This kind of money, if related to a plan like Governor Rockefeller's, might keep our railroads going for a half century or more in a very comfortable, sufficient manner.

Quiet Period

During the past week, involving the extended Christmas holiday, there have been no important new state or municipal issues up for sale. Although the tone of the market is good, there has been little apparent business transacted during this period. Even the last minute tax swaps have been in little evidence. This was all to be more or less expected.

Heavy Business in Sight

The calendar for sealed bids has been rapidly expanding and recent large additions have carried the total to over half a billion dollars. Unscheduled but expected issues put this near-term total considerably higher. This general estimate does not include prospective negotiated financing that may be generating. At present there appear to be no sizable such issues close to market.

The inventory situation is not unfavorable even though moderately heavy. The total of state and municipal bonds as expressed by the *Blue List* is currently $377,615,200. At several junctures during 1960, this total has been larger. On balance, the 1961 municipal bond market gets off to an auspicious start; but it should be interesting.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.65%	3.50%
Connecticut (State)	3¾%	1980-1982	3.25%	3.10%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.25%	3.10%
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	3.35%	3.20%
Los Angeles, Calif.	3¾%	1978-1980	3.70%	3.55%
Baltimore, Md.	3¼%	1980	3.35%	3.20%
Cincinnati, Ohio	3½%	1980	3.15%	3.00%
New Orleans, La.	3¼%	1979	3.65%	3.50%
Chicago, Ill.	3¼%	1977	3.65%	3.50%
New York City, N. Y.	3%	1980	3.55%	3.45%

December 28, 1960 Index=3.230%

Brown Pres. of Broad Street Sales

Robert H. Brown, Jr., was elected President and a Director of Broad Street Sales Corporation, 65 Broadway, New York City, general distributor of the $400 million Broad Street Group of Mutual Funds—Broad Street Investing Corporation, National Investor Corp., and Whitehall Fund, Inc., it has been announced. Mr. Brown has been a district manager of Broad Street Sales, with headquarters in Chicago, Ill., since April, 1959. Prior to joining the organization, he was a partner of Brown, Bechard & Co., a Norfolk, Virginia, securities firm, specializing in mutual fund shares, and, before that, worked as a mutual fund salesman with George B. Powell & Co., Inc., of Norfolk.

Robert H. Brown

Craig-Hallum, Kinnard to Merge

MINNEAPOLIS, Minn. — The merger of Craig-Hallum, Inc. and John G. Kinnard & Company, has been announced by John P. Robinson, President of Craig-Hallum and John G. Kinnard, President of the firm bearing his name.

The new corporation will be known as Craig-Hallum, Kinnard, Inc. Mr. Robinson will become President, and Mr. Kinnard will be Executive Vice-President. J. Richard Werges, a partner in John G. Kinnard & Company, will be Vice-President in charge of mutual fund sales.

Operations of the two firms will be consolidated at the offices of Craig-Hallum, Inc., 133 South Seventh Street.

Zilka, Smither Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—John C. May has become affiliated with Zilka, Smither & Co., Inc., 813 Southwest Alder Street, members of the Pacific Coast Stock Exchange.

New Wainwright Office

FRAMINGHAM, Mass. — H. C. Wainwright & Co. has opened a branch office at 54 Franklin Street under the management of Eugene C. Ritvo.

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.

Dec. 29 (Thursday)			
Bath Local School District, Ohio	1,750,000	1962-1981	8:00 p.m.
Wayne County, Michigan	1,100,000	1963-1985	11:00 a.m.
Jan. 3 (Tuesday)			
Cerritos Junior College District, Calif.	2,300,000	1962-1981	9:00 a.m.
Jan. 4 (Wednesday)			
Wichita County, Texas	1,800,000	1963-1984	2:00 p.m.
Jan. 5 (Thursday)			
Connecticut	28,980,000	1964-1989	11:00 a.m.
Fulton County, Ga.	14,525,000	1962-1987	Noon
Hattiesburg Municipal Separate School District, Miss.	1,835,000	1962-1981	2:00 p.m.
Hidalgo County, Texas	1,000,000	1962-1990	10:00 a.m.
Minneapolis, Minn.	2,000,000	1963-1980	10:00 a.m.
Toledo City School District, Ohio	6,000,000	1962-1984	Noon
Jan. 6 (Friday)			
Belleair, Florida	1,250,000	1962-1991	11:00 a.m.
Jan. 9 (Monday)			
Canton Township Sch. Dist., Ohio	1,250,000	1962-1983	Noon
Concord, California	1,070,000	1962-1989	8:00 p.m.
Medina, Ohio	1,225,000	1962-1981	1:00 p.m.
Port of New Orleans, La.	17,000,000	1966-1996	2:00 p.m.
Jan. 10 (Tuesday)			
Los Angeles Sch. Dist., Calif.	30,000,000	1962-1986	9:00 a.m.
Louisville, Ky.	4,800,000	1962-1973	4:30 p.m.
Mobile Board of Water & Sewer Commission, Alabama	3,000,000	-------	-------
Morgan City, Louisiana	2,100,000	-------	-------
Mount Holly Township School District, N. J.	1,100,000	1962-1981	8:00 p.m.
Tacoma, Wash.	1,400,000	1963-1971	3:00 p.m.
Washington County, Wis.	1,600,000	1962-1976	10:00 a.m.
Jan. 11 (Wednesday)			
California	95,000,000	1963-1987	10:00 a.m.
Gainesville, Fla.	1,000,000	1962-1984	Noon
Reading, Pa.	1,830,000	1963-1970	11:00 a.m.
Jan. 12 (Thursday)			
Davidson County, Tenn.	4,200,000	1962-1981	Noon
Jackson County, Mich.	1,750,000	1961-1972	10:00 a.m.
La Crosse, Wisconsin	1,150,000	1962-1971	2:00 p.m.
Livonia School District, Mich.	4,440,000	1962-1990	8:00 p.m.
Jan. 16 (Monday)			
Northern Illinois University, Ill.	7,500,000	1963-2000	2:00 p.m.
San Luis Obispo Sch. Dists., Calif.	1,215,000	1965-1986	2:00 p.m.
Seattle, Washington	7,500,000	1963-1981	10:00 a.m.
Jan. 17 (Tuesday)			
Alhambra City High Sch. Dist., Calif.	4,569,000	1962-1981	9:00 a.m.
Columbus City Sch. Dist., Ohio	7,000,000	1962-1981	Noon
Covina Valley Unified Sch. Dist., Calif.	1,268,000	1962-1986	9:00 a.m.
Excelsior Union High Sch. Dist., Calif.	1,388,000	1962-1986	9:00 a.m.
New York State	56,200,000	-------	-------
Oregon	30,000,000	1976-1978	-------
Sturgis, Mich.	1,000,000	1961-1978	8:00 p.m.
Jan. 18 (Wednesday)			
Contra Costa County Water Dist., Calif.	12,840,000	1963-1996	-------
Holland, Mich.	1,600,000	1961-1985	7:30 p.m.
Lincoln Parish School Districts, Louisiana	1,840,000	1963-1981	11:00 a.m.
Madison Local Sch. District, Ohio	1,700,000	1962-1981	1:00 p.m.
Pennsylvania State Public School Building Authority, Penn.	23,000,000	-------	-------
Van Wert City Sch. Dist., Ohio	1,920,000	-------	-------
Jan. 19 (Thursday)			
Santa Rosa County, Fla.	1,550,000	1962-1981	10:00 a.m.
Vista Irrigation District, Calif.	1,200,000	1964-1981	11:00 a.m.
Jan. 24 (Tuesday)			
Alamance County, North Carolina	1,700,000	1962-1978	-------
Maryland	20,303,000	1964-1976	-------
Milwaukee, Wis.	8,495,000	-------	-------
New York City	76,500,000	1962-1991	11:00 a.m.
Jan. 25 (Wednesday)			
St. Louis, Ferguson-Florissant Sch. District No. R-2, Mo.	2,000,000	1963-1980	8:00 p.m.
Upper Sandusky Exempted Village School District, Ohio	1,375,000	-------	-------
Jan. 31 (Tuesday)			
New Mexico	8,000,000	1962-1969	2:00 p.m.
Feb. 7 (Tuesday)			
Arapahoe County Sch. Dist. No. 6, Colo.	1,285,000	-------	-------
Feb. 9 (Thursday)			
Minneapolis Spec. Sch. Dist., No. 1, Minn.	2,000,000	-------	10:00 a.m.
March 8 (Wednesday)			
Los Angeles Dept. of Water and Power, Calif.	12,000,000	-------	-------
April 3 (Monday)			
Jacksonville Expressway Authority, Fla.	40,000,000	2000	-------

The Economy's and Steel's Improving Cost Trend

By Roger M. Blough,* *Chairman of the Board, United States Steel Corporation*

Steel executive takes a hopeful view of our ability to continue the slowdown of the trend of pricing ourselves out of world markets to the point where we once again can become competitive. Admitted is the distance steel, in particular, has to go to reach home base. In a four-fold solutional attack on the problem of our gold-flow, Mr. Blough points out not only the importance of research, innovation and marketing, but also the fact that the reduction of costs and the increase in productivity must no longer be lost to any further widening of the employment-cost gap. Noted is the improved trend in steel compared to the 1950s, and the need to liberalize our depreciation allowance to accord with foreign competitors!

Soon we shall have as the new President of the United States, a man who won the support of about half of the voting public in the November elections. But from the moment this man steps into what has been called, so picturesquely, the "magnificent loneliness" of his new office, he becomes the President of all of the people of America, and will command —as every President does—the wholehearted support of all loyal Americans. In these critical times when the future of our nation depends so heavily upon the effectiveness of the Administration in Washington, no thoughtful American can fail to wish devoutly the successful solutions of the problems that Administration will face, nor can he fail to contribute in every possible way to the achievement of those solutions.

Roger M. Blough

There has been considerable debate in recent weeks, of course, as to whether—and if so to what extent — our new President has received a "mandate" to pursue all of the policies and programs which he advocated during his candidacy. In view of the fact that the vote was almost evenly divided and that he received something less — although very slightly less—than a majority of the total vote cast, it has been argued that he has no such mandate.

Now I do not know of any process or device by which it is possible to determine scientifically which of the proposals advanced by Senator Kennedy may have won the approval or the disapproval of the voting majority; but one thing seems to me to be clear: that the new President *does* have a mandate—the kind of a mandate that every President of the United States thus far has fortunately had —a mandate to keep America strong, to keep it secure, to keep it dynamic and to keep it free!

These are the national goals to which Americans everywhere have always been committed; and these are the goals which today afford the greatest hope and promise that a lasting peace with freedom may yet be achieved on this earth.

But universal as is our national agreement upon these goals, the means and methods by which they may best be attained are often a matter of widespread and vigorous disagreement; and I suppose that all of us—of either political persuasion—have been wondering how the policies and actions of the new Administration are going to affect the progress and growth of our business and industrial system.

That, I suppose, is a natural and reasonable reaction to any change in our national Administration, but since there is no ready answer to this question—except as the passage of time may reveal one —it occurs to me, as it doubtless has to others, that a more constructive mental exercise at this time would be to ask ourselves how our business and industrial system can best help to meet the grave responsibilities and the critical problems which this new Administration has inherited; for it is clear, I think, that we—in business — have a mandate, too; and that like every other group in our society, we share with this new Administration the obligation to play our full part in keeping America strong, secure, dynamic and free.

Surely, the total challenge which confronts our nation today cannot be met successfully by government or by any other segment of our economy alone. It will require the fullest measure of cooperation by all of us.

Gold Flow Challenge

To be specific by example, one of the critical challenges confronting us today is the steady and rapid outflow of American gold to foreign countries, and its consequence to world confidence in the dollar.

This means that for a number of years now, we—as a nation—have been paying out more money to foreign countries than we have been getting from them. So like any family which is living beyond its means, whether it be a family of two or a family of 180 million people, our savings — or in this case, our gold reserves— are being drained away; and if all of our creditors were to descend upon us at once with demands for payment, there would hardly be enough left in the family sugar bowl at Fort Knox to satisfy fully their claims upon us.

Clearly, this adverse balance of international payments cannot be allowed to persist, and the government *could* correct it, of course, by withdrawing from those areas of action that are unique to the United States — areas such as military support and foreign aid, where we are doing things abroad that other nations are not doing in this country.

To curtail our annual expenditures abroad by the necessary $3 billion or more, the government *could* terminate the foreign aid program completely. It *could* bring home the American overseas military forces which serve as a powerful deterrent to further Communist aggression. It *could* return to a national philosophy of high tariffs and trade restrictions with all the international ill will and retaliatory action that would thus be touched off. And it *could* resort to solutions which would proscribe our people's freedom to travel or to invest in long-term or short-term investments abroad.

Likewise, I suppose, a dentist *could* cure a toothache by amputating the patient's jawbone. But short of such drastic action there is still a great deal that the government can do in the way of providing a partial solution at least; and much has already been done in recent weeks by the present Administration.

It has moved to curtail our military expenditures abroad wherever this could be done without substracting from the strength or numbers of our overseas forces. It has sought—with different degrees of success — to persuade some of our prosperous Western Allies to assume a larger share of the cost of foreign aid and military assistance.

Hopefully, it will also seek to negotiate for the removal of some foreign trade barriers which still discriminate against American exports; and if necessary, it can try to specify that a larger share of our foreign aid payments be spent for the purchase of American products and services.

Meanwhile, and most important of all, perhaps, it can—and must— avoid resolutely any temptation to embark upon an inflationary program of deficit spending that would undermine faith in the stability of the dollar, and would thus signal our creditors abroad to start a "run" on our gold reserves. We can work our way out of these difficulties, but we can't spend our way out or buy our way out without thereby undermining still further the integrity of the dollar. And that, I believe, is where we, in business and industry, come into the picture; for when government has done all that it safely can do to curtail the expenditure of public funds abroad, it will be up to us, I think, to do the balance of the job by increasing our sales of goods and services in competition with foreign producers in the markets of the world.

A 10% Effort

And merely by way of measuring the scope of the problem, let me point out that if we could increase by 10% the value of our present exports to foreign nations, and if we could reclaim here at home 10% of the markets which are now held by imports from abroad, the current adverse balance of international payments would be wiped out completely, and the drain on our gold reserves would be halted.

I do not suggest, of course, that we can—or necessarily that we even should — expect to achieve quickly a fixed goal of this kind; but certainly any progress we can make in this direction will bring benefits far beyond those which can be measured in terms of gold —benefits to people—their security, their satisfactions, their welfare and their happiness.

To increase our sales in markets now held by foreign producers would mean that thousands of persons who are now without jobs could get back on a payroll while the job security of others, now at work, would be enhanced. It would mean new construction and the strengthening of industrial facilities which have always been the backbone of our national defense. It would stimulate new growth in almost every segment of our economy. And it would enlarge the resources of government at all levels without recourse to the deadening effect of increased taxation, or resort to the disastrous consequences of inflation.

In other words, it would help our nation and our government to meet many of the economic problems it faces in many areas, both at home and abroad.

So when we ask ourselves how we are going to discharge this mandate of ours — how we are going to play our full part in an all-America effort to meet the grave responsibilities that our nation and our government must face in the years immediately ahead—there is to me, but one answer: We can do this only if we improve our competitive position, and our competitive potential with the greatest possible dispatch.

A Four-Point Solutional

The broad basic elements of this task are common, I suppose, to all enterprises. They include, first, innovation — the development of new products and services and the consequent creation of new markets. Second, perhaps, is the constant improvement of quality to the end that American products may retain or increase their superiority over competing items made elsewhere. Third, is the reduction of costs and the increase of productivity by every practical means so that American-made goods can be offered in world markets at the lowest possible prices consistent with the high standards of American production. And when all of these things have been accomplished, a fourth—and key—element is more intensive and effective salesmanship, by which I do not mean faster-talking salesmen, but rather the development of new forms of customer appeal and customer service.

All of these things, concededly, are much easier to enumerate than to accomplish; but clearly a first step in this direction is the intensification of our total research effort . . . research to devise new products; research to improve the quality and usefulness of existing products, and research to discover and develop the new techniques and tools through which major cost reductions are accomplished.

So it is to our research centers that we of United States Steel have looked for major help to find the answers to the competitive problems that we face; and within the last five years alone we have doubled our activity in this field.

But research alone cannot provide the answer to this problem of rising costs which is our basic competitive hurdle. Others have faced this same problem in various forms and degrees, so without belaboring the point, let me capsulize it this way:

It is not news to anyone in business that the most important element in the cost of American-made products is the cost of employment. Throughout American industry as a whole, employment costs, direct and indirect, constitute at least 75% of all costs involved in the production of the finished items.

Our Wage Gap

One need not be told that the hourly employment costs of our foreign competitors are substantially lower than those in the United States, and that, in many cases, this more than offsets any raw material or methods and manpower advantages we may have. In the steel industry, our hourly wage rates range from three to seven times as much as those paid to steelworkers in various countries overseas. And, my personal observation is that this wage gap is still widening.

In the past we were able to cope with this employment cost handicap chiefly by reason of our advanced technology — by our more efficient tools and production methods, and by the resulting increase in productivity that has made it possible for our workers to produce ever-greater quan-

Continued on page 26

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Airline Industry — Discussion in the Gutman Letter — Stearns & Co., 72 Wall St., New York 5, N. Y. Also in the same letter is a brief discussion of **U. S. Photo Supply.**

Are the Soaring Sixties in a Tail-spin? — Economic discussion — Henry Bach Associates, Inc., 245 Fifth Ave., New York 16, N. Y. ($1.00 per copy)

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

Institutional Investor and the Stock Market—Study—New York Stock Exchange, 11 Wall St., 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 reports on **Yawata Iron and Steel Co. Ltd.** and **Honda Motor Co. Ltd.**

Japanese Stock Market — Review —Nikko Securities Co., Ltd., 25 Broad St., New York 4, N. Y. Also available is a study of **Sumitomo Chemical 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.**

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.

Outlook for Investments in 1961—Review—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y.

Outlook for 1961—Market Study — Including brief analyses on **General Drive In Corp., Franklin Corporation, Warner & Swasey Co., Seismograph Services, Inc.,** and **Commonwealth Oil Refining Co.** — Schweickart & Co., 29 Broadway, New York 6, N. Y.

Residential Building—Analysis of outlook — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are bulletins on **Leesona Corp., Philip Morris, Inc., Republic Natural Gas, Atlantic Coast Line, MSL Industries, Texas Instruments, Chicago Pneumatic Tool,** and **Collins Radio.**

Ten Stocks for 1961—Investment letter—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y.

U. S. Government Market—Bulletin—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

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Ald Inc. — Memorandum — Dean Witter & Co., 50 West Adams St., Chicago 3, Ill.

American Can—Report—Blair & Co., Inc., 20 Broad St., New York 5, N. Y. Also available is a report on **Air Products.**

American Machine & Foundry — Data—Cooley & Co., 100 Pearl St., Hartford 4, Conn. Also available are data on **Interstate Vending, Hercules Powder Co., La Cross Cooler.**

Beneficial Finance Co.—Analysis —Drefus & Co., 2 Broadway, New York 4, N. Y.

British Columbia Electric — Review—Kippen & Co., Inc., 607 St. James St., West, Montreal, Que., Canada.

Certain-Teed Products—Review—Gerald S. Colby, 31 Milk St., Boston 9, Mass. Also available are reviews of **White Motor, General Tire** and **U. S. Borax* Chemical.**

Certain-Teed Products Corp. — Report—J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

Citizens & Southern National Bank — Memorandum — Tucker, Anthony & R. L. Day, 120 Broadway, New York 5, N. Y.

Coastal States Gas Producing — Memorandum — Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

Cooper Bessemer Corporation — Analytical brochure — The First Boston Corp., 15 Broad St., New York 5, N. Y.

Copperweld Steel—Data—Morgan Davis & Co., 63 Wall St., New York 5, N. Y. Also available in the same circular are data on **Cadre Industries,** and **Litton Industries.**

Dilbert's Leasing & Development Corp.—Analysis—L. J. Termo & Company, Inc., 79 Madison Avenue, New York 16, N. Y.

Electronics International Capital Ltd. — Study — Lentz, Newton & Co., Alamo National Building, San Antonio 5, Texas.

Ets-Hokin & Galvin, Inc.—Report — Van Alstyne, Noel & Co., 40 Wall St., New York 5, N. Y. Also available is a review of **Premier Microwave Corp.**

Federal Resources — Report — Southern Brokerage Co., Tower Petroleum Building, Dallas, Texas.

Fischbach & Moore, Inc. — Discussion in "December" Investors Letter—Cacchione & Smith Inc., 42 Broadway, New York 4, N. Y. Also in the same issue are discussions of **Henderson's Portion Pak Inc., Foster Grant Co., Onyx Chemical, American Biltrite Rubber, Empire State Oil, Colorado Oil & Gas Corp.** and **Equity Oil Corp.**

Ford Motor Co.—Review—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available are reviews of **Gibraltar Financial** and **Universal Oil Products.**

Frontier Refining — Discussion — Shields & Co., 44 Wall St., New York 5, N. Y. Also available is a discussion of **Gulf & Western Industries.**

General Steel Castings Corp. — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a study of **Monarch Marking System Co.**

Gould's Pumps Inc. — Memorandum—George D. B. Bonbright & Co., Powers Building, Rochester 14, N. Y.

Harvey Aluminum — Report — Charles A. Taggart & Co., 1516 Locust St., Philadelphia 2, Pa. Also available is a list of tax-sheltered securities.

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

Heyden Newport Chemical Corp. —Analysis—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Hudson Pulp & Paper — Memorandum—Sheridan Bogan Paul & Co., Inc., 1510 Chestnut St., Philadelphia 2, Pa.

Lamtex Industries — Analysis — First Broad Street Corp., 39 Broadway, New York 6, N. Y.

Minnesota and Ontario Paper Co. —Analysis—Hornblower & Weeks, 40 Wall St., New York 5, N. Y.

Mobile Video Tapes—Analysis—Dempsey-Tegeler & Co., 210 West Seventh St., Los Angeles 14, Calif.

Mountain Fuel Supply Co. — Memorandum — Cruttenden, Podesta. & Co., 209 South La Salle St., Chicago 4, Ill.

National Linen Service—Report—Freehling, Meyerhoff & Co., 120 South La Salle St., Chicago 3, Ill.

Nekoosa Edwards Paper Co. — Memorandum — Milwaukee Co., 207 East Michigan St., Milwaukee 2, Wis.

North American Merchandising Co.—Memorandum—Russ & Co., Alamo National Building, San Antonio 5, Texas.

Oklahoma City Municipal Improvement Authority Water System Bonds—Circular—John Nuveen & Co., 135 South La Salle St., Chicago 3, Ill.

Pilgrim National Life Insurance Co. of America—Memorandum—A. G. Becker & Co., 120 South La Salle St., Chicago 3, Ill.

Ranco Incorporated—Data— F. P. Ristine & Co., 15 Broad St., New York 5, N. Y.

Rank Organization—Memorandum —Bache & Co., 36 Wall St., New York 5, N. Y.

Skil Corporation—Analysis—William R. Staats & Co., 640 South Spring St., Los Angeles 14, Calif.

Soo Line Railroad Co.—Analysis —Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Standard Kollsman Industries Inc. — Report — H. Hentz & Co., 72 Wall St., New York 5, N. Y.

Stepan Chemical Co.—Analysis—Walston & Co., Inc., 74 Wall St., New York 5, N. Y.

Swingline Inc.—Analysis—Hooker & Fay Inc., 221 Montgomery St., San Francisco 4, Calif.

Thrifty Drug Stores Co.—Analysis —Hill Richards & Co., 621 South Spring St., Los Angeles 14, Calif.

United Aero Products—Memorandum—Woodcock, Moyer, Fricke & French, Inc., 123 South Broad St., Philadelphia 9, Pa.

United Air Lines — Memorandum —Sutro & Co., Van Nuys Building, Los Angeles 14, Calif.

Waterman Pen — Memorandum — James Anthony & Co., Inc., 37 Wall St., New York 5, N. Y.

Yale & Towne — Memorandum — Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y.

Yonkers Raceway — Analysis — G. Everett Parks & Co., Inc., 52 Broadway, New York 4, N. Y.

Martin J. Haims Joins Holton, Henderson Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Martin J. Haims has become associated with Holton, Henderson & Co., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. Mr. Haims was formerly North Hollywood manager for Mitchum, Jones & Templeton and in the past was an officer of Holton, Hull & Co.

Burgreen Opens

Simpson M. Burgreen is conducting a securities business from offices at 547 Cauldwell Avenue, New York City, under the firm name of Burgreen & Company.

Forms Gravell Co.

CAMDEN, N. J.—George Gravell is engaging in a securities business from offices at 532 Cooper Street, under the firm name of Gravell & Co.

Mtge. Inv. Foundations

MIAMI, Fla. — Mortgage Investment Foundations, Inc. is engaging in a securities business from offices at 601 Northeast 81st St. Officers are Lee J. Unger, President; Ernest I. Kaas, Executive Vice-President; George Headley, Vice-President; Jay B. Keys, Vice-President and Secretary; and Bernard Rein, Treasurer.

Roran Investments

PEORIA, Ill.—Roran Investments, Inc. has been formed with offices at 5617 North Prospect to engage in a securities business. Officers are Janice A. Rodes, President; Marjorie C. Hesse, Vice-President; and L. W. Hesse, Secretary-Treasurer.

COMING EVENTS

IN INVESTMENT FIELD

April 7, 1961 (New York City) New York Security Dealers Association annual dinner at the Hotel Commodore.

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. 15-18, 1961 (San Francisco, Calif.) American Bankers Association annual convention.

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.

Sept. 23-26, 1962 (Atlantic City, N. J.) American Bankers Association annual convention.

Midwest Exch. Members

CHICAGO, Ill. — The Executive Committee of the Midwest Stock Exchange elected the following individuals to membership in the Exchange:

Ned K. Barthelmas, The First Columbus Corporation, Columbus, Ohio.

Alfred B. Mattson, Chicago, Ill.

Nathan E. Meyerhoff, Chicago, Illinois.

W. Berney Perry, Berney Perry & Company, Birmingham, Ala.

R. Raymond Rusmisel, Lehman Brothers, New York, N. Y.

Pini-Dietz Formed

AURORA, Ill.—Pini-Dietz & Co. has been formed with offices at 314 North Lake Street to engage in a securities business. Officers are: J. O. Pini, President, Leonard L. Dietz, Vice-President; Jacquelyn R. Pini, Secretary; and Maude E. Dietz, Treasurer. Mr. Pini was formerly with Webber-Simpson & Co. and James, Martin & Co.

Hofheinz Opens Office

POTTSTOWN, Pa.—Carl M. Hofheinz is conducting a securities business from offices at 378 High Street.

New Kidder Branch

ATLANTA, Ga.—A. M. Kidder & Co., Inc. has opened a branch office at 615 Peachtree Street, Northeast, under the management of Coy R. Lander.

Forecasting Business and Financial Events for 1961

By Roger Babson

In his eightfold forecast of the financial and world trend of events for the coming year, Mr. Babson is bearish about the economic outlook and the Dow-Jones Industrial Averages. He very much doubts and hopes we will pursue dollar devaluation; offers advice on the type of securities to hold; believes we need not fear inflation during 1961; expects labor will not get all it expects to from the election of President Kennedy; doubts 1961 will be a good year for real estate; and is pessimistic about the world political outlook. As for what we may expect by way of legislation during 1961, the financial writer does not anticipate any radical change.

This year I have divided my forecast into eight sections as indicated by the following eight headings. Instead of covering general business as a separate topic, I am sure that a reading of the following will give a clear idea of my thoughts on general business. Naturally, my first subject will be the political outlook.

Politics and the New President

I do not expect any big changes under President Kennedy. If he had won by a landslide I would be quite worried, but with a narrow plurality in the electoral college and only a small fraction of 1% over Nixon in the total popular vote, I think that our new President will be very much on his good behavior. Certainly he will not have much influence with either the Republicans or the Conservative Democrats of the South. He may make radical recommendations in his inaugural address to "save face," but most of these will not become legislation.

He will recommend certain new welfare legislation, which will include medical care for the aged, an increase in Social Security, a new minimum wage, increased public housing, help for the distressed areas, and more aid for education.

Commodity Prices, Including Gold

Higher prices of commodities at the retail level are more or less certain but wholesale prices will probably decline in most instances. Prices will not rise because of inflation during 1961. The first of the price advances will be absorbed by the manufacturer. Owing to the increased competition in all lines, wise manufacturers and retailers will keep their selling prices down. This means that their profits will be less if they are unable to reduce their own costs. All of this means that general business may show less increase in activity and profits in 1961 than in the previous year.

Now, in relation to gold: Three-fifths of the Free World's gold comes from African mines; one-fifth from Canada, and the balance from the U. S. and elsewhere. There are many rumors that the U. S. will "revaluate", creating a higher price for gold. This will not happen during 1961, and I think that the price of many gold stocks will decline during 1961. The very discussion in Congress of possible devaluation will cause us to lose more gold. Everything will probably be done to avoid such a discussion and I believe President Kennedy will publicly state that he is opposed to it.

Temporarily, dollar devaluation might be a shot in the arm for American business, but it will not cure the cancer or whatever else is causing the pain. Not only would foreign banks withdraw gold before such legislation was passed; but if such legislation should pass in the U. S. it would be followed by similar legislation in England, France, Switzerland, Germany and other important countries. I advise investors now to forget this question of gold devaluation and not speculate in gold stocks at this time. Leading gold stocks are now selling 25% or more above their price of a year ago. Another thing that investors should remember when buying Canadian gold stocks is that a number of Canadian gold mining companies are now receiving a subsidy from the Canadian government to keep them from being shut down by high labor costs. This subsidy would come off as the price of gold rises.

Stocks and Bonds

It is unpopular for me to take a bearish position in my Annual Forecast. Most of the newspapers and my readers like optimistic forecasts. In all the years I have been making these forecasts, last December was the first time that I refused to take a definite position. At that time the Dow-Jones Industrial Average was 670 and today it is fluctuating around 600.

Corporation earnings reports now coming out are not good. In many cases the gross is kept up or perhaps increased but the net is off. Many companies will show a decline for 1960 compared with 1959. Prosperity has continued so long that most manufacturers, retailers and consumers are assuming it will last at least another year. I cannot honestly agree with this. Therefore, I feel that 1961 will see lower prices for the Dow-Jones Industrial Averages. I hope that many readers with small businesses are showing a profit. Those who are not should begin to reduce their loans and "trim their sails."

In many cases good bonds now yield more than good stocks. This is unfavorable to the stock market and favorable to the bond market. Therefore, I believe that bonds will continue around their present levels in 1961. Many readers will be wise in shifting now from certain stocks to bonds. There will be reductions in stock dividends; hence it would be much better to hold bonds with fixed-interest payments rather than risk a reduction in the dividend payments of stocks. I especially call readers' attention to "tax-exempt general obligation municipal bonds." These are the fixed-interest municipals of cities with a direct lien on all the taxable property in the city. I would advise against holding bonds of such large cities as might be vulnerable to bombing in case of World War III.

My favorite municipals are those of the capital cities in the interior of the country; in fact, any growing interior city should be a high-grade investment. These bonds must pay their interest irrespective of business conditions. The capital cities are especially helped by having the payroll of the state governments.

Living Costs and Inflation

Living costs may rise somewhat during 1961 due to the increase in population and the desire for more comforts and convenience. A person like myself, who has had children and grandchildren, knows how each succeeding generation considers as **necessities** what the parents considered **luxuries**. This, together with the higher cost of labor, is the primary reason for today's record-high (127.3) cost of living.

As there is only so much land available, rents will increase slowly. There, however, need not be a higher cost of food. The farmers are constantly raising greater crops which are being processed in more economical ways. The only reason for the cost of food to increase is the dependence of so many housewives on package "mixes." Ultimately all vegetables will be wholly or partly cooked and purchasable in containers.

Wages will hold up although there will be more unemployment in 1961. This means that take-home pay will be less for most families.

Inflation is not to be feared during 1961. With his small popular vote plurality, Mr. Kennedy will be very slow to do anything to hurt the purchasing power of the dollar. Barring World War III, I believe that the dollar will be just as sound a year from now as it is today. Our U. S. dollar is looked upon by the world as a standard.

Farm Income and Prices

Good crops and moderate prices indicate a fair year in 1961 for farmers. I, therefore, look for a reasonably heavy volume of the things farmers buy during 1961, including equipment for getting on with less help. The farmers cannot expect any boom, but profits, on average, should be at satisfactory levels. My forecast, in details, is:

Larger volume of marketings should more than offset any reduction in farm prices. Therefore, 1961 cash receipts for farmers should be slightly higher than 1960's $11,300,000,000 net. I furthermore learn that the intelligent farmer is reducing his indebtedness, which is always an optimistic sign. As I dictate this forecast, I am told that growing conditions are favorable in most sections, with sufficient moisture in the ground and other seasonal optimistic factors. The prices which farmers will receive in 1961 for crops will, of course, depend upon weather; but each year agricultural science is helping the farmers to avoid early frost losses and to secure needed moisture.

Employment, Wages and Taxes

Strike activity may well be at a post-war minimum during 1961, with any dislocations limited to independent separate companies. First important industry-wide negotiations will come in the auto industry, but not until September, 1961. Railroad workers cannot strike until Nov. 1, 1961, at the earliest. Most steel contracts hold until June 30, 1962.

The average employment in 1960 was about 67,000,000 workers. I forecast that 1961 will average a million fewer wage workers. Countrywide, unemployment reached as high as 4½ million in 1960, and for 1961 may hit 5½ million. The basic difficulty is that while industry is cutting back, the labor force is becoming larger. This means that it will be more difficult for those getting through schools and colleges to get positions in 1961 unless they are well trained in business, mechanics, or electronics. Certainly, the demand for executives will be less in 1961 than it has been for some years. Those executives who now have positions should strive to do better work, not ask for increases, and do everything possible to hold onto their jobs.

Labor leaders hope to have a key to the White House with Mr. Kennedy as President. This may apply to the settling of strikes and contract disputes. The AFL-CIO will influence more votes in Congress during 1961-62 than in 1959-60. The conservative Southern Democrats, however, will unite with Republicans to block radical labor legislation. Congress certainly will not outlaw the "right-to-work" legislation which has been passed in certain conservative states, nor will labor get a revision of the Taft-Hartley Act. Congress will not compel industry to collect dues from union members, but may temper the recent court decisions ruling against excess union spending.

All the above means that labor will be able to hold its own during 1961 and secure some small increases in wages, pensions and improved working conditions; but this may not be what labor expected to get from the election of President Kennedy.

The Federal government will not increase income taxes during 1961; but may close some loopholes and increase certain excise taxes.

Building and Real Estate

Looking back over the years that I have been making these Annual Forecasts, it seems that building and real estate have been the last to profit from a boom, and the last to suffer from the following reaction. Readers all know that from its World War II low point new building, especially of homes, gradually rose to an all-time high in 1959. Part of this growth has been due to increased population and higher incomes.

In addition to the natural growth to which new building was entitled, it was greatly encouraged by loans to veterans without any down payment, the acceptance of 20-year mortgages by banks in place of a maximum mortgage of five years, and by subsidies of various kinds. Like all stimulants, however, these have gradually become less effective. Hence, a decline in new building and new home construction is only natural to expect in 1961.

I do, however, forecast that a move for **urban renewal** will be urged and secured by the new President. This means pulling down the slums of large cities and substituting brick apartment houses with playgrounds. When any new building is built, it increases the value of the adjoining land and increases real estate taxes.

Therefore, 1961 may see real estate prices hold their own and even rise in certain sections. Small farms near cities will continue to increase in price, and this will be true of most well-drained suburban property. Every family is justified in mortgaging to buy a home in 1961, but I doubt if 1961 will be a good year to speculate in real estate. The bloom is surely off in Florida, where the supply of new houses temporarily exceeds the demand.

World Outlook

I cannot conscientiously close this Forecast for 1961 without calling readers' attention to the unsatisfactory situation that we find the world in today. I do not need to comment on Russia or China, as readers are well acquainted with conditions there. I, however, must add that Mr. Kennedy is agreeable to a Summit Conference as he is itching for a talk with Mr. Khrushchev; Kennedy has already stated that he is willing to put Formosa under the United Nations.

Readers should note the headway which the Communists are making in other parts of the world. Southeast Asia, for instance, is a very rich area. It is envied by both China and Russia. We may expect continued revolts in South Vietnam, Cambodia and Laos.

I am especially troubled about the way the Communists are working into Central and South America. I know South America very well. It has virtually no "middle class." There are a few rich, but millions of very poor. The Communists are organizing great strikes in Latin America. As these strikes accomplish something for the wage workers, they give the Communists good ammunition for further progress. This situation has been intensified by the agents of Castro.

Another very sore spot is Africa, which I visited two years ago. South Africa will blow up of itself, without any help or hindrance from Russia. The Congo, however, which the United Nations is now trying to straighten out, is a serious problem; and the Congolese feel that their condition would be improved by Russia's help. The great African question, however, will be concerned with the new countries which have been given their independence from the colonial system they have been under for 150 years. Here, Russia, Belgium and France are playing a waiting game to see if the new nations can make good by themselves.

I cannot imagine the Russians now going to war over Berlin. I am more disturbed about the gains in the Communist vote in European countries. For instance, the Communists in Italy received only 19% of the vote in 1946, but 28% in 1960. Even in France, the Communist vote is again increasing. The money interests of France want the Algerian rebels stamped out for good, while the farmers and small businessmen want DeGaulle to give Algeria its freedom. When I was in France a few weeks ago, it was generally conceded that if DeGaulle should suddenly drop dead, chaos might reign. I dislike to end this forecast with these pessimistic comments; but even if our country is going along on an even keel, some occurrence in some other part of the world could upset all our plans. HENCE, BE SURE YOU HAVE MADE A WILL!

Captive Sales Financing—A Threat to Free Enterprise

By Hon. Emanuel Celler,* *Representative, United States Congress (D.—N. Y.) and Chairman of the Committee on the Judiciary*

Congressman Celler plans to reintroduce in the next Congress his bill which would divest manufacturers from their financing affiliates. His particular target is the General Motors Acceptance Corporation and the recently resumed Ford affiliate. He argues that an independent sales financing industry cannot exist in the face of captive financing competition, that competing manufacturers without their own finance companies are at a competitive disadvantage, and that the economy suffers. The Congressman cites developments, practices and consequences which, he says, support his contention that the American free enterprise system and a vital segment of the American financial community will be destroyed unless corrective measures are taken.

We have come a long way since the days, in 1907, when a new car cost the equivalent of three years' earnings of an average worker. In those days, car manufacturers lacked the means to sell on credit; dealers, too, required cash; banks were unable or unwilling to lend money for the purchase of cars. Car ownership was the privilege of the wealthy. It was the independent finance companies that bridged this gap. By lending money to dealers for their purchase of cars from the factory and by purchasing from dealers at a discount the installment obligations incurred by car buyers, they brought the automobile within the reach of the people and thus made possible the miraculous economies of mass production. These have remained the functions of sales finance companies over the years, and today the total consumer credit outstanding for financing the sale of automobiles exceeds $16 billion.

Emanuel Celler

There are forces at work in our economy which, left unchecked, must end by destroying a vital segment of the American financial community for which your Conference speaks.

I refer to the drive toward concentration of the manufacturing and banking functions in the automobile industry — a drive long recognized, but most difficult to control. I refer to the practice of General Motors since 1919—only this year resumed by Ford—of automobile manufacturers maintaining their own captive sales finance companies.

This practice, I am convinced, is not only disastrous to the independent sales financing industry, but spells trouble for many other economic groups and for the entire competitive system. It is destined, unless checked to impair competition in the automobile manufacturing industry, competition which is already at a low ebb, with only five significant manufacturers of passenger cars in the market. It must further depress the condition of ostensibly independent retail dealers to one of economic serfdom and ever-growing dependency on the factories. It subjects the consumer to manipulation by concealed but fluctuating credit charges, to the point where he is ever less able to determine how much he is paying for credit and whether he can afford the obligations he assumes. It is, in short, a practice whose indulgence makes big business the foe of economic freedom.

Reviews History of Captive Control

Adequate appraisal of the consequence of factory-controlled car financing requires a brief review of its history. In 1919 General Motors established a wholly-owned subsidiary, General Motors Acceptance Corporation, to finance the sale of GM products at both the wholesale and retail levels. Ford and Chrysler followed suit by acquiring financing associates of their own. Independent fianace companies normally discount dealers' installment paper without recourse. Factory affiliated sales finance companies, by contrast, normally retain dealer responsibility in case of default. In 1925, to tighten its control of the financing of GM products, GMAC inaugurated a dealer reserve for repossession losses. Under this techinique, the dealer imposes a charge on the customer to defray the cost of defaults. He also participates in the financing profit by pocketing the amount by which this reserve exceeds losses actually experienced.

It is notorious that this reserve has always exceeded losses by a wide margin and has hus become an added source of dealer profit. Indeed, over the years GMAC distributions to dealers from this reserve have equaled $3,000 for each car repossessed. This is extremely useful to General Motors in holding dealers, although, as A. P. Sloan, President of GM, himself admitted, any appreciable excess over actual repossessed losses is unfair to competing finance companies. With the approach of the depression, manufacturers tended to force delivery of cars to dealers. To move these cars, dealers were forced to grant excessive used car trade-ins. In an attempt to recoup their losses they frequently resorted to loading or "packing" their finance charges to consumers, that is, increasing this charge beyond the actual cost of financing, even including the reserve for losses.

Some independent non-recourse companies attempted to meet the competition of GMAC's dealer reserve by paying a bonus to dealers for their business. Reputable independents, however, regarded both the repossession loss reserve and the bonus as forms of "commercial bribery," and in 1933, during the NRA, American Finance Conference was formed to protect the legitimate interest of the independents.

In the 1930s, also, the financing practices of automobile manufacturers began to cause concern among law enforcement agencies. In 1939, the Federal Trade Commission ordered General Motors to cease and desist from advertising as a "6% plan" a plan of financing that actually cost almost twice that sum in simple interest. Ford, Chrysler, and other manufacturers, had agreed to cease and desist from this practice, and the order against General Motors, was upheld on appeal.

Meanwhile, automobile manufacturers' practices affecting finance companies and car dealers engaged the attention of the Department of Justice. In 1938 anti-trust indictments were obtained against the Big Three and their financing affiliates, charging coercion of dealers at both the wholesale and retail levels in a conspiracy to monopolize financing. It was alleged that in order to compel dealers to use captive financing, the manufacturers resorted to cancellation or threat of cancellation of franchises and a whole catalog of discriminatory practices against uncooperative dealers and independent finance companies. Here again Ford and Chrysler submitted to consent decrees, but General Motors insisted on a trial. In 1940, after General Motors and four affiliates had been convicted of conspiracy and their convictions and fines upheld on apeal, the government started a civil suit to require GM to divest itself of GMAC. World War II interfered with the prosecution of the case. In 1952 this litigation was settled without divestiture, a result which the government recognized as inadequate, but to which it submitted because of the difficulty of proving activities then 14 years old. As is often the case, time had come to the rescue of monopoly. There the matter rested, with General Motors in undisturbed possession of its captive financng subsidiary. Recently, however, Ford has reentered the field of factory-controlled car sales financing, claiming that it no longer can do without the advantages which GMAC affords General Motors. Thus, in 1960, the independent sales finance companies are confronted with a well entrenched competitor, owned by the largest automobile manufacturer in the world, and by a newly founded finance company owned by the second largest.

Growth of GMAC

The domination of the automobile manufacturing industry is well known. Three concerns, General Motors, Ford and Chrysler, divide more than 90% of the market. General Motors alone accounts for about 50% of all new car sales. In this dominated market environment, the business of GMAC—that of financing General Motors' products—has had a continuous growth. To illustrate: in 1958 GMAC financed more than 80% of all new car installment contracts sold by General Motors' dealers to finance companies — as compared to less than 50% in 1941. It purchased about 40% of the installment contracts sold by *all* dealers to finance companies in 1957 and 1958—as compared to less than 30% in 1952. GMAC's retail credit extensions in 1957 were 106% greater than in 1952; those of independents only 16.6% greater. In the period from 1953 to 1956, the percentage growth of GMAC's share of the car financing market was 41.7, or almost double the 21.7 increase in General Motors' share of total car sales.

GMAC's steady growth has brought phenomenal profits to General Motors. During the years from 1950 to 1957 GMAC averaged 18.7% net profit after taxes on stockholders average investment. By 1954, the company's total current assets exceeded $2½ billion and its net income exceeded $33 million. In 1957 GMAC reported net income after taxes of $46 million. This income to General Motors from GMAC alone, amounted to more than one-half of Ford's earnings from all operations.

But profit, however large, is but one of the great unnatural advantages which General Motors' ownership of GMAC gives the combination—both in the finance business and in the automobile business. Comparison of the operations of GMAC with those of independent sales finance companies reveals the important respects, not explainable by size alone, in which this financial giant enjoys special privileges, largely by virtue of its GM parentage.

Larger Subordinated Debt and Leverage

The more borrowed money a finance company uses in its business—in addition to using its own capital—the greater is the ability to compete and the greater will be the profits on its common capital. A company with a large borrowings-to-capital ratio can accept a much smaller net return on volume and still profit on its own investment as much as or more than its competitors. In this borrowings-to-capital ratio, or "leverage" as it is called, GMAC's parentage has given it an unequaled position. Major insurance companies and institutions have entered into an agreement allowing GMAC to issue one-half more of subordinated debt while General Motors remains its owner than it may issue if separated from General Motors. This privilege is double that of most independents. In consequence of this privilege, not available to any other finance company, GMAC has had outstanding between 1953 and 1958 subordinated debt ranging between 129 and 166% of its capital and surplus. On the strength of this subordinated debt, which operates like capital as a cushion for senior debt, GMAC has been able to achieve a total debt-to-common-equity ratio in excess of 20 to 1—more than double the ratio enjoyed by its three largest competitors. Without GM ownership, this unnatural competitive advantage in access to risk capital would have been impossible.

Apart from the financial power given by this leverage, GMAC appears also to have been able to borrow money at interest rate lower than those paid by the sales finance industry generally. Little wonder that GMAC's net profit have far exceeded the industry's average.

The unparalleled financial position of GMAC, due in large part to its ownership by General Motors, has not only enabled it to saturate the market but also to offer the most atractive terms to General Motors' dealers. At both the wholesale and the retail level its interest and discount charges are measurably less than those of its competitors. But this does not necessarily reflect efficiency. In the first place, GMAC requires dealers to remain responsible for payments and to share in the function of evaluating credit while most independents assume the entire credit responsibility and function. Beyond this. GMAC's low rates are a natural consequence of the unparalleled leverage and uniquely favored credit position enjoyed by GMAC through its affiliation with General Motors. Indeed, it has been stated that General Motors, through GMAC, could still further reduce the cost of credit and further extend its domination of the market, but is deterred by the fear that this would destroy the existing oligopoly among car manufacturers.

Rewards and Punishment

The monopolistic advantages of GMAC in competition with independent sales finance companies do not end with plentiful available risk capital, profitability, and low rates. An invaluable additional advantage that also arises out of its ownership by General Motors is GMAC's favored position in acquiring business. To a General Motors dealer, the factory is the source of supply on which he depends for survival and growth. GMAC's position as General Motors' chosen instrument for financing time sales is very clear to him. His response of this preference has been firmly conditioned by an elaborate system of rewards and punishments which had their origin in 1925, when General Motors adopted the principle that the factory should control the dealers' wholesale and retail financing practices and that GMAC should share financing income with the dealer. From the beginning, as I have noted, General Motors resorted to coercive practices to bring its dealers in line with these principles so that they would do business with GMAC exclusively. Risk of loss of the valuable General Motors franchise has been a prime deterrent to would-be defectors. The consent decree of 1952, lacking provisions for divestiture, failed utterly to protect against these abuses, much less to undo the results of their coercive thrust.

Persuasion and rewards, too, have played a large part in providing GMAC with a ready market among General Motors' dealers. Dealers in General Motors' products typically enjoy five separate sources of income: the retail mark-up in price of the car; the dealer reserve for repossession loss; commission on car insurance; repair and parts business when an insured car suffers damage; and, finally, loading or "packing" of finance charges. Two of these sources—the dealers' reserve and the repair and parts business—are deferred in nature and thus serve to deter dealers from switching to other makes of car on pain of losing these profit elements. Loading or packing, tolerated if not expressly recommended by GMAC, is the practice of adding a financing charge over what the dealer pays which is immediately returned to the dealer when GMAC purchases the installment contract at a discount. Information in my possession indicates that the newly formed Ford financing affiliate similarly enables its dealers to exact excessive financing charges and thus to augment their immediate profit. The peculiarly entrenched position of GMAC, however, lies in the fact that it does not need to make expenditures to acquire business. Business of GM dealers is almost automatically directed to it.

The advantages of these arrangements to the parent General Motors Corporation are manifest. Through its captive finance company, GM is enabled to maintain ostensibly independent but actually captive sales organizations of General Motors' dealers. It retains the capacity to manipulate car sales credit as an aspect of its sales policies. These advantages necessarily increase its dominance in the industry, give it an inestimable advtantage over its competitors, and inevitably lead to monopoly. As GMAC itself has declared: "It must be obvious that the parent corporation can hardly justify investment of its capital in a corporation designed primarily as a competitive discounting or financing agency, fundamentally designed as an independent aid to distribution and sales." GMAC is, and has always been, an instrument of General Motors factory sales policy.

Against this background of substantial monopolistic advantages to GMAC and General Motors, which arise from their affiliation, may be viewed the injury and competitive disadvantage suffered by other elements of the automotive and financing industries and by the economy as a whole. Manufacturers, unable to compete with the glitter of the five separate profit pockets which GMAC affords its dealers, must ultimately suffer impairment of what is left of their share of the market or must, like Ford, resort to similar expedients. Dealers tend more and more to become economic serfs, totally dependent on and responsive to the dictates of the factory. The economy, as a whole, faces the monopolization of its largest industry. Independent finance companies are forced more and more to abandon automobile time sales financing. When this happens, the economy as a whole will be at the mercy of the manufacturing oligopoly — more interested in sales and profits than in the safety of credit extensions. A recent story in the Chicago papers dealing with the credit dilemma of J. I. Case, a great farm machinery manufacturer, illustrates the danger of overloading when the manufacturer finances sales through its own finance company. Ninety-one banks had to agree to a standstill agreement to avert disaster.

At the Crossroad

The time has come to realize that it is impossible for the time sales financing industry to survive part free and part slave. We are at a crossroad. One alternative will produce an automobile oligopoly in which each manufacturer is forced to maintain its own financing affiliate, and the independents are driven out of the industry altogether. The other envisages the elimination of captive financing and the restriction of automobile manufacturers to the business of making and selling cars. Under this alternative the contribution of independent finance companies whose interest is in the safety of investments as well as profits will be restored to the industry. GMAC and the Ford financing subsidiary would become independent — their resources made available to all dealers and to the financing of products of new and resurgent manufacturers. The second is the only alternative consistent with our antitrust policies and traditions. In the 86th Congress I introduced H. R. 4256, a bill to prevent manufacturers of motor vehicles from financing or insuring the sales of their products. Similar bills were introduced in the Senate.

In the coming Congress it is essential that legislation of this kind be pressed to an early enactment. At the opening of the new session I shall reintroduce my bill. Existing antitrust laws have proved themselves wholly inadequate to cope with this problem. Congress must act. Prompt divestiture by General Motors and Ford of their finance subsidiaries and prohibition of the institution of similar arrangements by other car manufacturers are, I am convinced, of first priority if we are to preserve free enterprise competition in this great industry.

*An address by Mr. Celler before the 27th Annual American Finance Conference, Chicago, Ill.

Lee Higginson Appointments

Lee Higginson Corporation, 20 Broad Street, New York City, announced the election of nine new executives in its main offices of New York, Chicago and Boston.

John S. Barker, William L. Trenholm and Winslow G. Tuttle, all of New York, and Donald C. McCotter, Chicago, have been elected Vice-Presidents.

Charles W. Cox, II, David C. Haight, Leslie G. Schoenhart, Jr., and Alan T. Unger, all of New York, and Frederick W. Parent, Boston, have been elected Assistant Vice-Presidents.

The investment banking firm, members of the New York Stock Exchange, was founded in 1848.

Corp. Affiliate For G. H. Walker

G. H. Walker & Co., 45 Wall Street, New York City, members of the New York Stock Exchange, announced the incorporation of a wholly-owned affiliate, G. H. Walker & Co. Incorporated, which will engage in the underwriting of securities.

It was also announced that the following have been elected Vice-Presidents of the corporation: Alfred V. Morin, Scott Pierce, Joachim A. Schumacher, John H. Swan, all of New York City, and Malcolm Farmer, Jr. of Providence, R. I.

Business Prospects in 1961 For the Free World

By Paul Einzig

Dr. Einzig takes the pulse of the free world's principal economies and comes up with a diagnosis of business recovery in 1961. He declares no amount of delaying tactics by "prophets of gloom" can prevent this from occurring next year. Once our dollar balance of payments problem is out of the way, which Dr. Einzig finds susceptible of solution, we too can expect a revival of post-war prosperity. Dr. Einzig comments on the good and the bad straws-in-the-wind, and on the likely increase in East-West trade. He views the narrowness of our election as assuring a sufficiently moderate economic course capable of preventing either a dollar or a sterling crisis.

LONDON, Eng. — Prophets of gloom an despondency have been working overtime in recent months, predicting an economic "Decline of the West" in the near future. They have maintained that the post-war boom has spent its force and will be followed by a period of fairly advanced recession. With the worst possible will in the world I could not share their defeatism. I am firmly convinced that 1961 will witness a noteworthy revival of business activity throughout the Western world. While the boom-like conditions of a year or two ago may not perhaps return next year there will be not doubt a sufficient degree of recovery to restore the belief that the business cycle of the pre-war type is a matter of the past

Of course much will depend on the policies to be adopted by the new Administration. Business trend in the United States is still by far the most important single factor in the economic situation of the free world. If the change of regime in Washington should be followed by an upturn of business it would affect the trend in Europe and on other continents in a similar sense both through its material effect and through its psychological effect.

There is a widespread belief that the Kennedy Administration could only achieve such a result by taking the line of least resistance in respect of the dollar. An increase of the official American buying price of gold, especially if it is substantial, would let loose a wave of inflationary optimism throughout the free world, effecting the volume of production and consumption and the trend of prices both of goods and of equities. There are widespread fears that the defense of the dollar at its present parity would mean drastic cuts in public and private expenditure leading to a deflationary spiral. There is no reason why this should be so, provided that there is an adequate degree of cooperation with the new Administration in its task of maintaining confidence in the dollar.

Judging by the upswing of American exports it seems that recent popular diagnosis, according to which American industries have outpriced themselves from the world market, have been wrong. American exports can more than hold their own. A curtailment of American external spending, together with the adoption of the suggestion I made in the December 1 issue of the *Commercial and Financial Chronicle* that the cost of American troops abroad should be financed by means of external long-term loans, would restore the balance of payments and the wave of distrust in the dollar would come to an end.

Predicts Business Upswing Here

Once the dollar problem is out of the way there will be nothing to prevent a revival of business in the United States. Even in the absence of unduly drastic New Deal policies on the part of the new Administration it is certain to follow an expansionary policy that would revive the post-war influences making for more production and consumption.

If the return of confidence in the dollar assumed a spectacular character—as it would have done in case of a Republican victory—it would have entailed a sterling crisis as a result of sudden withdrawals of American funds in London. Had there been a landslide in favor of the Democrats, the anticipation of aggressive New Deal policies would have resulted in a sweeping dollar crisis. Owing to the exceptional narrowness of Senator Kennedy's majority, the assumption that counsel of moderation will prevail has resulted in the anticipation that there need not be, after all, either a sterling crisis or a dollar crisis.

Britain Faces Prosperity and Problems

Even in the absence of an acute run on the pound, Britain has many major economic worries to face in the coming year. Judging by the expanding trend of capital investment programs, however, it is likely to be a reasonably prosperous year. In the absence of an acute pressure on the pound the British authorities may be able to lower the bank rate further, though from this point of view the slight revival of the rising trend in the cost of living has to be borne in mind.

In Western Europe as a whole this year 1961 is likely to be one of prosperity. The only major clouds on the continental horizon are the Algerian situation and the West Berlin situation. Either of these factors might produce a highly disturbing political development in Western Europe, with grave economic repercussions. Politics apart, however, the progress of integration within the two trading groups is likely to have a beneficial effect on economic conditions in their member countries.

As for the raw material exporting countries of the four continents, they stand to benefit by the resumption of upward trend in the major industrial countries. Once more they will be able to afford to import the manufactures of the latter, especially if a revival of optimism should lead a revival of investment in raw material producing countries.

It seems probable that the year 1961 will witness an increase in the volume of East-West trade. Notwithstanding the Berlin problem, political cold war is likely to subside in some measure later in the year. Judging by the outcome of the recent Moscow conference, economics will overshadow politics in the attitude of the Communist bloc towards the West. In the more distant future this will mean disturbing Communist economic offenses, but in the coming year the Soviet Union is more likely to concentrate on strengthening its economic position by means of expanding its trade with the non-communist world.

Allowing for various conflicting considerations, it seems reasonable to hope that there will be a revival of post-war prosperity throughout 1961. Whether the change will occur soon after the turn of the year or later depends largely on our attitude towards it. Prophets of gloom will be unable to prevent a recovery, but they could delay it by interfering with the psychological factor represented by the traditional optimism that accompanies the change from one year to another.

Miller, Newman, Zimmermann & Co.

Formation of Miller, Newman, Zimmermann & Co., Inc. as a member firm of the New York Stock Exchange has been announced by Irwin Miller, President. The firm, with offices at 30 Broad Street, New York City, will conduct a general brokerage business. Charles M. Newman is Vice-President and Secretary and George O. Zimmermann is Vice-President and Treasurer.

Mr. Miller at 26 is believed to be the youngest President of a corporation with membership on the New York Stock Exchange. He is a grandson of the late Israel Miller, founder of I. Miller & Sons, leading manufacturer and retailer of women's high fashion shoes, and son of the late Irving Miller, former Treasurer and director of I. Miller.

Formerly associated with Cowen & Company and D. H. Blair & Company, Mr. Miller holds degrees from Yale University and the Columbia School of Business Administration.

Mr. Newman will represent the company on the floor of the Exchange. He has been a member of the New York Stock Exchange since 1949, and has acted as a specialist on the floor for the past six years.

Mr. Zimmermann will be in charge of the research department of the new organization. He formerly served in a similar capacity with Cowen & Company. He has also been associated with Thomson & McKinnon.

Mr. Zimmerman is a great nephew of the late Leopold Zimmermann who founded the firm of Zimmermann & Forshay before the turn of the century. One of the leading investment and banking houses specializing in foreign securities and foreign exchange, the firm continued in business until the retirement of the late Alfred Zimmermann, father of George O. Zimmermann.

Miller, Newman, Zimmermann & Co., Inc. will clear through Joseph Walker & Sons.

Jesup & Lamont Admit Isleib

Jesup & Lamont, 26 Broadway, New York City, members of the New York Stock Exchange, have announced the admission of Horace F. Isleib as a general partner. Mr. Isleib will be in charge of institutional sales. For many years he was the Associate Treasurer, Investment Officer and Assistant Secretary of Yale University and for the past two years has been a partner of Buckner & Co. of this city.

W. E. Hutton & Co. To Admit Partner

LEXINGTON, Ky. — On Jan. 5 Hart Hagin will be admitted to partnership in W. E. Hutton & Co. Mr. Hagin is manager of the firm's Lexington office at 267 West Short Street.

Latin America in 1960

By Dr. Felipe Herrera,* *President, Inter-American Development Bank, Washington, D. C.*

In including and going beyond the new Inter-American Bank, Dr. Herrera sums up the growing pains, problems, inherent vitality and successes to date marking the path of the 20 people's struggle toward economic and social betterment. Latin America is shown to be emerging as potentially one of the most promising new areas in the world, and as an irreplaceable factor in the prosperity of our hemisphere. Stressed is the need to rectify the imbalance between population growth and ability to meet its needs which threatens democratic institutions, to improve internal conditions and income distribution so as to make foreign aid and investments more effective, and to break the vicious circle of exports and foreign credit, neither of which can increase without the other. The distinguished South American economist's portrayal of the basic undercurrents portend what is at stake.

For many years, first during my governmental and banking career in Chile, later as a Director of the International Monetary Fund, and today as President of the Inter-American Development Bank, I have had reason to follow the work of the influential National Foreign Trade Council. Over these years, I have been increasingly impressed by the importance of its accomplishments, and not the least where trade with Latin America is concerned.

If my remarks on "Latin America in 1960" should seem to cover more ground than that normally associated with international banking, it is because the factors which govern the destiny of the 20 Latin America republics merit, in all their many manifestations, the attention of every American whose goal is the harmony and progress of our Western Hemisphere.

With ample cause, many of us have become deeply concerned with the question mark posed by events in some sectors of Latin America. These events may be geographically localized, but they have great significance for the hemisphere as a whole. Perhaps we could find no better opportunity than the present one to examine the close interdependence between the political and social life of Latin America and its economic and commercial life, on the national and international levels.

Chronological Account of 1960 Developments

Chronologically, here are some of the happenings which reflect the "Latin America of 1960":

January 6th—Cuba begins expropriation of United States properties, followed shortly by the visit of Soviet Vice Premier Mikoyan and a barter agreement with Russia involving a million tons of sugar;

February 8th—Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay enter into a free trade agreement. The Governing Board of the Inter-American Development Bank terminates its first meeting with election of the bank's executive directors and officers;

February 23rd to March 3rd—President Eisenhower tours Brazil, Argentina, Chile and Uruguay as a demonstration of his "deep interest" in Latin America;

April 5th to 12th—President Alberto Lleras Camargo of Colombia visits the United States. He tells a joint session of Congress that a "strictly banking approach" is insufficient to stimulate Latin American development, and that it will be impossible to attain economic and social stability as long as erratic fluctuations in raw materials prices are allowed to persist;

April 21st—Brasilia becomes the new capital of Brazil;

July 8th—President Eisenhower announces his five hundred million dollar "Program of Social Development for Latin America," subsequently approved by Congress. Two months later to the day, his proposal is complemented by the Act of Bogota, whereby 20 Latin American nations pledge themselves to the economic and social betterment of all of Latin America;

August 6th—Victor Paz Estenssoro, President of Bolivia from 1952 to 1956, is reelected by a decisive majority in completely orderly elections. Subsequently, and in equally orderly balloting, Jose Maria Velasco Ibarra becomes President of Ecuador, Francisco Chiari is elected President of Panama, and Janio Quadros is elected President of Brazil;

October 26th—A military-civil coup ousts Salvadorean President Jose Maria Lemus from office.

Not Entirely Negative

These events hardly portray a world of unmixed tranquility or stagnation, but in them we can discern the growing pains and inherent vitality of 20 peoples struggling toward economic and social betterment. Despite the negative aspects of some of these events, a balance sheet would show that Latin America is closer to the basic concepts of the Western World than any other undeveloped area.

More specifically, they point to and are explained by certain basic undercurrents which characterize "Latin America in 1960." These are a trend toward greater economic integration; a threat to economic and social stability deriving from depressed raw materials prices; an unbalance between a rapidly growing population and the means of meeting that population's needs and, finally, a recognition that our democratic ideals and institutions will be in danger unless the Latin American countries themselves find peaceful means of resolving their situation.

Let us examine these undercurrents one by one:

First, "Latin America in 1960" showed marked progress toward economic integration and the establishment of common markets, on terms of non-discrimination against other areas and the free play of competition. Following a long period of discussion and preparation among the participating countries, the first concrete steps were taken toward the reduction of customs barriers and other obstacles to free trade.

The importance of this collective action cannot be overestimated. Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay — joined by their free trade pact—account in themselves for 80% of the area of all Latin America, 60% of its population, and 50% of its foreign trade.

Economic integration in Central America is dramatically overcoming the artificial barrier that separate five small nations with a total population of over 10 million, a total area of 175,000 square miles, and a yearly foreign trade of more than $925,000,000.

These efforts are being viewed with sympathy by government and private enterprise in the United States, and only recently the United States Government and the Inter-American Development Bank announced their support of a new Central American regional organism to stimulate public and private economic integration in that area.

Drive Toward Economic Integration

The growing economic integration of Latin America, a logical outgrowth of the common aspirations and common historic, linguistic and cultural ties which bind the southern republics, will bring positive benefits to the area, but will also offer positive benefits to highly industrialized and export-capital nations. Experience has demonstrated that this is an inevitable consequence of the increased needs and increased purchasing power of the broader and more dynamic geo-economic areas produced by economic integration.

The Inter-American Development Bank, over which I have the honor to preside, is but another manifestation of this drive toward economic integration. The bank is rapidly becoming a financial agency in which Latin Americans can be represented as a community in the United States and European financial worlds, and where they can learn to evaluate jointly their most pressing needs, national or collective.

We recognize that this multilateral enterprise, of whose billion dollar capitalization 60% comes from Latin America, may prove insufficient to meet all the financing that might be asked of us, but we view our organization as one which can usefully associate itself with other sources of financing, public and private, as a guide in properly orienting and channeling public and private requests for financing from Latin America. This we propose to do by applying our technical assistance facilities to the planning of specific projects which offer the greatest promise for Latin America.

Needless to say, we shall be assisting private enterprise as well as governments, and in this our statutes, policies and motivation are identical with those expressed by the National Foreign Trade Council, in its statement of Sept. 29, 1959. We, too, are interested primarily in financing only those projects which are economically sound and which will contribute to the well-organized development of the recipient countries. We, too, are averse to undercutting the operations of the Export-Import Bank and International Bank for Reconstruction and Development, and we are equally averse to providing public funds for projects for which private funds are available.

Our statutes assign $150,000,000 to a special fund to meet the needs of countries whose foreign exchange structures limit their credit worthiness abroad. In the past these countries have found themselves in a vicious circle: Their inability to increase and diversify their exports restricts their foreign credit, and restrictions on their foreign credit make it impossible for them to increase and diversify their exports. The only way to break this impasse in certain cases is to permit repayment in local currencies until the countries involved can carry on by themselves.

Soft Loans vs. Bad Loans

I know that this takes us into the area of so-called "soft loans," but let us not forget that for a banker "soft loans" are not synonymous with "bad loans." Our requirements concerning the validity and productivity of a given project will be the same for this type of loan as for ordinary loans. Just as the International Development Association is, to all intents and purposes, no more than an independent fund of the International Bank for Reconstruction and Development which administers it, so too, in the Inter-American Development Bank, the special operations fund is sharply separated from the ordinary capital which is our basic lending resource.

Second, outstanding, too, in the "Latin America of 1960" were the undesirable effect of negative terms of trade arising from the maintenance of depressed prices for our raw materials—the basis of our Latin American economy.

Latin America has seen its dollar income drop by more than a billion dollars over the past nine years. The last five years alone have accounted for 80% of this loss. I do not wish to burden this paper with exact figures for every commodity and area, but the adverse effects of these lagging prices have been felt in every country of Latin America and in almost every segment of its economy — coffee, wool, lead, cocoa, cotton, wheat, tin, quebracho and beef, to cite but a few.

With our growing population, with our development programs still in their early stages, with our dollar obligations to be met — a weakening in the prices of our basic exports can lead only to permanent disturbance.

Money Alone Not the Answer

It must be borne in mind that no amount of public or private international investment can replace a vigorous and growing foreign trade as our best guarantee of economic growth and the ability to buy what is required of more highly-industrialized nations.

"Latin America in 1960" continues to do its best to ease the course of foreign trade, by liberalizing exchange requirements and eliminating discriminatory practices through bilateral agreements and other means. It is interesting to note, for example, how the southern half of South America, traditionally associated with monetary instability and currency restrictions, is creating a new environment for trade and investment.

These countries have heeded the oft-repeated injunction to put their house in order, frequently despite unfavorable political conditions, and are continuing to do so with great vigor and growing public support, even when this process involves temporary hardship.

Third, there are several countries in the "Latin America of 1960" whose internal growth is a truly dynamic factor in their economic development, despite, at times, adverse external conditions. Of these, the most outstanding examples are Mexico and Brazil, where exports play a less decisive role in the gross national product.

In part, this phenomenon can be traced to the emergence of a new and vigorous entrepreneur class, particularly in industry and finance, but by far the most potent contributing element is the existence of *ample domestic markets*, furnished by the 67 million Brazilians and 35 million Mexicans who constitute more than half the population of Latin America. In these examples of self-contained markets lies the greatest incentive to industrialization and economic integration for the smaller nations of Latin America.

Population Explosion

In the light of this experience, the so-called population explosion which Latin America is experiencing can favor the growth of our economies. Latin America had 60 million inhabitants at the beginning of this century. By the end of the century, it is estimated that its population will be 600 million double that of the United States in the year 2000.

While this population explosion has its negative aspects—notably the way it is outstripping investments and facilities for meeting its increased needs — we should not forget that, combined with the proper utilization of natural resources and an adequate technological, cultural and sociological environment, it cannot but create a rapid economic development. This was the experience of the United States and Europe during the great upsurge of their populations in the 19th Century, and Latin America has all the assets—raw materials in abundance, established institutions and trade channels—to exploit such a situation for the best.

Moreover, there are factors which set Latin America apart from other underdeveloped areas. Our great problem is not one of breathing space, as in other underdeveloped areas, but rather of a better distribution of population. More than half of South America is uninhabited—the vast reaches of the Amazon Basin; of Chilean and Argentine Patagonia, and equally vast expanses of Brazil, Venezuela, Colombia, Ecuador, Peru, Bolivia and Paraguay are examples.

This uneven distribution of population is further complicated by booming urban concentrations on the one hand, and an unbalanced distribution of farm population on the other. The central zone of Mexico, for example, has an excess of farm population, while the sprawling and equally fertile northwest zone lacks manpower to exploit its possibilities. In Bolivia, agriculture is concentrated in the dry and inhospitable Andean highlands, while the warm and fertile lowlands go virtually untilled. In Chile, 80% of the population still lives in rural areas settled in colonial times, while the broad grasslands and rich forests of the South go uninhabited.

Another demographic complication in "Latin America in 1960" is the extremely high percentage of children under 15. These constitute 40% of our population—that is, 75 million in all.

This circumstance generates the urgent and economically strengthening need to build more housing and better public facilities; to eliminate obsolete land-holding practices which impede a better distribution of population and a better and cheaper food supply, and to create more and better schools and vocational training centers.

Housing, water supply, land reform education—these are problems which we must solve ourselves with our own internal efforts. But financial and technical assistance, properly applied, can speed us in the gigantic task, and help eliminate obstacles to progress and create the conditions essential to well being.

Fourth, political and social conditions in the "Latin America of 1960" were the object of a greater concern than ever in the United States.

In times gone by, it was we who felt the repercussions of events in the United States, but we might well ask ourselves if this situation has not been reversed in the past year or two, and whether it is not events in Latin America that now produce reverberations in the United States.

Self-Help Essential

We Latin Americans applaud the growing awareness of the fact that our ills will continue and even worsen, despite massive infusions of dollars, unless conditions are nurtured within the Latin American nations which conduce to a broader environment of democracy, culture, social justice and well being. It is no accident that, as a general rule, those European and Asiatic countries with the poorest tradition of freedom and of free expression were the first to succumb to the totalitarian systems offered as a panacea for all their ills.

In our own area, it is no accident that those countries with the best record of democratic evolution, education and distribution of national wealth generally provide the best milieu for economic development, foreign investment and free financial and commercial exchange.

The recently approved Act of Bogota, which embodies in substance the principles enunciated by President Eisenhower and ratified by the U. S. Congress in the Program of Social Development for Latin America, is a vigorous approach to helping our countries in their struggle for orderly development through international cooperation.

The Member States of the Inter-American system have seen fit to designate the Inter-American Development Bank as their principal instrument in attaining this objective, to serve as their trustee in the utilization of the program resources. This is the best means of permitting the Latin American countries to determine collectively in what areas and in what manner these funds shall be used for the greatest good.

Conclusion

Summing up, we may point to these conclusions:

(1) Latin America in 1960 is a sub-continent with definite possibilities of vigorous economic growth, despite the present problems of market and price which beset it. With its natural resources and burgeoning population, it emerges as potentially one of the most promising new areas in the world.

(2) Political and social unrest in the "Latin America of 1960" are symptoms of economic instability and the unsatisfied social needs of its rapidly growing population. Happily, however, history permits us to believe that Latin America will tend more toward democracy than totalitarianism. This year, for example, one minor *coup d'etat* was outweighed by four peaceable, orderly and important elections.

(3) The United States has shown an increasing awareness that mere financial help cannot solve the problems of "Latin America of 1960" unless internal conditions are created by the Latin American countries themselves which permit a broader and more equitable distribution of the fruits of the collective effort. This, in turn, would make foreign aid and investments more effective and bring their benefits closer to the man in the street.

It is for these reasons that I am firmly convinced that the "Latin America of 1960" is, and will continue to be, an irreplaceable factor in the prosperity of our Hemisphere, and, consequently, in the peace of the world.

*An address by Dr. Herrera at The Americas (Luncheon) Session of the Forty-Seventh National Foreign Trade Convention, New York City.

Vercoe Office

CHILLICOTHE, Ohio.—David S. Brownell is representing Vercoe & Co. from offices at 169 Plum Street.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

THE CHASE MANHATTAN BANK (N. Y.)

Several significant actions are scheduled at Chase Manhattan with the ringing in of the new year 1961. As of Jan. 1, George Champion, President, succeeds John J. McCloy as Chairman while David Rockefeller will assume the office of President. Barring additional delays, the move into the new head office skyscraper building will be completed during 1961. Management is to be applauded for its forward looking planning in allowing breathing space, a factor which alone should attract additional customers. To a new visitor to the Wall Street area the stifling canyons must appear as a national disgrace to the recognition of humanity. This step away from stark materialism is indeed welcomed. Of more immediate significance to investors is the announced intention of the directors to pay a 4% stock dividend in March, 1961 and to raise the cash dividend from an annual rate of $2.40 to $2.50 a share.

Although considerably smaller than the Bank of America, Chase Manhattan leads in world commercial banking. Its strong lead in the correspondent banking field with some 4,000 bank relationships maintained in the United States alone appears unassailable. It is the only bank where correspondent balances exceed $1 billion. Such balances account for approximately 20% of total deposits. On the other hand, savings deposits in recent years have risen faster than demand deposits and presently exceed $550 million. The correspondent leadership probably explains a management attitude favoring the present multi-thousand unit bank network characterizing the United States banking system in contrast to a wide geographic branch banking system.

The prevalence of correspondent banking itself readily reveals the role of leading banks as not only national but international institutions. With money and credit as the vital raw materials it is small wonder that the annual reports of leading banks expound on the outlook of the general economy, certainly welcome discussions. The despondent note is the modesty toward a detailed analysis of the particular bank's operations, a situation where knowledge is even closer at hand. Further improvements of such analyses should improve relationships with stockholders and depositors.

Although one can be moderately critical toward Chase Manhattan's stand for "continued strong independent banking, such leanings are understandable. Commendation appears in order for its stand against the expediency of bank holding companies for ownership of unit banks. The Chase Manhattan Bank today is the result of several past mergers and management interest continues strong for local branch bank expansion. The major merger in 1955, of The Chase National Bank of the City of New York and Bank of the Manhattan Company, has been followed by merger of the Staten Island National Bank & Trust Company in 1957, and the Clinton Trust Co. and West Indies Bank & Trust Company (Virgin Islands) in 1959. This month's announcement that authorized capital stock will be increased beyond an amount needed to pay a 4% stock dividend allows for the issuance of stock in connection with possible future acquisitions or mergers. During 1960 a banking office was opened in Nassau, bringing total branches in the Caribbean area to 19; a Paris office was opened and offices are planned in Panama and in Lagos, Nigeria. Thus Chase will have an overseas network of over 30 offices in addition to some 105 New York offices.

In line with the growing demand for credit cards, the "Chase Manhattan Charge Plan" was launched during 1958. During 1960 approval for a branch in Great Neck Plaza, Nassau County, was obtained and further applications for suburban expansion can be expected. Business loans continue to represent the largest segment of business, and the percentage of total loans to deposits (57%) relative to other banks is high. Unreported bank reserves are significant.

The bank's reported resources of $8,530 million at Sept. 30, 1960 represent a gain of 7.5% from the corresponding 1959 date. Deposits and loans were up 5% and 3% respectively. Present stock outstanding is 13,430,340 shares of $12.50 par value.

Earnings for nine months 1960 were $4.11 a share compared with $3.42 a year ago, a gain of 20.2%. At the recent price of 63 a yield of 4.0% is obtained on the indicated $2.50 annual rate. The 4% stock dividend once approved will be payable to stockholders of record Feb. 3, 1961 for payment March 10, 1961. Besides the favorable factors at work for New York City's wholesale-retail banks, Chase Manhattan's size and diversification advantages provide investment attraction for its stock. Not only is the issue selling at an attractive price relative to several other New York City banks, the new dividend rate remains among the lowest payouts of earnings.

Statement of Condition
(In Millions of Dollars)

ASSETS—	September 30 1960		Dec. 31 1959	Dec. 31 1958	Dec. 31 1957
Cash	$1,897.0	22.2%	24.7%	25.2%	25.6%
U. S. Gov'ts	1,517.1	17.8	12.4	18.1	14.7
Other securities	482.0	5.7	5.7	5.3	5.2
Loans	4,186.2	49.1	53.0	47.9	50.3
(Mortgages)	(234.0)	(5.6)	(5.7)	(4.5)	(4.8)
Other assets	448.0	5.2	4.2	3.5	4.2
		100.0%	100.0%	100.0%	100.0%
Total Assets	$8,530.3		$8,471.9	$8,330.0	$7,809.8
LIABILITIES—					
Capital funds	$679.8	8.0%	7.8%	7.6%	7.7%
Deposits	7,349.4	86.2	88.8	88.7	88.2
Reserves	62.1	.7	.5	.9	.7
Other liabilities	439.0	5.1	2.9	2.8	3.4
		100.0%	100.0%	100.0%	100.0%
Total Liab.	$8,530.3		$8,471.9	$8,330.0	$7,809.8

Selected Per Share Statistics*

Year	Net. Oper. Earnings	Divid.	Book Value	% Earned on Book Value	Approx. Bid Price Range	Avg. P/E Ratio
1960	$5.50†	$2.40	$51.00†	10.9%	69 — 57	11.5
1959	4.81	2.35	48.86	10.0	71 — 55	13.3
1958	4.14	2.35	47.29	9.0	58 — 47	12.3
1957	4.13	2.35	44.80	9.4	52 — 43	11.2
1956	3.66	2.21	43.72	8.6	54 — 45	13.0
1955	3.15	2.00	43.01	8.1	63 — 46	15.4

†Estimated *Adjusted for 2% stock dividend paid in 1960.

Troster, Singer Admits Three

Troster, Singer & Co., 74 Trinity Place, New York City, has announced that three co-managers of the firm's trading department will be admitted as general partners, effective Jan. 1, 1961.

The men to be admitted are: Milton Pauley, who joined a predecessor organization in 1928, and Walter L. Filkins, and Ernest Lienhard who joined predecessor companies in 1935 and 1929 respectively.

Milton Pauley

Walter Filkins

Ernest Lienhard

The three men are members of the Security Traders Association of New York.

Colonel Oliver J. Troster and Louis P. Singer are the present partners of Troster, Singer & Co. which is one of the country's largest dealers in over-the-counter securities. The firm maintains a network of private wires to 21 out-of-town correspondent firms. The present company name was adopted in 1950.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Consolidated Edison Company of New York, Inc.

Consolidated Edison is the largest electric and gas utility in the United States with annual revenues of about $648 million. It serves all of New York City including Staten Island, and most of Westchester County. Electricity contributes about 80% of revenues, gas 15% and steam 5%. Electric revenues are about 34% residential, 54% commercial and industrial, 5% railway and 7% municipal and other.

The predecessor company, Edison Electric Illuminating, began business back in 1882 at Thomas A. Edison's old Pearl Street Station (still preserved). Electricity was then supplied to 400 bamboo filament lamps in office buildings in lower Manhattan. The steam business also started in 1882, supplying customers in lower Manhattan. These pioneer companies were followed by many others, serving the various areas which now comprise New York City. Seven gas companies in Manhattan merged in 1884 to form Consolidated Gas Company of New York. Other mergers followed, and in 1936 after the merger of the principal electric subsidiary, the name was changed to Consolidated Edison Company of New York, Inc.

New York City, in addition to being the largest city in the country, is also the greatest retail and wholesale market and has the largest number of service and financial enterprises. It is also the greatest manufacturing city with over 38,000 factories, most of them small. Wearing apparel and accessories are the major output and this industry employs more workers than either the automotive plants in Detroit, or the steel plants in Pittsburgh. Other industries include printing and publishing, food processing and metal working. A copper smelter and refinery is the biggest user of electricity in the city. However, the consumer character of most of New York's industries makes for stability, which is reflected in the company's long dividend record going back to 1885.

The company's steam generating capacity totaled 4.9 million kw at the end of last year and during 1960-61 632,000 kw will be added, including a 275,000 kw nuclear power plant at Indian Point. 357,000 kw of new capacity will also be added in each of the years 1962, 1963 and 1964. Last year's peak load was about 4.2 million kw, indicating a reserve of 15%. Con Edison is considering adding a second unit of about 400,000 kw at Indian Point. Also, it has joined with six other utility companies in New York State which have announced plans for later construction of a 300-500,000 kw atomic power plant.

This association of seven utility companies in New York State—Empire State Atomic Development Associates or ESADA—is anxious to obtain a cost around 7 mills per kwh at the new plant (lower than will be obtainable at Indian Point). They have therefore, selected General Electric and General Dynamics to develop two competing power concepts, employing ultra-high temperatures for greater efficiency. The contract with General Dynamics calls for an $8.7 million three-year project beginning Jan. 1, embodying a high-temperature, gas-cooled reactor to be built at Peachbottom, Pa. General Electric will attempt to develop a reactor to shoot off high temperature steam using the boiling-water principle. ESADA wants uranium furnaces that will boil out steam at 1,000 degrees F. at a pressure of 1,500-2,000 pounds per square inch.

From Jan. 1, 1955 to Aug. 31, 1960—about five and two-thirds years— Con Ed and its subsidiary spent $954 million for construction and in addition made payments of $30 million toward the purchase price of the New York City power plants, an agreement having been finally reached with the City after years of negotiations. During the same period about $149 million property was retired. Still larger amounts will be spent in future: $222 million was expended in 1959 and $225 million is budgeted for this year; for the five years 1960-4 inclusive, total expenditures are estimated at $1.2 billion.

In financing its construction program, Consolidated Edison has permitted its equity ratio to drop from 45.1 in 1950 to about 36.5 in August this year. Equity financing in the postwar period has been largely through the medium of conversion of debentures. In 1948 and 1959 stockholders were given subscription rights to convertible debentures. Last September the company called $15 million of the convertible 4s for redemption, thus forcing conversion; some $29 million remain outstanding. In conversion, a $100 debenture plus $22 cash can be exchanged for two shares of common stock.

Consolidated Edison for some years has been earning what would be considered a sub-normal rate of return on its rate base, especially as compared with states such as Florida and Texas where regulation has been liberal. According to the statistics prepared by Standard & Poor's, the company earned only 4.3% on year-end net plant account in 1951; the figure increased to 5% in 1954 and has held around that level in later years. (Percent earned on invested capital is only 4.8%.)

The company has sought to remedy this condition and has asked the Public Service Commission for a return of 6¾ to 7%, using flow-through accounting for the tax savings resulting from use of accelerated depreciation. Hearings have now ended and briefs should be filed by the end of January, with a decision expected some time in 1961. However, recognizing the inadequacy of the present rate of return, the commission allowed a $14 million per annum interim increase last January.

The company in October asked for another interim rate increase, without specifying the amount. The move was opposed by lawyers representing large users of electricity, since there had been an increase of 12.5% in rates for such users last January. However, Exhibit 112A, Table 4A, filed in the rate proceedings some time ago, indicated that the company had been earning a return of only 2.6% from large customers including some of the department stores, big real estate projects, nonsubmetering landlords, and large industrial customers.

Share earnings have increased from $2.22 in 1949 to an estimated $3.85 for 1960 (slightly below last year's $3.92). However, some of the growth in share earnings in recent years has been due to the use of flow-through of tax savings. If these savings had been normalized, share earnings would have increased only about 30¢ in the past five years, it is estimated. The annual dividend rate has been increased from $1.70 in 1950 to the current rate of $3.00, the latter figure representing a payout of about 78%.

At the recent price of around 66 the stock yields 4.5% and sells at about 17 times earnings.

Garvin, Bantel Admits Mrs. Seits

Garvin, Bantel & Co., 120 Broadway, New York City, members of the New York Stock Exchange and American Stock Exchange, announce that Mrs. Anita E. Seits has been admitted to the firm as a general partner as of Jan. 1, 1960. Mrs. Seits joined the firm in May, 1955, as Office Manager. She had previously been associated with the investment banking firm of Hill, Thompson & Company.


Mrs. Anita E. Seits

Admission of women to general partnership in Stock Exchange firms has been fairly rare over the years. Exchange records indicate that only 44 held this rating in Exchange firms as of November 1, 1960.

Harriman Ripley Names Dumke

The Board of Directors of Harriman Ripley & Co., Incorporated, 63 Wall Street, New York City, announced the election of Edmund W. Dumke as Assistant Vice-President. Mr. Dumke will devote his efforts to new business development.

Mr. Dumke is a graduate of the University of Utah, Class of 1950, and Columbia University, Graduate School of Business Administration. Prior to joining the Buying Department staff of Harriman Ripley & Co., Incorporated in February, 1959, Mr. Dumke was with Schwabacher & Co. in Salt Lake City, Utah.

To Be V.-P. of First Michigan

DETROIT, Mich.—On Jan. 2 William C. McMillan will become a Vice-President of First of Michigan Corporation, Buhl Building, members of the Detroit and Midwest Stock Exchanges.

Named Director

Donald A. Simon has been elected a director of United Components, Inc., Orange, N. J., according to an announcement by Rudolph Sachs, President.

Mr. Simon is manager of the mutual fund department of Hemphill, Noyes & Co., and is a member of the Investment Association of New York and the New York Stock Exchange Speakers Bureau.

Murray Felder Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Murray Felder is conducting his own investment business from offices at 2255 So. Jackson. He was formerly resident partner for Felder & Co. of New York.

Goodbody & Co. Opens Denver Branch

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Goodbody & Co. has opened a branch office at 510 Pennsylvania Avenue. Edward G. Seuhert is associated with the new office.

NEWS ABOUT BANKS AND BANKERS

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

The First National City Bank of New York announced the appointment of three Senior Vice-Presidents, six Vice-Presidents and a new Deputy Comptroller.


John Exter


Alex. D. Calhoun

New Senior Vice-Presidents are Alexander D. Calhoun, John Exter and Joseph E. Morris. Messrs. Calhoun and Exter were formerly Vice-Presidents. Mr. Morris is also Executive Vice-President of the bank's affiliate **First National City Trust Company, New York.**

The new Vice-Presidents are Daniel D. Dickey, Lester Garvin, Malcolm W. Robinson, Christopher R. P. Rodgers, Frederick J. Todd and Warren Wheeler. Also appointed as Deputy Comptroller was W. Josiah L. Patton.

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The election of John J. Lynch as President of **Kings County Trust Company, Brooklyn, New York** is announced. Mr. Lynch, a Trustee and former Vice-President of the Bank, succeeds Chester A. Allen, who has been elected Chairman of the Board. George Gray becomes Executive Vice-President. Mr. Gray has been Vice-President in the Trust Department.


John J. Lynch

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Lawrence C. Marshall and John E. Swearingen have been elected Directors of **The Chase Manhattan Bank, New York**, announced John J. McCloy, Chairman of the Board. Mr. Marshall, an Executive Vice-President of the bank, is to become Vice-Chairman of the Board of Directors on Jan. 1.

Mr. Marshall was President of **The Bank of the Manhattan Company** when it merged with **Chase National Bank** in 1955. He began his banking career in 1925 with the **American Exchange National Bank in New York.** In 1934 he went to the **United States Trust Company of New York**, and in 1946 he joined **The Bank of the Manhattan Company.**

Mr. Marshall is a Trustee of **The Bank for Savings in the City of New York.**

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The Chase Manhattan Bank, New York, has appointed William H. Adams a Vice-President in the trust department, George Champion, President, announced yesterday.

Mr. Adams joined the Bank as a page in 1941. He was appointed a corporate trust officer in 1955 and was promoted to Assistant Vice-President in 1959.

Also announced yesterday was the promotion of Charles F. Ruge to Assistant Vice-President; James B. Doten, Jr., and Frank Litter to accounting officers; Michael G. Duerr to associate economist, and John J. Grinch to associate staff counsel.

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The Chase Manhattan Bank, New York has appointed four new Senior Vice-Presidents in the international department, George Champion, President, announced Dec. 21. They are William S. DuBois, Louis A. Albarracin, James A. Jacobson and John Watts.

Mr. DuBois, joined the Bank in 1927 and was promoted to Vice-President in 1947.

Mr. Albarracin, was with **Equitable Trust Company** when that Bank merged with the **Chase National Bank** in 1930 and that same year was named Manager of the Mexico branch. He was promoted to Assistant Vice-President in 1944 and Vice-President in 1953.

Mr. Jacobson entered Chase in 1930 while on vacation from school and became a permanent employee in 1931. He was appointed an Assistant Cashier in 1941.

In 1945 he became an Assistant Vice-President and was promoted to Vice-President in 1951.

Mr. Watts has been with the Bank since 1949.

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Jay Marc Schwamm has been elected Administrative Vice-President of the **Commercial Bank of North America, New York,** it was announced by Jacob Leichtman, President. Mr. Schwamm was Chairman of the Board of the **American Trust Company, New York** prior to joining Commercial Bank of North America. He had been associated with the American Trust Company since 1953 and was elected Chairman in 1958.


Jay Marc Schwamm

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Irving Trust Company, New York, announces the appointment of Paul W. Howe and Donald C. Jackson to Vice-President.

Mr. Howe, who was promoted from Assistant Vice-President to Vice-President, has been associated with Irving since 1930.

At the same time the following were elected Assistant Vice-Presidents: Roger L. Day, Harry E. Goett, Robert W. Hutton, Stanley A. Kasper, Jr., John D. MacNeary, Charles J. Peterman, Ernst Schneider and Howard M. Stuart, Jr.

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Appointment of Franklin H. Middleton as a Vice-President of **Manufacturers Trust Company, New York,** was announced by Horace C. Flanigan, Chairman of the Board.

Mr. Middleton joined Manufacturers Trust Company in 1935 and was appointed an Assistant Vice-President in 1951.

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Thomas E. Baggott, Lawrence H. Bober, Philip J. Englert, Edwin C. Fox, Llewellyn Jenkins, William McGorry, George Mohrmann, Daniel B. Phelan and Frederick B. Utley, Jr., were elected Vice-Presidents of the **Hanover Bank, New York.**

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The Board of Directors of the **National Bank of Commerce, Norfolk, Va.** announces the election of R. Cosby Moore, President. It will be effective Jan. 1.

MUTUAL FUNDS

BY ROBERT E. RICH

Who's Complaining?

Investment managers, bidding farewell to 1960, are showing a limp hand and a dry eye. And little wonder, for the departing year was a most difficult one. Nor was it made any easier by the prophets, mostly outside the fraternity, who conjured up visions of a diamond-studded decade. Of course, it may yet be that the 1960s will be a time of every man a king and every stock a winner, but if it's true that well begun is half done, then right now patience is a virtue.

For investment leaders, as for nearly everybody else, the past twelvemonth has been an ordeal; a receding economy, a rejection by the electorate of the party generally favored by the business-investment community, a growing sense of uneasiness over America's place in the world and increasing evidence that Communist dynamism has broken out on the upside.

Yet, in spite of these and other discouraging signs, the thrifty, investment-minded folk of America continued in 1960 to demonstrate their faith in a society which has created the highest standard of well-being ever known to mankind. For the year past also has been a time in which shareholder accounts of mutual funds and closed-end investment companies topped 5,000,000 and the number of shareholders reached 2,500,000. Assets of the 187-member companies of the National Association of Investment Companies are estimated at close to $18 billion.

During the year the total number of investment-company shareholder accounts increased by 650,000. Of this, 300,000 represented the net increase in periodic accumulation plan accounts. The number of such accumulation plans in effect at the end of 1960 is estimated at 1,400,000. This compares with 1,128,696 a year earlier.

Investors during the year now ending bought $2.1 billion worth of mutual fund shares. Redemptions during the year totaled about $875,000,000, representing 5.4% of open-end investment companies' average net assets.

This percentage remained unchanged from 1959, when both redemptions and assets were lower. George A. Mooney, the executive director of the N. A. I. C., has said that a gradual increase in dollar amounts of redemptions could be expected in coming years as investors who purchased shares 10, 15 or more years ago reach their investment objectives.

It is calculated that investment companies as a group now hold 4.4% of the outstanding stocks listed on the Big Board, up from the 4.2% at the end of 1959. While investment management understandably puts major emphasis on the seasoned equities of the New York Stock Exchange, holdings represent a much wider segment of American industry, large and small. Some 3,500 issues of roughly 2,000 corporations are included in the portfolios. Assets of investment companies primarily are in common stocks—over $15 billion. But an estimated $750,000,000 are in preferreds and over $1.5 billion in corporate bonds, short-term corporate and U. S. Government issues.

Hoping to adjust wisely to the changing times, investment management was in there busily trading. During the year, purchases for portfolio were around $3.4 billion and sales about $2.4 billion. In the area of common stocks alone, purchases totaled $2.9 billion and portfolio sales ran to $2 billion.

Since the passage of the Investment Company Act of 1940 by Congress, the business has enjoyed an unchallenged growth. This growth may continue in the years ahead but there is no mistaking the new challenge from other sources which have learned much from the success of fund pioneers. You may be sure that henceforth the funds will have to vie with banks, insurance companies, real estate syndication and even the mushrooming investment clubs. But, as one fund manager, noting the setback in 1960 to other fields of endeavor, consoled himself: "We've had better years, but who's complaining?"

The Funds Report

Texas Fund, Inc. reports net assets at Nov. 30 totaled $36,227,170 and assets per share $9.47. This compares with $37,993,470 and $9.51 a year earlier.

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Investment Trust of Boston reports net assets at Nov. 30 totaled $63,256,090, or $10.95 a share. Net asset value a share a year earlier was $11.57 and at the close of the last fiscal year (May 31) $10.75.

From Sept. 1 to Nov. 30 the company increased holdings of Armour & Co., Baltimore Gas & Electric, Consolidated Edison Co. (New York), Detroit Edison, Florida Power & Light, Illinois Power, Iowa-Illinois Gas & Electric, Montana Power and Texas Utilities. New holdings include Duquesne Light and General Dynamics.

Over the same period the company eliminated holdings of Allegheny Ludlum Steel, Bethlehem Steel, El Paso Natural Gas, General Public Utilities, Minnesota Power & Light, Philadelphia Electric. It reduced holdings in International Business Machines and Polaroid.

* * *

Techno Fund Inc. reports that of its capital of about $5,000,000, more than $2,700,000 is now invested and an additional $411,000 committed for investment. Investment commitments include debentures of Gemex Precision Metals, National Resistance Corp., Keinath Instrument, Shepherd Industries, Taccone Corp., Inso Electronic Products, Central States Development, Jefferson Properties and Hancock Telecontrol.

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A report on operations of the **Variable Investment Plan** shows that more than 21,000 plans, representing a net, face amount value of $100,505,000, were purchased by investors during the 30-month period, ended Nov. 30. The announcement was made by H. L. Jamieson, president of King Merritt & Co., Inc., exclusive national retail distributor for VIP. First introduced in June, 1958, VIP is a contractual program for the accumulation of shares in the Institutional Growth Fund. It is sponsored and underwritten by Channing Service Corp.

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Massachusetts Investors Growth Stock Fund completed its 28th fiscal year on Nov. 30 with record year-end highs in total net assets, net asset value per share, shares outstanding and number of shareholders. The total net assets reached $378,000,972 on Nov. 30, compared with $308,150,197 a year ago — an increase of 23%. The number of shareholders crossed the 100,000 mark during the year to 102,473 from 85,838 a year earlier. Shares outstanding rose to 26,366,558 from 21,995,104.

The shares at the year-end were valued at $14.34. When adjusted for a capital gain distribution of 18 cents per share, payable Dec. 29, the per share value amounted to $14.52, a 3.6% increase over the $14.01 a year ago.

* * *

An annual report that carries an oral message through the medium of a "talking page" will be distributed today to 37,000 shareholders of two of the **Templeton, Damroth** group of mutual funds. The "talking page," bound like an ordinary page into the forthcoming annual reports of Nucleonics, Chemistry & Electronics Shares and Corporate Leaders Trust Fund, consists of a new type of thin, unbreakable and completely pliable plastic. The records, made easily detachable by perforations, carry the voice of John M. Templeton. In the NCE report, he speaks as its president. And in the Corporate Leaders report, he delivers his message as president of its sponsor company. In each he talks for five minutes.

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Television Shares Management Corp., investment manager and principal underwriter for the more than $360 million **Television-Electronics Fund, Inc.**, reported net income for the fiscal year ended Oct. 31, 1960, a record level of $750,848. This compared with $702,297 earned in the previous year. Net income per share on shares outstanding at the end of 1960 fiscal year was 74 cents, before a special charge equivalent to 7 cents per share arising principally from an assessment of Federal income taxes applicable to a prior year. This compared with 66 cents per share in 1959 on a slightly larger number of shares outstanding.

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Keystone Low-Priced Bond Fund, Series B-3 and **Keystone Lower-Priced Common Stock Fund, Series S-4** have declared regular distributions from net investment income of 46 cents and 11 cents respectively. Both distributions are payable Jan. 15, to holders of record Dec. 31.

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Institutional Growth Fund has declared a quarterly dividend of 6 cents per share from investment income, payable Feb. 1, to shareowners of record Jan. 3.

Shaw to Join So. Nat. Gas Co.

John S. Shaw, Jr. as of Jan. 1 will become Vice-President-Financial of Southern Natural Gas Company. Mr. Shaw will retire from partnership in Ingalls & Snyder, members of the New York Stock Exchange, as of Dec. 31.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Robert T. Johansen has joined the staff of Harris, Upham & Co., 1904 Farnam Street.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Government market, notwithstanding the last minute year-end exchanges, is maintaining its equilibrium rather well and some of the opinions around are that a more constructive tone is in the offing for the coming year. Other money market observers, however, believe that the money and capital markets will do nothing until the program and policies of the new Administration are made known, especially those that might have an influence on the international position of the dollar and the gold situation. This means that there is still a feeling of caution in certain sectors of the financial community.

The demand for short-term Governments is still on the heavy side, despite the larger commitments that are being made in the intermediate and longer-term Treasuries. The institutional purchases of the most distant Governments continues to grow.

Easier Credit to Prevail

The money and capital markets are moving into the new year with the feeling that the course of interest rates will continue to be on the easy side which means that money and credit will be plentiful as long as the economy is on the defensive. The uncertain movement of the business pattern has been responsible in no small measure for the easier credit policies which have been in effect for the greater part of the past year. However, the level of interest rates has not been as low as it was at times in the past when the economy was in a down-trend. And there are no indications yet that there will be a sharp lowering in the cost of borrowing unless there is a tail spin in the business picture.

On the other hand, this does not rule out the prospects that interest rates will not decline from the existing levels, especially those in the long-term sector. It is evident that not a few money market specialists are of the opinion that the borrowing rates for funds with long maturity will move lower during 1961. They point out that the economy will reap more benefits from a lower cost of borrowing for long-term purposes than would be obtained from lower short-term rates.

Change in "Bills Only" Policy?

In addition, the aggravation which declining near-term rates caused the international position of the dollar in 1960 is not likely to happen again during 1961, in the opinion of many money market experts. Whether this means that the "bills only" policy or, in other words, the purchases of only short-term obligations in the open market to influence the flow of funds will give way to a program which will include securities with a maturity that would have a more direct bearing on the intermediate and longer-term issues could be answered during the coming year.

It is self-evident that not a few of those in high places in the new Administration are not committed to or are in full step with the so-called "bills only" policy. A change in the "bills only" program would not be unfavorable to the longer-term obligations of both Federal and non-Federal bonds. There will no doubt be very careful watching of the available money market figures to see what the 1961 course of open market operations will show, since any real variation from the use of short-term issues for open market purposes will be reported in this data.

Increased Purchases of Long Bonds Expected

Purchases of long-term obligations is expected to be stepped up in 1961, because there are indications that institutional buyers are going to continue to be attracted to fixed income bearing securities because of the more favorable income that is available is these obligations. Also the fear of inflation is on the wane and not likely to be as great a factor in making commitments in securities as it was in the past. Accordingly, it is beleived that greater use will be made of bonds as a source of investment in the coming year.

The attractiveness of Government obligations is expected by some to grow in 1961 with the so-called "advance refunding" issues quite likely to continue to be bought by those who are interested in making profitable exchanges into higher coupon, longer-term securities. A modest increase in the supply of real long Government bonds should bring more institutions into these obligations.

Stauffer Investment Co.

OKLAHOMA CITY, Okla.—Samuel M. Stauffer is conducting his own investment business from offices at 1206 Northwest 46th Street under the firm name of Stauffer Investment Company. Mr. Stauffer is President of Stauffer Petroleum Corp.

THE MARKET . . . AND YOU

BY WALLACE STREETE

Stock trading ground toward the end of another year this week. And, while the stock market action was the dud of the year, and there was little exuberance to the year-end rally, the feeling that perhaps the worst was over was fairly general to give Wall Street at least an air of hope.

It was largely high hopes, moreover, that made the market the big disappointment of 1960. A year ago the predictions of higher and higher markets were so many and so unhedged that there was little debate over the market surging ahead, only argument over where the top would be.

Premature Optimism

Glowing predictions of industrial average readings from the mid-700 area to as much as 1,000 were, at the very least, premature. On the second trading session of 1960 this index surged ahead half a dozen points to reach 685.47, and that was the end of it.

In January alone, the senior indicator shed 56 points, an unprecedented loss for a single month in terms of points due to the high reading. The top for the average in 1929 was 381 which was considered a fantastic figure until it was eclipsed in 1954.

After that first month setback, Wall Street revised its thinking hastily and the debate shifted to where the average would bottom out. There were selling squalls through March and April, again in July, when the index ran up a string of 11 straight days of declines in a row, which was close to a record.

Renewed selling broke out in September when the average was clipped for nearly 46 points, and erupted again late in October when the average was carried down to 566. That was the year's low. Here, again, the consensus that the average would fall to or below 550 proved to be wide of the mark. In all, it was not one of the better years for market forecasters.

Even on a statistical basis, the gloom was being overdone through much of the year. From the high to the low the market had traveled over a range of only around 17%. That not only is far from a catastrophe, but far more mild than the 52% swing in 1954 or the 39% one in 1958 between the highs and lows.

At least up to here, the market's performance indicates that the recession ultimately will be classified as a "mild" one.

Individual Issues

When it comes to individual issues, however, the story becomes a different one depending on whether the specific items were among the wonder-workers, or among the heavy industries feeling the brunt of the recession such as the steels. In fact, the diverse movements by different issues were so many that there was more criticism of using a single average to determine the direction of the "market" than has been seen for some time. Against the 17% loss for the industrial indicators, the list was replete with items that had dropped 30 to 50% or more. And, conversely, there were some busily posting new highs even in declining markets, a good many making it the highest prices seen in history. In general, new highs ran between 30 and 50 a session when the list wasn't under pressure.

Some issues had carved out ranges that left plenty of room for sizable price changes, the spread between lows and highs running to around 100 points in Polaroid and more than that in Texas Instruments.

Polaroid, which had closed out last year at 181, for a gain of 81 of those points on that year, sold up to 261 this year but then retreated somewhat persistently to where it is little changed for 1960.

Texas Instruments, down some 70 points from its 1960 high, still showed a comfortable gain for the year but the performance was nothing like last year's when it gained 97 points net on the year.

A Spectacular Gain

International Business Machines was a popular item that held its ground with more success. The shares that had sold above 600 last year before a 3-for-2 stock split, had bounced back to within several points of that level at this year's high, in the process carving out a range that stretched nearly to 200 points. The year's gain is one of the more spectacular around since the shares had closed out last year at 438. The 1959 gain was figured at 52 points on the old shares.

IBM is a celebrated stock split and stock dividend item. Since 1924 when there were only 200,000 shares authorized, there have been new shares sold totaling only 1,113,298. Otherwise via splits and stock dividends the outstanding shares have been increased to 18,268,943. The market appraisal of IBM as a better-than $10 billion operation is a decidedly handsome one.

American Telephone was not lacking in featuring value during 1960, holding its ground well through the more urgent selling and erupting to a high for all time just before Christmas when the company announced plans for a rights offering and promised to lift the dividend rate from $3.30 to $3.60 in mid-1961. It is the first increase in the dividend on the shares that were split for the first time last year. For a third of a century before that it had maintained an unchanged dividend, the famous $9 one equivalent to $3 on present shares.

After A. T. & T. had split its shares, they dipped almost to 75, and then steadied to close last year at 79¾. They came within a minimum fraction of equalling the 1959 close at this year's low and finally eclipsed the equivalent high of 1929 by reaching 103½ on the double surprise announcement. That means these shares at no time in 1960 were in losing ground on the year which, considering what happened in other sections of the market, is no mean record.

Erratic Issue

Among the more erratic items during the year was Nafi Corp. This item had closed 1959 at 13⅝ and was a mundane item until the news came out that it was acquiring the profitable boat-builder, Chris-Craft. The shares promptly raced to a price of nearly 67, far above any price tag ever seen in the company's history both as Nafi and as National Automotive Fibres as it was formerly known. But then the reaction set in and the shares promptly lost more than half their value but still giving them a solid gain for a dreary year for stocks in general.

The Laggards

The categories that took the brunt of the pressure most of the year, without yet finding support, are the steels and oils. The oils, which have been in their own private depression for a couple of years, did stir at times but not much came of it although a few special situations like merger-candidate Honolulu Oil, were able to wind up with thoroughly respectable gains not typical of their group.

Rails were well up in front for a definitely laggard group, the disinterest in any type of rail security carried to where even mortgage bonds showed 6% yields.

The bright group were the utilities and even in the selling late in the year they were forging ahead to carry their average to new peaks for 30 years. As the defensive section when the going is rough elsewhere, they were living up to their reputation fully.

[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.]

Kuhn, Loeb Forms Corp. Affiliate

Kuhn, Loeb & Co., 30 Wall Street, New York City, has announced the formation of a corporate affiliate, Kuhn, Loeb & Co. Incorporated, which will handle, in general, the domestic corporate and foreign underwritings and certain other investment banking services heretofore carried on by the partnership. The partnership will continue its other activities, including investment advisory and brokerage services to corporate, institutional and individual investors in the United States and abroad.

John M. Schiff

John M. Schiff, senior partner of Kuhn, Loeb & Co., has been elected President of the corporation. The Board of Directors is composed of the general partners of the firm.

The partnership was formed in 1867 and has been a member of the New York Stock Exchange since 1886.

Smith, Barney Co. To Admit Five

Smith, Barney & Co., 20 Broad Street, New York City, investment banking firm, announced that five general partners will be admitted on Jan. 1, 1961, subject to approval of the New York Stock Exchange.

The new partners are Max F. Brubaker, manager of the firm's International Investment Department; William R. Grant, manager of the Research Department; Edmond N. Morse, the firm's senior analyst of oil securities and chairman of the Committee on Oil Securities of the Investment Bankers Association of America; Robert F. Seebeck, manager of the Syndicate Department; and Roland H. Schuerhoff, manager of the Boston office.

With Pacific Coast Secs.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ralph E. Phelan, Jr. has been added to the staff of Pacific Coast Securities Company, 1054 Broxton Street. He was formerly with Wagenseller & Durst, Inc.

Joins Hogle Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Albert F. Dunlap has become associated with J. A. Hogle & Co., 507 West Sixth Street. He was formerly San Jose, Calif. manager for Mitchum, Jones & Templeton.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

The Democrats will have a fat chance of removing Senator Harry F. Byrd of Virginia, from his chairmanships. He is Chairman of the Senate Finance Committee and the Committee on Governmental Expenditures. The latter committee he practically created by himself and, even when the Republicans had control of the Senate, they let him remain in this post.

Any effort to remove him now would require a vote of the Senate and there is no one more popular in that august body than the Virginia Senator. A bill reported out by the Finance Committee, for example, is almost assured of passage by the Senate largely because of the esteem enjoyed by the Virginia statesman.

The Senator's case is, too, not without parallel. In the House right now there is the case of Representative Adam Clayton Powell who is about to accede to the chairmanship of the House Committee on Education and Labor. He bolted the Democratic ticket in 1956 at a time when he was bedeviled by charges of income tax evasion. The Republicans stalled off prosecution as long as they could and then made such a weak case that it was subject of newspaper comment throughout the country.

But back in the thirties the so-called sons of the wild jackass, George Norris, Bill Borah, Gerald Nye and a host of others who had won as Republicans led an open insurrection against Herbert Hoover. With their conniving, the Democrats came to the control of the Senate in 1930 and it wasn't a question of their chairmanships being at stake. They all held prominent positions on committees, together with the committee patronage which a ranking minority member of the committee has, and no effort was made to punish them.

In the case of Senator Byrd no one knows whether he voted for Kennedy or Nixon. He didn't openly support Kennedy and probably didn't vote for him in view of what he has said about the Democratic platform, and he did support Eisenhower in 1956.

The late George Norris was no Republican by any stretch of the imagination, yet he ran in the Republican primary and subsequently was reelected and the Republicans had to accept him. The late Senator Langer of North Dakota, was a Republican in name only. Yet he held the position of ranking Republican on the powerful Judiciary Committee.

Even now Senators Javits of New York and Case of New Jersey, vote more often with the Democratic Liberals than they do with the Republicans, yet their committee positions are not interferred with.

Over in the House, the Administration has a much more serious problem to contend with. The House Rules Committee was created to act as a traffic cop on bills introduced by the 437 members but it is now under attack because it serves as a block on the so-called liberal legislation, such as the medical care for the aged bill.

The fact is that a majority of the House members do not favor the medical aid bill at heart. If they did so they could get it out of the Rules Committee by signing a petition. The majority of the House perhaps look upon the Rules Committee as a device to save them from themselves. They can favor a bill which has considerable agitation behind it in the knowledge that it won't get by the Rules Committee.

Speaker Sam Rayburn is reported to have told President-elect Kennedy at Palm Beach that he would do something about the authority of the committee. This could involve a return to the old 21-day rule, by which the chairman of a regular committee could bypass the Rules Committee and call up a bill on the House floor after it had rested in the committee for 21 days. Or the complexion of the committee could be changed by the removal of Representative Colmer of Mississippi and the addition of a liberal. This would break the tie vote by which the committee frequently holds up bills. The latter course would seem the most likely to be tried, if he tries anything, but Speaker Rayburn has since described as nonsense reports that he made any promise to the President-elect.

Colmer bolted the ticket last November but the House would look pretty silly trying to discipline him and letting Adam Clayton Powell take over the chairmanship of the House Education and Labor Committee.

Hauptfleisch With Goldman, Sachs

Goldman, Sachs & Co., 20 Broad Street, New York City, members of the New York Stock Exchange, have announced that Louis A. Hauptfleisch will become manager of the firm's Municipal Bond Department on Jan. 1. He will replace Henry L. Harris, who is retiring from Goldman, Sachs & Co. after more than 25 years service to become associated with his sons at Chester Harris & Co.

L. A. Hauptfleisch

Mr. Hauptfleisch has resigned as a Vice-President of Halsey, Stuart & Co. Inc., with which he had been associated since 1940. During World War II he served in the U. S. Army Infantry, and since 1953 he has been with the municipal bond department of Halsey, Stuart & Co. Inc., in its New York office.

To Discuss Books On Financial Gains

A program "Have Recent Books Stressing Quick Financial Gains in the Stock Market Been Fraudulent" will be given at noon, Dec. 29 on WNTA. Panelists will be Burton Crane, a financial editor of the New York *Times;* A. Wilfred May. Executive Editor of the *Commercial and Financial Chronicle,* and Joseph Granville, financial writer and writer of the morning wire for E. F. Hutton & Company.

Forms Belmont Reid Co.

SAN JOSE, Calif.—Belmont M. Reid is conducting a securities business from offices at 1339 Wylie Way under the firm name of Belmont Reid & Company. Mr. Reid was formerly with Dean Witter & Co.

Banks' Working Capital Must Be Properly Utilized

By A. L. Mills, Jr.,* *Member of the Board of Governors, Federal Reserve System, Washington, D. C.*

Central banker cautions commercial banks on "capital" type of bank loans. Mr. Mills reprovingly warns that long-term credit transactions of a kind that absorb banks' working capital excessively can exert a contractive long-run effect on both banking and business financial structures which can impose a depressing force on economic growth. Strictures on working capital are also addressed to business loans which should, but are not, self-liquidating and to personal borrowings at long-term.

A stable rate of economic growth, free from the disruptive effects of booms and recessions, is the goal of all national economic effort. Increased productivity, defined as output per man hour, is the energizing force that determines the rate of our economic growth. As to some idea of what economic growth means in measurable terms, the

A. L. Mills, Jr.

August 1960 *Monthly Letter* of the First National City Bank of New York reported that total output in the United States rose from $258 billion in 1949 to $482 billion in 1959, or by 87%. The increase in physical output after allowing for rising prices is estimated at 46%. A large part of this record economic performance was due to increased productivity which, in turn, was made possible by an increased capital investment per worker.

The fact that the rate of our economic growth may have lost headway properly raises questions as to what conditions are most conducive to continuous and stable economic growth. In searching for possible answers, the influence of credit—particularly commercial bank credit — on economic growth must be examined.

If credit can be defined as a grant of the immediate cash means for acquiring some desired goods or service whose acquisition would otherwise have to be deferred to the slower process of accumulating the necessary amount from savings, it is clear that credit is vital to those processes of capital formation that are integral to economic growth. Inasmuch, however, as the use of credit imposes on its beneficiaries the burden of an interest cost and increments of repayment, it must be employed judiciously. Otherwise, situations will occur within a long-term economic growth cycle when an overexpansion of credit is followed by a period of debt consolidation, during which some part of a previously credit-financed expansion of plant investment may become temporarily excessive during the length of time necessary to reduce the burden of debt service to a level that will see the release of financial factors back into productive employment. When that point is reached, a ready market for the output of all available plant capacity will reappear and a new investment cycle will set in.

When Credit Is Disruptive

In considering the relationship of credit to changes in rate of economic growth, it is apparent, first of all, that even loans financed from accumulated savings—such as long-term bond issues—can harbor elements interruptive to steady economic growth whenever the burden of their service may draw more from the resources of the obligors than is presently being returned from the employment of the funds originally borrowed, in terms of added capital formation utility. However, under most circumstances, savings-financed long-term loans are a desirable adjunct to the processes of capital formation that must depend largely on accumulated savings for their constructive economic effectiveness. It is only when their use is in combination with a massive use of commercial bank created credit that problems for economic growth and stability arise. That is so because the creation of commercial bank credit endows its users with a dynamic economic force that was previously nonexistent. Moreover, the existence and volume of outstanding bank credit and the uses to which it is put have a pronounced influence on the directions taken by the total flow of funds through the economy and its impact on the rate of economic growth. Although central bank monetary and credit policy is broadly capable of regulating and channeling the total volume of commercial bank credit, and of influencing the extent and use of long-term savings-financed borrowing, it is up to the commercial banks specifically to decide who will be allowed to command the credit resources at their disposal, and in what way. Considering the far-reaching effects inherent in so volatile and dynamic an economic propellant as commercial bank credit, private bankers clearly share a heavy responsibility, along with the central bank authorities, in shaping the form of the total volume of credit and the uses to which it is put.

Even though commercial bankers are fully mindful of the economic consequences implicit in their credit-granting functions, they face obvious difficulties in planning their individual loan and investment operations so as to fit whatever scheme of commercial bank lending and investment activities might be considered the most conducive to a national objective of economic growth and stability. It is understandable that profit motives, the aggressive demands of credit-worthy loan claimants, and inter-bank competition should all enter into banking decisions and produce trends in the use of commercial bank credit, whose total effects may be arguable as to economic constructiveness albeit the individual credit choices of the banks are above question.

Banks' Longer Maturities

In that connection, the high proportion of long maturity paper carried by the commercial banking system in the form of real estate mortgage loans, consumer instalment loans, and term loans has been cited from time to time as a factor that has contributed to high commercial bank loan-to-deposit ratios and a reduced rate of loan expansion. Doubtless 1960's less vigorous expansion of bank credit can be traced in part to this condition. It is in the area of specific bank loans, and in the financial position of specific bank borrowers, that the obstacles to bank loan expansion occurred and where the elemental causes may possibly be found to account for the fact that the present pace of economic activity lacks the hitherto propelling force of a constantly expanding volume of commercial bank loans.

An investigation of the subject of working capital may give the clue to some existing economic imbalances in the financial positions of important sectors of business life that have originated out of commercial bank credit policies. Until these imbalances are redressed, the rate of economic growth may tend to be held back. The structural importance of adequate working capital to the vitality and dynamism of economic growth, and the growth-restrictive effects of its lack, can be traced back into the individual financial structures of every kind of business concern. The basic fact that invested capital, rather than borrowed capital, should be a business firm's first reliance in the financial conduct of its affairs has long been recognized in banking circles as a *sine qua non* of sound financial management. This does not mean that working capital should not be augmented by long-term borrowings where there is evidence that the future financial performance of the borrower can be relied upon to liquidate such obligations and in the process replace the amount of borrowed capital from the retention of earnings. However, where such long-term capital loans are not financed directly out of savings, but are financed through the loan portfolios of commercial banks, the effect is to transfer the primary burden of a capital-financed transaction from the borrower to the bank at the expense of the bank's liquidity position, and to aggravate the possibilities for credit instability that reside in long-term capital loans whose repayment under circumstances less favorable than when they were contracted can exert a dampening effect on the rate of economic growth. As transactions of this kind reduce the liquidity of the lending bank primarily and its borrower secondarily, the full freedom of both of their operations is limited, as contrasted to having adequate amounts of working capital independently at the disposal of both as cushions against unforeseen circumstances and as financial reservoirs on which to draw for growth needs. Because of their parallel relationship, working capital in this context has been applied to a bank in the sense of the status of its loan-to-deposit ratio and to a business borrower in the sense of the ratio between quick assets and current liabilities.

Working capital, as regards a bank, may properly be measured by its loan-to-deposit ratio. By custom and practice, a commercial bank maintains a proportion of its deposits in highly liquid assets to be turned to for meeting desired changes in its asset structure or in paying off deposit withdrawals. This reserved portion of a bank's deposits constitutes its working capital, being the margin between its loans and deposits, and indicates its ability to meet unforeseen contingencies or expanding demands for credit. Where, in recent years, the volume of long-term credits carried in the commercial banks has risen faster and in greater proportion than the availability of their capital funds for application to such uses, their working capital positions — namely, their liquidity— have been depressed. At what level a bank's loan-to-deposit ratio becomes an impediment to the normal exercise of its loan and investment functions is difficult to determine precisely. It follows, however, that the greater the volume of a bank's capital loans that under adverse business conditions will depend inherently for payment on the forced sale of collateral or the forced conversion of capital, rather than on qualities of automatic self-liquidation, the less its working capital and the less its ability to meet unforeseen contingencies out of readily realizable assets.

Semi-Capital Transactions

Similarly, the propensity of business firms to borrow at long-term, or through other credit devices, in order to expand their operations on borrowed rather than permanent capital, puts pressure on their working capital positions. Where business firms have sold large blocks of instalment receivables to banks subject to a contingent liability, the result has been to reduce the working capital positions both of the borrower and the bank. Where a business firm sells its fixed property on a lease-back arrangement which, in turn, may be directly or indirectly financed on bank funds, or sells receivables to a finance company which carries them on bank borrowings, working capital pressures are placed on both the bank and its debtors. Even where semi-capital transactions of these kinds are financed from long-term funds obtained on the capital markets, indirect working capital pressures occur to the extent that the long-term funds thus drawn competitively from the capital markets may be at the expense of potential borrowings that could contribute more constructively to capital formation, productivity, and general economic growth.

Taking the positions of banks and borrowers in combination, "capital loans" can assume national economic significance if their total reaches an amount that hampers the ability of the banks to meet the normal loan demands of their customers at a time of high business activity, and consequently compels an unanticipated curtailment of lending to "capital" borrowers who had been allowed to become unduly dependent on bank funds with which to carry on the capital requirements of their businesses. Correction of this kind of situation customarily takes the form of necessitous credit curtailment on the part of the banks and the forced retrenchment of expansion programs on the part of potential claimants for "capital" type bank loans until appropriate bank liquidity positions and an appropriate balance in borrower working capital positions can be restored. Inasmuch as commercial and industrial loans are the backbone and mainspring of a commercial bank's credit-creating activities, and in many ways a measure of its community usefulness, any problem arising out of "capital loans" that detract from its general credit serviceability assumes special importance. All told, long-term credit transactions of a kind that absorb the "working capital" of banks excessively can exert a contractive long-run effect on both banking and business financial structures that can impose a depressing force on economic growth. As has been mentioned, this kind of situation can continue until previously contracted credit commitments have been liquidated, and in that process financial factors released that will stimulate a new cycle of constructive credit expansion.

Personal Borrowings At Long-Term

The same strictures on working capital also can be applied to personal borrowings at long-term which, if they become excessive in amount and impinge too heavily on a borrower's debt-paying capacity, may be said to have been undertaken at the expense of his working capital. Where such borrowings are carried in volume at a bank and contribute to a higher loan-to-deposit ratio, the bank's working capital position is adversely affected.

Speaking in economic terms, it is probable that any protracted trend in financial affairs that has the effect of simultaneously reducing the financial liquidity of many sectors of the economy through the absorption of working capital into relatively frozen purposes, will slow down the speed of the economic machine by shrinking the credit-dependent market for its output for the length of time necessary for working capital positions of banks and businesses to be restored to levels that will become a foundation for a new period of economic growth. The present status of the economy suggests that this process of credit consolidation is now progressing and will be completed without interfering to any serious degree with the kinds of capital investment and expansion programs that must be aimed at better supplying this nation's tremendous present and potential markets through increased productivity and which, in their consummation, will assure future economic growth. If national goals for growth are to be continuously met, heed must be taken against the recurrence of situations where the massive use of credit in all types of long-term capital transactions ultimately reaches a point that, in demanding the digestion and consolidation of outstanding debt, tends in that process so to retard an expansion in the money supply that its accustomed role of monetary lubricant to the entire range of economic growth factors is hindered.

The operations of our banks are linked directly to the forces that make for economic growth and stability. The wise and thrifty marshaling of banking resources with an eye that looks beyond the center of individual bank operations and takes into account national credit considerations will constitute the kind of constructive policy-making to be expected from institutions honored with a heavy public responsibility. The successful discharge of banking responsibilities demands that bank credit shall be geared to the fostering and maintenance of sound customer working capital positions, both for businesses and individuals. The banks that providently meet these conditions will be those that will always control working capital in sufficient volume to insure full flexibility in their own operations at the same time their lending and investment policies guide their borrowers into conformance with economically fruitful working capital practices.

*An address by Mr. Mills before the 1960 Commercial Bank Management Program, Arden House, Harriman, New York.

Oil Analysts Elect Officers

At the regular annual meeting of the Oil Analysts Group of New York held on Dec. 22, 1960, the following officers were elected for the year 1961:

President—Carl M. Hess, Senior Oil Analyst, Dominick & Dominick.

Secretary — Charles W. Haynie, Senior Oil Analyst, Carl M. Loeb, Rhoades & Company.

Treasurer — Kenneth E. Meyer, Senior Oil Analyst, Dean Witter & Company.

Edgar R. Everitt, Senior Oil Analyst, Kidder, Peabody & Company, was elected to the Membership Committee to serve a three-year term starting in 1961.

The Oil Analysts Group of New York is an organization of security analysts specializing in the analysis of petroleum securities and associated with a number of leading Wall Street investment firms, banks and other financial institutions.

Today's Industrial Planning

By Melvin Mandell,* *Industrial Editor, Dun's Review and Modern Industry, New York City*

Guideposts management should consider in expansion and plant location planning are erected by an experienced commentator on industrial affairs. Mr. Mandell writes for the businessman who adapts himself to his customers' needs and not for the one who expects his customers to adapt themselves to his product and production methods. Items covered are the changing trends in customer demands, factors to keep in mind in production and location changes, the impact of growing domestic and foreign competition, and the growth of research centers, distribution centers, and technical service laboratories.

Despite the risks in prophecy, the danger of trying to live from day to day, or week to week, or even year to year is too great to avoid prophesying. In business or out, we must try to plan ahead on the basis of some forecast. Five years seems to be the favorite period of time one is expected to prophesy—on both sides of the Iron Curtain. Fortunately, the techniques of prophesy are being improved all the time. Since I'm not a statistician or a market researcher, I can't dwell on the exact new methods for prophesying employed by these professional crystal gazers. But I can give some general information and insights based on my conversations with hundreds of the nation's top industrial executives. I hope that they will be helpful to those who do their own business forecasting.

Melvin Mandell

Changing Production Concepts

First, and most important, the customer is changing. The notion of the average family with 1.9 children has proven to be false. In a country as large as ours, too many people don't fit the "average" measurements. Instead of one big market, industry is going to find increasingly that there are a lot of smaller markets to be catered to. A line of goods without much differentiation from top to bottom will no longer be able to meet the needs of the great majority of people. We are already seeing this effect in cars. The long-time trends towards consolidation in lines of cars has been reversed by the compact car. For years, there really hasn't been any essential difference between the Chevvy and the Caddy. But there is a big difference between the compact car and the high-priced luxury car.

According to 12 of the nation's top industrial designers—men like Raymond Loewy and Henry Dreyfuss—all of whom I interviewed for an article that appeared in the August 1960 *Dun's Review*, this trend towards lines of goods with a great deal of functional, not stylistic, difference between the bottom and the top of the line is going to extend to other products such as washing machines and major appliances. For one thing, this trend will mean shorter production runs, which in turn means factories with more flexible production lines.

The designers, who base their prophesies on depth interviews with many customers, also claim that the buying public is reacting against the overly complicated and overly fragile appliances and other products of the last decade. The exasperation and aggravation involved in just enticing a repairman to come to a home to repair some gadget on the blink has taught the American people that simpler appliances are the only escape from the clutches of the repairman.

Planned Obsolescence Is Out

Along with the demand for simplicity is the desire for higher quality—which is another way of saying that people want to buy goods that last longer. If there ever really was such a thing as "planned obsolescence," the buying public doesn't want any part of it. And many business executives, led by George Romney, the fundamentalist President of the American Motor Company, are attacking the whole concept of planned obsolescence as wasteful and unethical.

The company that can meet this growing demand for simplicity, quality and long life is the one that will grow and build.

It is also obvious that people are spending a greater percentage of their income on recreation and travel. Any region that offers more in recreational facilities to employees has a big selling point to make with companies looking for a place to build.

On the other hand, the new ease with which people can travel outside the United States on "fly-now, pay-later" plans works to the disadvantage of many American communities. When Americans spend money abroad, they have less to spend here. We all hope that some of the dollars taken abroad return to this country in the pockets of European tourists who are similarly stimulated to visit here on a fly-now, pay-later basis. Surely, the Miss America pageant must offer some attractions to the tired, middle-aged European businessman.

Keener Competition Ahead

Another trend that is sure to expand in coming years is the stiffer competition. Competition between American companies has been getting tougher for years. In the last three or four years, this tough battle for the market has been compounded by strong foreign competition. One of the unusual aspects of this severe foreign competition is that much of it has been stimulated by American companies. The big department store and clothing store chains have actually organized or contracted with factories in Europe, Puerto Rico, Jamaica, Hong Kong, and Japan to turn out their brand-name goods. Now manufacturing companies have been forced to do the same. Every typewriter, auto, and sewing machine maker and many electronic manufacturers are now heavy importers of foreign goods. By putting their familiar trademarks on these goods and backing them up with service, they can often sell at greater volume than any foreign manufacturer could achieve on his own.

If necessary, these American companies will bring over foreign factory-trained repairmen to handle servicing of the foreign-made merchandise they distribute. I've seen German auto mechanics and Japanese electronic technicians at work in this country repairing German cars and Japanese transistor radios.

The danger of all this importing by American companies, which in effect means that American jobs are being exported, is that the ability of the American people to pay for all these foreign-made goods will be sharply reduced — a very dangerous situation that is sure to provoke labor strife.

Much of this foreign competition, of course, is based on price. In basic materials, where quality is pretty standard, price is the major determinant. As a result, last year 62% of the barbed wire fencing, 44% of the nails and staples, 36% of the woven wire fencing, and 28% of the concrete reinforcing bar sold in this country was imported. An officer of the Pittsburgh Steel Company told me that these products were being sold in Pittsburgh for less than it cost his company to make them. As a result, the company, which started in business many years ago by making these staple steel items, has dropped them to concentrate on other steel products.

Penalty for Not Being Alert

However, don't think that all foreign-made merchandise is selling so well because it's cheaper, although the price is usually right. Much of it is quality merchandise not duplicated by American manufacturers. For example, there's a tiny Japanese camera that takes beautiful photos on a negative about the size of the nail on your pinky finger. And they can be enlarged beautifully. Despite the attractions of this size camera, not one American manufacturer makes it. This is a case of the foreign manufacturer knowing the customer's needs better.

How will all these changes in customer attitude and the increased domestic and foreign competition affect industry's plans for new plants and other construction?

Despite substantial current over-capacity in practically all lines of manufacturing, there is a distinct shortage of new *efficient* plants than can produce at *low cost*, according to a survey made earlier this year by *Dun's Review*. What's more, industry is emphasizing *flexibility* in new plant construction. In view of the fickleness of the customer and the swift changes in markets, industry wants plants that can be quickly shifted at low cost from one type of product to another.

Since the war, industry has spent hundred of billions of dollars building new plants. Yet we are still saddled with many incredibly antique and inefficient factories. No wonder some companies are having trouble meeting domestic and foreign competition! For example, last month I visited a hardware plant in New England, owned by one of the leaders in its industry. The building appeared to be a bit creaky. I asked when it had been built. The president of the company answered *"1860."* But he assured me that they would be out of it within 10 years!

Although the business news isn't very good at the moment—profit margins are declining in all industries—the present period of pessimistic business reports is actually a logical time for expansion:

a. Companies can afford to withdraw facilities for modernization or abandon high-cost facilities while replacements are constructed.

b. Engineering and construction firms are free to handle jobs now — and can offer better prices.

The trouble is, try to convince pessimistic managements that this is a good time to build.

Although this picture appears pessimistic, it has not choked off industrial expansion. In fact, it may be stimulating some forms of plant expansion. Industry, which is currently spending about $37 billion a year on capital expenditures should be spending much more by the end of this decade, according to the latest projections.

New Investing But a Fraction

Before I go any further, and anyone gets the idea that these billions spent annually all go for new plants, let me explain how industry upgrades and expands its plant capacity.

(1) By a natural learning process. With time, manufacturing people learn more and more about what they are doing.

(2) In piece-meal fashion, through better cutting tools, accessories, jigs on machines, while old machines are upgraded.

(3) By modernization — a section of the plant is closed down—during which new tools are installed or old tools sent out for rebuilding.

(4) By expansion — building a new wing onto existing plant.

(5) Many companies buy an existing plant or factory building. But this is often false economy.

(6) And, finally, new construction.

Therefore, out of all the money spent on expansion, actually only a fraction of the money goes into new plants. And of the new plants, very few comparatively are located some distance from older plants. Most go up across the street, down the block or in the suburbs of some city in which the company has been located for years.

Important Relocation Factors

Relocating to a new community is a very serious proposition. Most companies do so only after much soul-searching.

Here are some of the usual reasons for relocation:

a. Abandonment of older, high-cost facilities.

b. When production of a completely new product is planned.

c. When there is no room left for expansion at a present site.

As an example of the modern, practically scientific methods used by industry in locating plant sites, I'd like to refer to a new General Electric Company plant I visited two weeks ago. The plant, which produces a tough new plastic called "Lexan," is in Mount Vernon, Ind., about 18 miles from Evansville. The site was chosen over 40 others after a one-year search that must have cost tens of thousands of dollars.

First, company executives concentrated on those cost factors affected by location. They searched through the Ohio River Valley, Mississippi Valley, and the Gulf Coast. Because they had to dispose of lots of waste, they had to be near a body of water. Interestingly enough, the plant manager told me that there are very few good sites left on the Ohio River above flood stage, which means that this area may not be as great an attraction in the coming years to those companies that must be near water.

After some months of study, the choice was narrowed to eight locations in such widely-spread-apart areas as Pittsburgh, St. Louis, and Cleveland. Now really intense cost studies narrowed the choice to three locations that were found to be considerably lower in cost factors than the others.

At this point, the executives began to consider subjective factors such as:

a. The steady shift of the plastics center of gravity of the United States to the South and West.

b. Room available for related businesses and even for the administrative headquarters of the division of which this plant is only the newest part.

c. Good transportation for personnel—in other words, an airport capable of handling large planes and with good connections.

d. A good technical climate where personnel can upgrade themselves.

e. No hazardous neighbors.

f. Not near any competitors. General Electric doesn't want to see any of its technical or marketing secrets innocently passed to competitors over a bridge game.

g. Desire to avoid dominating a community. Didn't want to be in the vicinity of any other GE plants.

h. Conservative temper in the community.

On the basis of all these factors, GE then selected a location *other than Mount Vernon*. However, just as the company was about to purchase the other site, a matter of unrevealed corporation policy forced the divisional management to discard this site and choose Mount Vernon.

Although dozens and dozens of companies now choose plant sites as carefully as this—and more are following suit — most companies are not so astute. One of the nation's leading firms of management consultants — Cresap, McCormick & Paget—has just completed a survey of the 500 leading manufacturing companies on how they plan for new plants. The results, which are in the October issue of *Dun's Review*, show that a "high proportion" of these companies, assumed to be the best-managed in America, do not plan well for new plants.

Sometimes this weak planning machinery leads to catastrophic results. For example, one leading paper manufacturer forgot to consider waste disposal when he erected a new mill. Now the mill is surrounded by a five-acre lake of waste liquors, and the company is running out of land for reservoirs. They're going to drown in the stuff some day. Most of the errors are not of this magnitude.

Research Centers

Up till now, I've been describing capital expenditures in terms of factories. Actually, of course, manufacturing companies put up many other kinds of buildings: laboratories, warehouses, service centers, branch offices, cafeterias, and administration buildings. An increasing proportion of the dollars that industry spends will go into these "accessory" buildings.

Many big companies are erecting magnificent campus-like research centers that rival the Ivy-League colleges in appearance. Yet, as luxurious as these centers look, the scenic aspect costs but a drop in the bucket compared to the cost of the equipment and utilities inside these laboratories.

If our industry is going to maintain its technical advantage over foreign industry, it needs these research centers. And once one of them moves into a community, others nearby always follow. Look what's happening up in Princeton, N. J. Since RCA established its R & D center there, dozens of others have followed.

Industry is also putting up "distribution centers," combining the functions of warehouses, shipping facilities, service centers, and branch offices, and even some light assembly works. In contrast with the research centers, which are built to last, these distribution centers are quite utilitarian in design and construction. Industry doesn't want to tie up too much money in distribution centers, because they want to be able to expand—or abandon—them with the least possible expense.

The big raw material producers are also investing in another new type of facility — the technical service laboratory. In contrast with the ivory tower atmosphere in the research centers, these service laboratories are all dollars and cents. They are supposed to solve the customer's problems in handling some raw material, such as aluminum or polyethylene. They are generally located in metropolitan areas close to all levels of transportation. I've seen a few of them in northern New Jersey and Westchester. The increasingly sharp competition between the various raw material producers should lead to more of these neat laboratories, which usually don't run over a few thousand square feet in size. By the end of the decade, they should be dotted all over the countryside. But you must attract more customers for these labs first.

Conclusion

To summarize, we are facing an era in business of increasing competition, but over a bigger market. The population of the United States will certainly go way over 200 million by 1970. The intelligent manufacturer who orients his thinking to the needs and aspirations of his chosen customers rather than to the demands of his plant and product or to his competition, will grow fast and do it at a profit. Conversely, the manufacturer who expects the customers to adapt themselves to his products will soon be out of business—or be absorbed by some company that knows how to prophesy.

In all this flux of rising and declining companies, some plants will close, some plants will be expanded, and new ones to serve new needs will be opened all the time. Those sections of our country that offer long-time cost and business advantages rather than temporary tax moratoriums or free buildings will get the lion's share of this new construction in plants and accessory buildings.

*An address by Mr. Mandell before the Eleventh Annual Southern New Jersey Development Conference, Atlantic City, New Jersey.

Brown Brothers to Admit Driver

The banking firm of Brown Brothers Harriman & Co. has filed applications with the New York State Banking Department and with the New York Stock Exchange for approval of the admission on Feb. 1, 1961 of William R. Driver, Jr. as a General Partner, resident in Boston.

W. R. Driver

Mr. Driver is resigning as Vice-President of the Chase Manhattan Bank where he has been Loan Supervisor and Vice-Chairman of the General Loan Committee. Prior to the merger in 1955 of the Chase National Bank and the Bank of the Manhattan Company, he was a Vice-President of the Bank of the Manhattan Company with general supervision of commercial banking activities in New England and in the New York metropolitan area served by the head office.

Mr. Driver joined the Army as a private in World War II and when discharged was a Captain in the Control Division of Headquarters, Army Service Forces. Earlier he was associated with the Colorado National Bank and the Central Hanover Bank & Trust Co. He is a graduate of Harvard College, Class of 1929, and of the Harvard Graduate School of Business Administration.

Hannaford & Talbot Brch.

PETALUMA, Calif.—Hannaford & Talbot has opened a branch office at 121 Washington St. under the direction of James R. Ketchersid.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Contact Customers When They Have Losses

It is only human nature for a security salesman to regret that a customer may have a loss in a security which he has recommended. But losses are unavoidable if you are going to transact any substantial amount of business. This is a profit and loss economy and when you are investing in securities you will eventually discover that there are losses as well as profits. A security salesman sometimes develops a feeling of guilt that causes him concern and worry, both of which should be avoided because such an attitude is unrealistic and detrimental to his efficiency.

In this business you have to take a stand. You either like an investment, you are "lukewarm" toward it, or you don't like it. If you like it, and you have a sound basis for your confidence, there is no reason why you should feel guilty of any wrong-doing if an investment declines in market value after you have sold it to a customer. You made a thorough study, you went to reliable sources for your facts, you followed cautious and acceptable methods of apraisal and still the situation declined in the market after you made the recommendation—this happens sometimes and there is no reason to feel that you are at fault. Your ego may suffer a bit but if you have made an honest recommendation your conscience should be clear. Some of the best research by the most able organizations has produced the same results; let that console you because it is absolutely true.

Rule Number One: Investigate seriously, sell yourself carefully, and recommend forcefully after you have become sold yourself. If the market price of a security turns downward after you have sold it to your customers try and find out the reason (if there is one). If the original judgment was faulty, or some unpredictable new events have changed the picture, face the facts and place them before your customer. Don't duck the issue or avoid your customer. You have done nothing for which you should feel apologetic. All investment is based upon "risk," and losses are something that not only should be faced, but expected. The point at issue here is whether or not you would be doing the customer a service by avoiding him. This would be the worst possible thing to do. Sometimes a security declines for no apparent reason except that the selling is temporarily stronger than the buying. If there appears to be nothing wrong and your original estimate of the facts still holds, tell your customer what you have discovered. If things have changed, and it looks like a loss should be taken, give him the facts. Only in this way can you retain the confidence of clients—the worst time to neglect them is when they have losses.

The Customer Is Often Less Concerned Than the Salesman

Experience has shown that salesmen often underestimate the wisdom and common sense of their customers. Sometimes they hesitate to discuss a situation that has deteriorated with a customer, but after they did so they were agreeably surprised. Contrary to the attitude which they expected, they have found clients to be appreciative rather than unhappy and disturbed with them.

Rule Number Two: Times and conditions change, so make regular reviews of a customer's holdings. This is one of the best ways to hold a clientele. Let your customers have the facts about their securities and they will appreciate it. This is also an appropriate time to point out weak situations; but do not wait for a periodic check-up to bring the facts before clients if something they hold looks like it is a candidate for a sale. The smaller the loss the better, and the sooner the better.

Regarding Speculative Accounts

People who try to make fast plays in speculative securities sometimes have a desire to place the blame for their losses on the broker. Some speculators seem to have a neurotic urge to prove that they can make money speculating. If they are successful this mistakenly infers (to them) that they have a superior mentality or ability. There are various manifestations of this kind of thinking, and if you can do so, try to understand the motivations behind the actions. Sometimes they have little to do with the mechanics of speculation, or increasing capital. There are the well known instances where a man buys a stock on the broker's suggestion. If it advances he claims he picked the winner; if not, he silently or openly blames his broker.

Rule Three (for speculators): Study your man. If he is the kind that likes to pick potential winners try not to motivate him. Listen, execute his orders, give him service and "quotes"; even let him use your "couch" if he requires it, but don't go out on a limb with him. Keep your opinions to yourself. If he is the type of person who asks for suggestions, never oversell him on any speculation. Explain why you think a security is attractive, why you believe it could be bought, but don't promise a profit. You should always recommend speculations to those who are financially and emotionally able to assume the risk of loss, as well as profit.

Income Inv. Corp.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Income Investment Corp. has been formed with offices at 1869 South Broadway, to engage in a securities business. Officers are Thomas J. Knuckles, President; Willard T. Carmody, Vice President, and James F. McCann, Secretary and Treasurer.

Det. Bond Women Elect Officers

DETROIT, Mich. — At a recent meeting of the Municipal Bond Women's Club of Detroit, the following officers were elected for 1960-1961:

President—Gladys Sibley, Municipal Advisory Council.

Vice-President — Rena Beardsley, Michigan Investor Publishing Company.

Secretary — Sarah Denning, Braun, Bosworth & Co.

Treasurer—Shirley Frank, National Bank of Detroit.

Governors — Rose Hendricks, Murel J. Sancrant & Co. and Clara Matthews, H. V. Sattley & Company.

Two members of the Board of Governors serving unexpired terms are: Mona Corey, Blyth & Co. and Lois McGinnes, Martin & Company.

Named Director

Robert M. Bacon, General Partner, E. F. Hutton & Company, San Francisco, has been named a director by Allied Engineering & Production Corporation, Alameda. The appointment was announced by H. E. Miller, Jr., President of the engineering firm.

Whys and Wherefores of a Public Relations Program

By M. K. Mellott*, President, M. K. Mellott Co., New York City; Advisors in Financial Community Relations

The growing separateness of the financial community from the corporate community makes it increasingly imperative for the latter to reach the former through public relations. This is so, Mr. Mellott points out, not only in terms of the profit motive, raising capital, creating and retaining investors' interest but even in obtaining favorable public opinion. The experienced specialist outlines the consequences apt to result from failure to keep the financial community properly informed; sums up his views as to the standards that should comprise the foundation of a financial community relations program; and provides a step-by-step procedural analysis involved in planning a program.

The specific area of the business scene to be considered here involves what probably is the least well established of corporation management's responsibilities in the broad field of communications. It is for this reason that I have chosen for my presentation the title: Motives, Morals and Methods in Financial Community Relations. In reflecting upon the relationships which exist today between the business community and the financial community, an observer might raise several questions.

M. K. Mellott

He might ask, for example, why are publicly owned corporations undertaking planned programs in financial community relations? And—he might inquire what do they hope to gain? Are such efforts justified? And what, in general, are the best methods to be employed in a financial community relations program? These are questions I shall try to answer in my remarks here.

In view of the once aloof attitudes of corporate business, the present efforts of many publicly owned corporations to inform the investing community may seem contradictory. Yet, when considered in the context of the changes which have occurred and continue to occur in the environment in which business now operates, actions by progressive management to win the understanding and acceptance of the investing public are most logical.

The present attitude of corporate management toward communications with the financial community did not result from a sudden impulse, or from sudden flashes of inspired judgment. Rather, it evolved from a growing awareness of processes already at work. There also has evolved a gradually increasing necessity to develop these processes in an orderly and purposeful manner.

Need to Reach Investors' Capital

It is only within the comparatively recent past that the financial community has become distinguished from the coroporate community to any significant degree. Ownership, and the capital it represents, once were identical with management. But such identical status is now the exception rather than the rule.

The causes of the separation are well known. Stated historically, the advance of technology led to mass production, which in turn led to the need for increasing amounts of growth capital. To obtain this capital, business owners had to reach beyond their own resources. In so doing, they gave up partial ownership to investors. In many instances these investors had little or no interest in participating directly in the management of corporate affairs. Meanwhile, the spread of capital among an increasing number of people began to develop and in about the same era that a growing number of still larger corporate enterprises were emerging through the evolution of advanced technology. It followed, quite naturally, that these new holders of capital—widely dispersed as they were, and in possession of varying estates—would become attracted to these investment opportunities. Thus, these new sources of capital were appealed to by direct means, but their funds also became available through the medium of financial institutions which brought together many small streams of savings into very large reservoirs of capital.

In these circumstances, corporate progress has become increasingly dependent upon the approval of many people. We find here the first motivation for financial community relations. Today, if new capital is to be available to a business enterprise, the corporation is confronted with the need and the responsibility for informing the investing public of its merits. Those with savings to invest must be convinced that the plans and policies of the management of a corporation will result in reasonable prospects for profits, as well as the probable enhancement of the value of the savings of investors. This, then, is an exercise in communications to the sources of capital.

The clearer separation of identities, as between the corporate and the financial communities, has been part of a larger movement. This movement had split our economic society into a number of specialized groups which, in turn, have become an interdependent, complex mechanism in which each part is dependent upon other parts. While many an American pioneer worked alone in helping to conquer a portion of the wilderness, such lonely trails have, for all practical purposes, passed from the modern scene. Today few, if any, of us could survive for long without the ministrations of specialists in social and economic institutions other than those in which we directly participate and produce. This is even more true of the business corporation.

Today, the survival and prosperity of a corporation are strongly dependent on labor, government, investors, and many of the other elements of our culture, working in such a manner as to create and maintain an environment which is favorable to a healthy growth.

Profits Depend on Public Opinion

While the profit motive is of paramount importance, as an incentive to enterprise, modern corporate management has come to realize that the opportunity for profit is greatly enhanced by the good opinions of people in many groups. The investing community, as one of these groups, is intensely interested in the relationship status of corporations with all the other groups on which there is dependence for success. It is here, then, that we find both the justification and the motivations which have prompted business to establish and employ different channels of communications directed to different audiences. More and more, such communications are viewed as a form of insurance—insurance against indifference, misunderstanding, and even hostility. Such attitudes, if permitted to develop, to any marked degree, would impede or negate corporate plans and policies.

Modern management is actively aware of the interdependence of business and society at large. This awareness is reflected in many ways, but most clearly in the improvement to be seen in the communications which are designed to achieve, from the contending but interdependent groups, a measure of harmony, or at the least, tacit approvals that are sufficient to permit progress in private enterprise.

Do the efforts of business to make its own aims prevail lead to unsound or unethical ends? In the business community, attitudes on this subject vary. Some managements are inhibited in efforts to inform, much less to attempt persuasion. This inhibition appears to reflect the feeling that such activities are, somehow, morally reprehensible. Others are inhibited by concern over the point that, although they can assure the honesty of the means, and believe the end is justified, their intent may be misinterpreted, and thus reflect to their discredit.

No Other Alternative

A third and growing category of corporate management is convinced that there is no alternative but to compete for attention and understanding. Failure, to do so, in the conviction of this group, can have far reaching and harmful consequences, even to the eroding of a corporation's ability to compete in the commercial market. As a matter of competitive necessity, and to protect the interests of those for whom management is a professional steward, this group adopts programs of communications to its relevant audiences and engages professional talent to implement them.

In defense of overt efforts to persuade others, it should be noted that our culture is based on the premise that moral certitudes are not to be had. This moral scepticism is countered by the optimistic assumption that the social body, reasoning from facts, will find the course of right action in the maze of competitive appeals and contending values. These premises not only permit, but actually demand, that the various groups within our culture present their views and objectives for the consideration of the publics involved. This concept, too, is consistent with the open nature of our society and with our political doctrine that the public is the seat of final judgment. This, in turn, implies the public's right to know—a right which requires that all who seek a favorable judgment, and what that judgment provides in the form of authority, opportunity and privilege, will make facts available in order that approvals or rejections will be a natural consequence of reasoned appraisals.

The distinction between the financial community and the corporate community, to which reference has been made, has left the preponderance of power to the corporate managers. But that does not mean that stockholders and their advisors are without influence or power in corporate affairs. Managements, in increasing numbers, are recognizing that the attitudes and judgments of the financial community are of crucial importance to any corporation seeking new funds in the capital market. They have seen where negative attitudes can render new financing exceedingly difficult and sometimes impossible to obtain. Also, it has become common knowledge that negative attitudes can increase the cost of new money well beyond what might be expected in a more favorable atmosphere.

Stockholders Support

Perhaps equally important, it is being acknowledged increasingly that the continuity and security of management and its policies hinge upon the confidence and support of stockholders and the financial community. The record amply reveals that lack of such support tends to attract the proxy dueler and raider.

Failure to keep the financial community informed, with the resultant risk of experiencing investor indifference and the probability of security prices that are undervalued, can frustrate other corporate objectives. For example, such depressed security prices may render impossible, or excessively expensive, the acquisition of other companies or product lines through an exchange of stock. Similarly, lack of interest in the market may rob stock option plans of their value as incentives for management, and as a means of granting competitive compensation in these days of high taxes. Indifference may make listing on a major stock exchange difficult. Absence of broad support from the financial community also may keep a company's stock in weak hands, resulting in speculative pricing and erratic market performance.

There is a tendency on the part of some management people to overlook, or fail to appraise properly, the fact that all publicly owned corporations are engaged in what amounts to a continuing conversation with their stockholders and, through these stockholders, with certain segments of the financial community. In annual and interim reports, in responses to inquiries, in stockholder meetings, in a host of other ways, corporate management acts to inform the investing community. The question, then, is whether communications to the investing community are to be orderly and aimed at maximum effectiveness, or indifferently handled with equally indifferent results.

There is, of course, the matter of responsibility to stockholders. An obligation obtains here that is being met quite adequately and effectively by many managements, though only partially by others. Stockholders have an unquestioned right to such information as they may need to appraise their investments adequately. They are entitled, also, to expect that the investing audience be kept informed of significant information bearing on a company's problems, objectives and rate of progress. When this practice is methodically administered, the present stockholders can feel more secure in the belief that the market for their securities will be maintained at levels which reflect fair values.

Then, there is the position of the financial community, viewed somewhat apart from the regular investing public. In more recent years the financial community has been requesting—and in an increasing number of instances receiving — pertinent information concerning the affairs of publicly owned corporations. The rapid increase in the number of security analysts and brokerage house reserach departments, as well as financial institutions under professional management, attests to the increased sophistication and knowledgeability with which investment decisions are being made. Therefore, some measure of effective liaison between corporations and the financial community is in the best interest of all concerned. In these circumstances, it becomes an issue of growing importance for corporate management to establish comprehensive policies and procedures in dealing with the total financial market.

Beneficial Results

The benefits to be realized from an informed financial community are numerous. The more important can be summarized quickly: Foremost, is the point that education of a factual nature most likely will be reflected in equitable market values. In periods of transition, when temporary factors may adversely affect operating results, information bearing on the nature of the problem will result, in a majority of cases, in weight being attached to basic values and longer-term prospects, rather than to the interim, non-recurring effects. A well informed community will be an important influence in a well balanced and broad geographic distribution of holders of a company's securities. And, if the community feels management has taken properly into account its important position in the securities market, the influence and helpfulness of the community in the execution of proxies by owners will be promptly and justly exercised.

The question then becomes one of what to communicate and how the communications assignment can be handled in keeping with ethical standards. It is here that skill and tested judgments are helpful, because, as was indicated earlier, a corporation is also concerned with groups other than the financial community. Thus, circumstances at a given time may make it inadvisable to disclose all available facts, and certainly circumstances and conditions bear strongly on the timing of disclosures. On the other side of the communications coin, is the fact that the financial community does not want to be burdened with extraneous detail from which it must cull the pertinent data. The specialist who is thoroughly familiar with the requirements of both his corporate client and the financial community is able to select those facts which are germane to the objectives of both. Experience and understanding of these requirements tends to lessen any conflict of interest between the communicating corporation and its audience in the financial community.

Elements of a Public Relations Program

At this juncture we can consider the specific elements of a planned financial community program. While it cannot be claimed that an exact science is involved, we have found it helpful in our own experience to look upon the responsibilities of the specialist in financial community relations as embracing three major functions. These are preparatory, administrative and reportorial.

The preparatory function involves four principal steps.

The first of these is a conference with company management to clarify major objectives. Here we may find special interest in only one primary corporate aim, or there may be a number that can be specified as near-term or longer range goals.

Step two involves a depth study of the corporation. This study may require 30 days, or it may be sufficiently involved to consume 60 or even 90 days. The important purpose of this study is that by such means a factual record can be compiled which will reflect both the financial and non-financial assets and liabilities of the company.

The third step is the preparation of a confidential report on the findings of the study. The data thus assembled is presented for management study and joint discussion. In its final form this report becomes the pool from which to draw in communicating the company to the financial community.

Step four involves the planning of the program—the tailoring of activities and projects to the objectives established in the first of these four preparatory steps.

The administrative activities and responsibilities may vary, depending upon particular requirements of the client company.

Selection of the audience for the purpose of communications becomes the first responsibility in the administrative effort. This audience, national in scope, will comprise a carefully screened list of security analysts, registered representatives and partners and officers of financial firms. In total number, this list may range from 2,000 to as many as 5,000 names. In the process of establishing this list, it is separated into primary and secondary groups. The primary group is made up of those with a natural basis for interest in the client company. Included would be security analysts responsible to their firms for following the affairs of an industry or industries of which the client is a member, and representatives of financial institutions holding the client's securities. The second and larger group includes those who might be expected to have a less active interest, but who may in the future develop interest, or may, on occasion, be asked for opinions by prospective investors or present stockholders.

Undertaking Communications

Communications can now be undertaken.

In a majority of instances where a company is being introduced to the national financial community for the first time by means of a planned program, it is advisable to make available at the outset, at least on a selective basis, a fact manual on the company. Such a manual should represent an objective condensation and refinement of the confidential study and report of the client corporation referred to earlier. Thoughtfully prepared, this fact book serves a dual purpose. First, it provides to the financial community in one presentation the significant facts, oriented to the requirements of the community. Second, the fact manual serves as a convenient and helpful file reference on the company.

The communications function from this point employs two distinct methods. One is direct contact with members of the primary group, and the other is the distribution of written or printed material.

Involved in the direct contact function are across-the-desk interviews with interested members of representative financial firms, and the arrangement for meetings with groups of analysts, or registered representatives. Both provide an opportunity for presenting the highlights of a company, its operations, markets, management abilities, the company's record of performance, and specific information bearing on its competitive position and outlook. Equally important, the group meetings, as with the across-the-desk individual interviews, stimulate questions and thus an opportunity to respond.

There is another dimension to the direct contact method of communicating a company to the financial audience. This is the provision for responding to specific questions initiated from the community involving activities of a current nature. As communications progress, these inquiries tend to increase. It is not unusual for these to number in the hundreds in the course of a year.

Written communications take a variety of forms. Copies of annual and interim reports to stockholders represent one category. These reports should be made available promptly to the total list of financial firms, comprising a company's selected distribution list. Timely bulletins on new developments, or on special aspects of corporate activity, are helpful in maintaining continuity of interest. Special letters are desirable at times, especially in instances where marked changes may be developing in a company's operations. Also, there are occasions when a significant piece of sales or technical literature is found appropriate for distribution to the financial community, because it will contribute to interest and understanding.

The Function of a Specialist

This brings us to the third function of the specialist in financial community relations; namely, that of reporting to client company management.

The communication of a company to the community is not a one way street. Members of the community, with which regular personal contact is maintained, usually are disposed to voice their reactions to a company. These reactions frequently involve opinions, either critical or favorable, of company policy and practices, its ability to compete and show progress, and often reveal an appraisal of management's ability based on past performance.

It is a responsibility of the administrator of the financial community program to carefully assess and transmit these reactions to management at designated report meetings. These report conferences also provide opportunity to keep current with company operations, developments and outlook.

The communications function often is productive of another valuable element in the creation of a more active awareness and acceptance of a company among investors. The corporate information made available to the community, if it is factual and meaningful, frequently will be incorporated, in whole or in part, in reports issued by financial firms to their customers. Thus, significant added mileage is obtained. Many such mailings by a financial firm will reach a figure of from 10,000 to 100,000.

The responsibility for providing service assistance to a company in the area of financial community relations involves other activities which I shall not detail. Included is counsel to management on matters bearing on a company's relations with, and responsibilities to, the financial community—assistance in the preparation of reports to stockholders—and in planning for the annual meeting of stockholders—the preparation and handling, where desired, of financial news—and the arranging of conferences between members of management and representatives of financial firms.

Concluding Remarks

I would like to conclude my discussion with a few words concerning the managers of American business. The business community has come a long way from the "public be damned" attitude of the last century. In its place has come an honest and earnest effort on the part of corporation managers to understand and meet their responsibilities to the various groups dependent upon the business community and to society at large. In this culture of ours, change has been rapid and it can be expected to continue at an accelerated pace. Because change has been so rapid, and sometimes not altogether clear in direction, lines of responsibility may, for brief periods, be less definitive than we would wish. But few groups in our society are more acutely aware of their obligations than the managers of our material wealth, and few have done a better job in trying to discharge their responsibilities honestly and fairly. The growth of financial community relations can be cited as a case in point.

*An address by Mr. Mellott before The Finance Club of Graduate School of Business Administration, Harvard University, Cambridge, Mass.

INST. Investors In Stock Market

The New York Stock Exchange has released a new study documenting the key role of institutional investors in the stock market.

Keith Funston, President of the Exchange, said a special five-day analysis of institutional transactions from Sept. 26 through 30 revealed the following:

Institution and intermediaries accounted for about 24% of total volume. In actual share volume, this is double the number of shares they bought and sold when the Exchange made its first Public Transaction Study in 1952 — and when volume in general was lower.

Institutions purchased more than they sold in the five-day period—3.9 million shares vs. 3.6 million — at a time when stock prices on average reached their lowest point in a year. This was evidence of the stabilizing nature of institutional transactions.

Commercial banks and trust companies were responsible for the largest single segment of institutional volume—40%. This was more than twice that of the runner-up, mutual funds.

Blocks of 1,000 shares or more accounted for a third of institutional share volume but only 3.4% of the number of such transactions.

The study—Part II of the 10th Public Transaction Study conducted by the Exchange since 1952 —was the first full-scale examination of institutions' and intermediaries' activity in the market since a two-day check in June, 1955. (Part I of the 10th PTS was published last week.)

Institutions held approximately $50 billion worth of listed stocks earlier this year, representing about 17% of the value of the entire Exchange list. Institutions include insurance and investment companies, savings banks, educational and religious organizations and pension funds. Intermediaries are non-member organizations—principally commercial banks, trust companies and non-member broker/dealers—channeling orders through the Exchange.

The 24% institutional volume figure compared with 19.4% in June, 1955, and 24.6% in September, 1952, the only higher percentage in the series. Seven studies since December, 1954, show a steady upward progression for the institutional share of total volume.

Commercial banks and trust companies—including orders they handled for individual investors —transacted a new high of 40.1% of institutional volume, and mutual funds a high of 17.5%. These two groups have been accounting for rising proportions of such volume in the last several studies.

On the other hand, the proportion of volume accounted for by non-member broker/dealers has been declining steadily since 1956 and reached a low of 11% this year. The report attributes this to the expansion of member firm facilities to serve the public here and abroad and the trend by non-members to join the Exchange Community.

Corporate pension or profit sharing funds had the largest individual net purchase balance among institutions and intermediaries buying and selling on Sept. 26-30. This group bought 288,000 shares and sold 68,000 shares for a net purchase balance of 220,000 shares.

Other institutions with net purchase balances included: life insurance companies, with 126,000 shares; non-financial corporations, with 124,000 shares; and mutual funds, with 45,000 shares.

On the sell side, commercial banks showed a net sales balance of 126,000 shares out of more than 3 million shares transacted. Nonmember broker/dealers also had a large net sales balance—37,000 of a total of 829,000 shares transacted.

Transactions of from 100 to 500 shares accounted for 51% of shares bought and sold by institutional investors on Sept. 26-30 and for 56% of the number of transactions. Lots of 600 to 900 shares made up 10.5% of share volume and almost 3% of the number of institutional transactions. The 1,000-share and over transactions made up almost all of the rest of the share volume—32.6% of shares traded and, as indicated earlier, 3.4% of the number of transactions.

The largest median round lot transactions in the current study were by mutual funds and closed-end investment companies — 300 shares. Next with 200-share medians were colleges and universities, life insurance companies, non-life insurance companies, corporate pension funds, non-financial corporations, foundations and hospitals.

The average price of shares transacted by institutions and intermediaries during the current study was $46 per share, compared with a $37-per-share average price for total New York Stock Exchange volume in the same period.

New York State accounted for 36.4% of institutional volume in the new study, with about 90% of this coming from New York City. Foreign countries were next, accounting for 11.3% — including 3.1% from Canada. Among individual states, Massachusetts accounted for sizable volume of 8.1% — more than 90% of this originating in Boston.

Waugh and Hunt Named to Board

Samuel C. Waugh, President of the Export-Import Bank of Washington, and Reed O. Hunt, President of Crown Zellerbach Corporation, have been elected directors of General Reinsurance Corporation, it was announced by James A. Cathcart, Jr., Chairman of the Board and Chief Executive Officer.

Mr. Waugh has been President of the Export-Import Bank of Washington since his Presidential appointment in 1955. He had previously been Assistant Secretary of State for Economic Affairs (1953-1955), Deputy Under Secretary of State (1955), and United States Alternate Governor to the International Monetary Fund and International Bank for Reconstruction and Development (1953-55).

In 1958, Mr. Waugh, as Special Ambassador, accompanied Vice-President Nixon on his visit to South America.

Mr. Hunt, who has been President and Chief Executive Officer of Crown Zellerbach since May, 1959, recently served as Executive Director of the President's Conference on Occupational Safety in Washington, D. C.

Before assuming his responsibilities in government, Mr. Waugh spent many years in the private banking industry. He is presently on leave as director of The First Trust Company of Lincoln, Neb. and the Citizens State Bank, Lincoln, Neb. He joined The First Trust Company of Lincoln in 1913 and served as President from 1946 to 1953.

Parker, Ford Co. Absorbs SW Pac.

FORT WORTH, Texas — Parker, Ford and Company, of Dallas, has just acquired the Southwestern Pacific Corporation, a Fort Worth securities firm, according to Charles R. Scott, Parker, Ford President. Mr. Scott said P. H. Ligon, Southwestern Pacific President, has joined Parker, Ford as an account executive in the Fort Worth office, Continental National Bank Building. The former Southwestern Pacific President, who has been in the securities field for several years, will continue to service the major portion of Southwestern Pacific's accounts.

P. H. Ligon

E. F. Hutton Co. To Admit Two

E. F. Hutton & Company, 61 Broadway, New York City, will admit Robert H. Stovall and John A. Dyer as general partners next month pending approval of the New York Stock Exchange, it was announced by Theodore Weicker, Jr., managing partner of the nation-wide securities brokerage firm.

Mr. Stovall will continue as manager of the investment research department where he began as an analyst in 1953.

Mr. Dyer is scheduled to represent the firm on the floor of the New York Stock Exchange. He has been a floor partner with Bull, Holden & Co. in New York for the last seven years.

Westheimer to Open Second Chicago Office

CHICAGO, Ill. — Opening of the street-level brokerage office on Chicago's "Magnificent Mile" (Michigan Avenue north of the Chicago River to Oak Street) has been announced by Westheimer & Company.

Seymour Fishman, resident manager of the Greater Chicago area for the firm, said the office —second in Chicago for Westheimer—will be opened at 934 N. Michigan Avenue, Jan. 10.

Erwin B. Arvey has been appointed manager of the new office, Mr. Fishman said. Mr. Arvey previously had been a registered representative at H. Hentz & Co. here for eight years.

The Michigan Avenue office is the first of a series of contemplated similar moves away from the LaSalle Street central district, Mr. Fishman said. Westheimer's first Chicago office at 134 S. LaSalle, opened Sept. 15, 1958, will continue to be managed by Mr. Fishman in addition to his expanded duties as manager for Greater Chicago.

First Charter Financial

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — First Charter Financial Corporation is conducting a securities business from offices at 110 North Doheny Drive. Officers are Sydney M. Taper, President; Clyde S. Diffen, Vice-President and Treasurer; Samson Cashdan, Vice-President and Secretary; Barry H. Taper and Lee J. Goldin, Vice-Presidents; Ruth Stegal, Assistant Secretary; and Morris A. Steinman, Assistant Treasurer.

What's in Store for Economy And the Insurance Industry?

Continued from page 1

understanding of its relationship to the Federal Government; one in which the attitude of the Federal Government toward our business has shown some improvement. It is against this background that we view the political future.

Campaign Promises Facing Us

First let us take a look at the campaign promises of particular interest to us. Mr. Kennedy has said he would try to add medical care to the Social Security program for those retired on Social Security pensions and also make some improvements in the old age and survivor insurance system. In the economic field he has promised to lower interest rates, to expand the economy at the rate of 4 or 5% a year and to accelerate activity in home building and public housing. In the field of taxation he has promised to concentrate on tax loopholes.

Additionally, of course, he has promised to support the Democratic platform. I cannot pass over that platform without commenting on the distortion of the word "right." For example, the platform mentions the right of every worker to a useful and remunerative job; the right of every farmer to a decent living; the right of every family to a decent home; the right of every child to a good education; the right of aged persons to adequate medical care.

Are these rights? Certainly not. They are no more than targets on which a society sets its sights. All too frequently we try to achieve them through direct government guarantees rather than through individual initiative and enterprise stimulated by sound government leadership.

The platform seems to say that every individual is entitled to the best of everything as a matter of right. Birth is the only qualifying condition. This is a dangerous philosophy. A nation is bound to deteriorate if the industrious, the strong, the creative and the self-reliant are forced, to the point of discouragement, to provide ideal living conditions for those who are not.

We can take some comfort, however, in realizing that the Convention platform is one of our most exaggerated forms of political hokum. It often employs license beyond the bounds of honesty. Moreover, the distortion of political principles is not a unique characteristic of the 1960 platforms. This form of political folklore has been with us for a long time. Many political observers believe that it should be abandoned because it leads to cynicism, distrust and cruel disappointment.

No Easy Road for Kennedy Program

Likewise, during the transition of national leadership, forecasts as to what the political parties will do in the forthcoming session of Congress are, in my opinion, not very meaningful. The boasts of some Republicans that they will block various legislative programs seems to be largely a carryover from the election campaign. Similarly the boasts of some Democratic spokesmen that the Kennedy program will have easy going tends to ignore the realities that will confront Congress in 1961.

In some quarters reliance is placed on the fact that Congress will be slightly more conservative as a result of the election. Whether the change in its membership will be significant in terms of legislative results remains to be seen. In my opinion, too much emphasis can be placed on the conventional liberal and conservative labels. They have lost some of their original meaning from a political point of view. Today there are at least two schools of thought included in the traditional concept of conservatism and there are also two distinct views of liberal thought. These divisions cut across party lines.

Within the definition of conservatives there are those who resist change out of an almost doctrinaire conviction that the public interest is best served by strong opposition to practically every proposal to expand government activities. At the same time there are those conservatives who recognize the need for a reasonable amount of government participation in the solution of the vexatious social and economic problems of our industrialized economy. This brand of conservatism nevertheless emphasizes and relies heavily upon the enterprise system and individual initiative for ultimate solutions.

The two schools of liberal thought that have developed with growing intensity in recent years are, first, those who favor personal initiative and the enterprise system, but who have little hesitancy about employing direct government participation once a so-called need is established. Second, there are those liberals who want the government to do almost everything on the theory that it can do a better job. They look forward to a vista of endless material progress in which the state will play a larger and larger role and a general equality of condition will be enforced. Underlying the thinking of a few liberals of both types is a certain basic mistrust of the enterprise system and its ability to contribute materially to solving the issues.

Other Influences

Another viewpoint frequently expressed is that minority groups in the large cities swung the election. If this is a correct conclusion the large city politicians will exert a greater influence on legislative action. Many of them belong to the "we want government to do more" wing of the liberal group. Consequently, it is argued that the pressing welfare problems of the congested areas will be more vigorously pursued and may receive more sympathetic attention from the new administration than in the past.

It is also contended in some quarters that the waning prestige argument advanced in the great debates generated considerable concern for our future security. As a result we may expect pressures for more defense spending and increased assistance to underdeveloped countries.

As everyone realizes, this combination of demands for additional outlays could add up to serious budget deficits and more inflation. Moreover, if the recession continues there will be pump priming. This implies little hope for holding spending in check.

On the other hand, President-elect Kennedy promised that every effort would be made to achieve a balanced budget. And the Eisenhower Administration budget for fiscal 1962 probably will be tight, which means a budget in the neighborhood of $80 billion for fiscal 1962. This could act as a psychological yardstick to stiffen resistance to overspending. The economic situation alone may make it necessary to delay acting on some of these election spending promises. It is unreasonable to assume that the new Administration will pursue every announced objective with equal vigor and without evaluation in terms of overall budget capacity. Undoubtedly, we will see these promises divided into short and long-range objectives.

Most observers seem to agree that President-elect Kennedy will use the powers of the Presidency in a manner reminiscent of Franklin D. Roosevelt. He reportedly has given much thought to the question of Presidential powers. He views them not as confined to those expressly granted under the Constitution and the various statutes, but rather as constituting a broad power to control by influence.

Indications are that Mr. Kennedy will do away with the Presidential staff or team concept which has been one of the outstanding features of the Eisenhower Administration. This means less delegation and more direct contact with Congress and the various governmental agencies. In the case of Congress this type of aggressive leadership could lead to a greater degree of submission, or if the Kennedy forces are not tactful could result in more determined resistance to some of his objectives.

Re-Evaluating Economic Frontier

I have the impression that there has been a basic post-election shift in the grand strategy enunciated during the campaign. The alleged need for mapping a new economic frontier through a greater utilization of governmental power is presently being re-evaluated. It now appears that the invasion will be less extensive and the pace more leisurely. Many reasons are being advanced for this revision of plans. The underlying cause, I suspect, is that following an election campaign, promises must be reconsidered in the light of many factors, difficulties and realities. And in this particular instance the specter of a depression and the gold loss to other nations are major factors which undoubtedly are diverting attention from the new frontier.

Possibly there also has been a change in attitude toward the Republican - Democratic coalition. The Kennedy forces do not seem to attach very much importance to their failure to gain a majority of the popular vote. They reject the "no mandate" argument. Mr. Kennedy cannot help but realize, however, that the southern electoral votes were decisive, and therefore an attempt to exert disciplinary pressure on the southern wing of the coalition is not anticipated. To the contrary I believe that the Kennedy team will avoid open attack on the coalition and will concentrate on persuasion in getting domestic bills enacted. Along with persuasion will be coupled the use of patronage and the pork barrel.

On the basis of this type of reappraisal we may not see extensive legislative innovations during 1961. This does not rule out, however, the reconsideration of old legislative business such as the four programs frequently mentioned in the campaign — minimum wage, aid to education, relief for depressed areas and medical care for the aged. Except for such items as these and housing legislation, 1961 may well be a year devoted to reorganizing the executive branch and strengthening the President's position with Congress. Both of these jobs are looking more difficult than they were made to appear during the campaign.

Aged Medical Care Issue

Of the four domestic measures just referred to, we are most directly concerned with the proposal to provide medical care for the aged as a matter of right under the Social Security Act. A careful examination of the legislative record on this subject indicates that during the last session we experienced great difficulty in convincing the Senate that an additional Federal medical care plan was unnecessary. A number of the Senators who participated in the debate on this subject seemed to take it for granted that the Mills-Kerr program was not enough. The disagreement among them arose mainly with respect to the method to be adopted. Thus the method Mr. Nixon supported was defeated 67 to 28. The Social Security approach Mr. Kennedy advocated was defeated 51 to 44. In evaluating this latter vote record, it should be borne in mind that the action transpired under the threat of a Presidential veto, which will not be the situation next year.

In the House a vote was not taken on a compulsory medical care plan. The Ways and Means Committee, however, gave protracted consideration to the Forand bill and rejected it. There were hopeful indications that the House Rules Committee would not have granted a rule on this type of legislation had Ways and Means voted it out. Under the circumstances, we do not know how the House would vote on a Forand-type bill. It is apparent that the Administration will face real hurdles in advancing its proposal in either body, and particularly in the House.

This past year, the American Medical Association spearheaded the groups opposing the Forand-type bill. In the health insurance business leadership was provided mainly through the Health Insurance Association of America. I pay particular tribute to that association for the effective way in which it presented the viewpoint of the personal insurance business.

I believe we can conclude that the political situation with respect to the medical care issue is too fluid to offer a basis for either optimism or pessimism. In a controversial question of this kind no one can predict results with certainty until the votes are counted. The personal insurance business must continue to press its position with vigor and conviction, bearing in mind that medical care for the aged is an emotional issue and is extremely sensitive from a public relations standpoint.

A New Cost Realism About OASI

Now let's take a look at the old age and survivor section of the Social Security Act. What can we expect — overliberalization of benefits? There will be a tendency in that direction, but I doubt whether extreme action will be proposed. The new Administration's announced policy gives no indication that the role of social security in providing a basic floor of protection should be drastically changed.

Perhaps the most important change in the Social Security System during the past decade has been the end of what might be called the "easy financing" era. In 1950, Social Security seemed almost free to the American people; it hardly seems so today. In 1950 the law could be liberalized almost painlessly. Today's scheduled tax increases elicit pained yelps from many taxpayers. In view of the now established Congressional policy of maintaining Social Security on a self-supporting basis, it will be more difficult to liberalize benefits in the future than in the past. The dangerous period of "actuarial immaturity" in Social Security has drawn to a close.

To put this general idea in figures, in 1950 the wage taxes collected exceeded Social Security disbursements by about $1.6 billion, which was erroneously looked upon as money that could be used to finance more generous benefits. In 1960, by contrast, the wage taxes collected came to $11.4 billion which was insufficient to cover the disbursements of $11.7 billion. At long last we are in effect on a pay-as-you-go basis and under current Congressional policy new revenue must be raised if benefits are to be increased. Moreover the tax rates have reached such high levels that proposals for tax increases are politically unpopular. This situation was reflected in Congressional action this year, when Congress refused for the first time in any election year since 1950 to raise benefit levels.

Housing Push Plans

Now I turn to the housing field. Campaign statements, the current rate of housing starts, unemployment, and pronouncements by Congressional leaders make early activity in housing a certainty. This is one area in which innovations will be pushed and more direct government participation will be advocated. There will be the usual proposals for liberalizing and supporting existing Federal programs as well as new proposals for a central mortgage bank facility, a "middle income" housing program, the sale of debentures to finance veteran's housing, etc. There will be a sharpening of the conflict between sound economic goals and social objectives.

Tax Attention on Mutuals

In the field of Federal taxation we will see a shift in emphasis. There will be less attention to life insurance company income taxation. The problems in this area will be mainly regulatory. Amendments to clarify or perfect the new company tax law will be advanced from time to time as experience is gained. Broad legislative action regarding corporate taxation will focus, however, on other types of institutions, for example, mutual fire and casualty companies, mutual savings banks and cooperatives.

Nevertheless, we will find plenty to keep us busy in the tax field. As general revisions of the personal income and estate tax sections of the tax code get underway, we will see pressure develop for less favorable treatment of personal insurance. The Keogh-Smathers Self-Employed Retirement Bill may eventually be passed, but with substantial variations from its current form. The tax treatment of corporate pensions will be re-examined. The withholding of income taxes by companies on interest payments to their policyholders and beneficiaries will be urged. In general, as the demands for more and more revenue intensify, so will the efforts to plug loopholes, to cut down on various tax exemptions and to limit the deferment of taxable income.

More Insurance Regulation

What Federal action may we expect in the field of regulation? To me it seems reasonable to anticipate that our problems in this area will increase. The Chairman of the Senate Subcommittee on Antitrust and Monopoly has stated, although thus far only informally, that the insurance study will be continued next year. An investigation of health insurance has been mentioned. Rumblings of a possible life insurance investigation have been heard on the House side. Other suggestions of studies and regulation are almost certain to come.

Ours is a business affected with a public interest. Our product intimately touches the lives of almost all of our nation's 182,000,000 people. Our investments are of fundamental importance to the national economy. These and other factors suggest an increasing interest in the regulatory aspects of our business on the part of the national government, perhaps not so much in connection with our dealings with our policyholders as with our investments and their relation to the national economy.

Kennedy's Economic Views

Finally let's take a look at Mr. Kennedy's economic views. During the campaign he stressed three main objectives: (1) a faster rate of economic growth, (2) full employment of labor and other resources, (3) "reasonable stability" in the price level. Few would quarrel with these objectives. Our chief concern is whether the first two objectives will be pushed so hard that price stability cannot be maintained. Moreover, Mr. Kennedy's use of the term "reasonable stability" in price levels suggests some support for the objectionable thesis that creeping inflation may be necessary to assure growth and full employment.

Mr. Kennedy's views on monetary policy are also somewhat disturbing. He would not reject monetary stringency as a potential method of curbing extravagant booms, but he seems to believe that general credit control powers should be used to push interest rates as low as possible without causing runaway inflation. Apparently he would supplement credit control with "other tools" in managing our monetary problems. What is meant by "other tools?" Would the new Administration urge the use of selective credit controls? Would it contemplate that the Federal Reserve conduct open market operations throughout the entire maturity range of U. S. Government securities? The latter could mean that the Federal Reserve at times would buy long-term government bonds to drive up their prices and hence depress their yields and interest rates generally.

Also unanswered is the underlying question of whether Mr. Kennedy will actually seek to impose his economic views on the Federal Reserve authorities. In his published statement to the business community he agreed that the day-to-day operations of the Federal Reserve Board should be removed from political pressures. But in the same statement it was suggested that the Federal Reserve Board should "cooperate" with the President in the long-range coordination and direction of economic policies. Business and financial circles have viewed the word "cooperate" with considerable apprehension.

National Objectives and Insurance

The foregoing highly condensed view of the future, when coupled with our past experience, leads to the conclusion that we are approaching a new era which will be dominated by relatively new problems, and which will focuse increasing attention on the relationship of our business to a complex of national objectives. The numerous issues of national and international significance with which this country must deal reach deeply into the social and economic life of the American people. Not one of them can be effectively considered in isolation. Many of them grow out of this country's struggle with the Communist world. More and more it appears that action in the domestic field will involve these international considerations.

In the decade that lies ahead our nation will be forced to adjust to many new conditions, new problems, and new responsibilities. The personal insurance business will likewise have to accommodate itself to new circumstances fraught with political implications. I seriously suggest that we will necessarily be more active in the political field that in the past. This will require more careful planning, better communication within the business and more time devoted to a better understanding of developments as they unfold. I believe that our minds will be challenged by constant innovation. In many companies a senior officer will devote almost full time to Federal developments.

As in the past the primary job will be to protect the rights of policyholders, but more and more we will be called upon to balance this objective with the national interest. As an example, only recently we spent a day with the White House staff discussing the need for prenuclear attack planning. It was pointed out that if the destruction resulting from a nuclear attack should consume more than one-third of our economy, little could be done. Within the range of a one-third loss, however, survival might depend on planning in advance how the undestroyed remainder of our economy would function. Obviously non-fatal attack planning designed to cope with a problem of this magnitude would necessitate imposing in the central government unusual powers on a standby basis. Thus our traditional views regarding Federal power would have to be reevaluated in terms of the national goal of self-preservation.

In meeting the challenges of this modern world, our nation must conserve its energies and resources. it cannot afford to expend its substance on programs to provide services which can be made available through private initiative. More and more the personal insurance business will be required to demonstrate the role which it can play in solving the problems of our society. This will entail more emphasis on research and statistical studies which can be utilized to prove what we can do to challenge unsound proposals for government intervention.

Researching Medical Care Costs

As an example of this need, one of the claims we often hear in Washington is that many of the aged face large medical bills which are beyond their ability to pay. Now what are the available facts? We know that the annual medical costs of the average individual over age 65 are in the neighborhood of $177.00 for all of his health care expenditures. We also have figures which show that about one out of five of these aged individuals have annual medical costs in excess of this figure. However, we do not know the circumstances of that one person out of five who encounters these higher costs—whether he is indigent, insured, living alone, retired, in an institution, etc. This information is essential to any objective consideration of whether aged individuals with these higher-than-average medical expenses can or cannot pay their medical bills or buy health insurance to cover the risk. There is a real need to expand further our research efforts to include problems arising in the political field and to devote more attention to the coordination of the research activities of the various organizations within our business.

During the era ahead issues which involve honest differences of opinion within our business will tend to increase in number. Disagreement will be one of the by-products of innovation and national tension. We will be challenged on every side to take positions on controversial questions. And our influence may well depend upon our ability to reconcile our differences and to present a united position, not only in opposing unsound legislation but in seeking solutions to new problems.

If we have learned anything during the past decade, it is the high cost of disunity of purpose within the business. I need not rely entirely on the company income tax legislative experience to support this statement. Only recently another division occurred with respect to the interpretation of our new tax law. Without going into detail, the divergent viewpoints were separately and vigorously pressed before the Treasury Department. The result of this split action was a tentative tax regulation extremely unfavorable to both sides; one that also established a bad precedent in unrelated areas. It was at this point that bold and intelligent leadership within both groups decided to unite and pursue the matter through industry channels. As a result Treasury reversed itself and adopted a favorable regulation.

One of the greatest contributions each of us can make to the political future of the personal insurance business will be to devote greater effort and objectivity in consolidating viewpoints on controversial issues. It is difficult enough to succeed in Washington with a policy declaration that has the full support of the business. It is almost hopeless to pursue one that must be presented with an admission that we do not agree among ourselves that the position is sound.

Who Can Do the Better Job?

Finally, in the turbulent era ahead steadfastness of purpose will be required in defending the personal insurance business against big government. We must challenge, with even greater vigor, those who contend that government can do a better job than we can. We must continue to emphasize individual responsibility and opportunity and the widest possible distribution of political and economic power. We face a new frontier only in the sense that ahead of us lie many unknowns to be explored — many opportunities to capture — many battles to wage.

As we enter this new age it would be well to keep before us the words of Abraham Lincoln at the beginning of another new age 100 years ago. He said:

> "* * * the dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulties, and we must arise with the occasion. As our cause is new, so must we think and act anew."

*An address by Mr. Thore before the 54th Annual Meeting of Life Insurance Association of America, New York City, December 14, 1960.

Irving Lundborg To Admit Partners

SAN FRANCISCO, Calif.—Irving Lundborg & Co., 310 Sansome Street, members of the New York and Pacific Coast Stock Exchanges, on Jan. 5 will admit to partnership Shannon M. Drew of Stanford, LeGrand A. Gould of Redwood City, George R. Liddle IV of Menlo Park, William J. Swanson and William R. Whitehead of Palo Alto, and Robert Wiedenmayer of San Francisco.

Wm. C. Roney to Admit Partner

DETROIT, Mich.—Wm. C. Roney & Co., Buhl Building, members of the New York and Detroit Stock Exchanges, on Jan. 5 will admit Arthur J. Cassidy, Jr, to partnership.

Cooper-Matthews Formed

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif.—Cooper-Matthews, Inc. has been formed with offices at 243 West Philadelphia Street to engage in a securities business. Officers are Odis L. Cooper, President; Cooper P. Matthews, and Russell A. Browning, Vice-Presidents, and James Callas, Secretary and Treasurer. Mr. Cooper, Mr. Matthews and Mr. Browning were all formerly with Lile & Co., Inc.

AS WE SEE IT

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what those policies are to be. And, of course, the statement about "working toward" financial soundness could mean just about anything or nothing.

The cold fact is that fiscal responsibility or the lack of it in the Kennedy regime will be largely determined in fields which are no part of the responsibilities of the Secretary of the Treasury. From the President-elect's headquarters in Florida has already come word that he and his legislative leaders are making ready to push with vigor to get laws passed providing for large expenditure for health insurance, for education and for the aid of depressed areas. The party is, so it is believed, more or less committed to very large outlays on behalf of the farmer. All these and other increased expenditures for defense and the like must naturally sooner or later impinge upon the Secretary of the Treasury, who doubtless will then have opportunity to tell the President how he thinks these extra funds should be raised. He presumably will have an influential voice in these matters. However, it would be extraordinary if the Secretary of the Treasury were to have a deciding voice in the determination of policies which give rise to increased outlays.

Of course, neither the Secretary of the Treasury nor the President himself can levy additional taxes or borrow on the credit of the United States except as authorized by Congress. There is thus no way under the sun that the President-elect could give the incoming Secretary of the Treasury a "free hand" in such matters as these. We naturally have no way of knowing what was said when the President-elect and Mr. Dillon were discussing the possibility of the latter becoming Secretary of the Treasury. We can only assume that such assurances as were necessary to satisfy Mr. Dillon were given.

Lower Foreign Outlays

It is conceivable that the President-elect plans to reduce our foreign outlays of one sort or another sufficiently to make possible these larger expenditures at home without either raising taxes or incurring a large deficit, but such decisions as would be involved in reducing our military outlays abroad or our unilateral transfers are hardly ones normally to be made by the Secretary of the Treasury. It could be that the Secretary of the Treasury would have an influential voice in the arrival at such decisions, but they would have to be made in the final analysis by the President himself and, in some instances, doubtless by Congress. A "free hand" by the Secretary of the Treasury is thus seen not to be the way to fiscal responsibility in the new Administration. Much more than that is involved, and would be though Alexander Hamilton himself were to be called up to fill that high office.

There are, naturally, certain aspects of public business where the Secretary of the Treasury can and should do a great deal to promote healthful financial governmental policies, provided, of course, that he is given the opportunity. The President would normally, of course, rely upon his Secretary of the Treasury to make wise decisions about what types of obligations to offer when funds must be borrowed, and what rates of interest to offer the investing public. If the debt is to be got into longer terms in larger degree as has been promised for many years but never done, then it is the duty of the Secretary of the Treasury to arrange for the change. One would hope that neither he nor the President would expect the Federal Reserve System to underwrite his ventures.

Let No One Do It

It is not a part of the duties of the Secretary of the Treasury to fix Federal Reserve policy, and neither he nor the President should undertake to place that system under pressure to do things that its officials do not believe to be in the public interest. In any event, under the present law there is no way that the Secretary of the Treasury can dictate policy to the Federal Reserve, and it is most ardently to be hoped that no attempt will be made by the Kennedy Administration to place such legislation upon the statute books. As a matter of fact, in our present international financial position, tinkering with the monetary and credit mechanism could be little short of disastrous whether by the Secretary of the Treasury or anyone else.

Investing for Fire and Casualty Companies

Continued from page 3

can be invested at "risk"; in equities, common and preferred. The first of these, namely common stocks, is, of course, our principal type of risk asset. Considerable emphasis is placed on the relationship of our common stock holdings to our capital funds and it is rather seldom that a common stock position is held that exceeds a company's capital funds position. The ratio for the industry was about 80% in 1959.

It might be pointed out at this stage that companies in the industry doing their principal business as fire and marine carriers and with the stronger capital structures have the higher positions in equities. The reversal is true insofar as casualty operations are concerned or in multiple line situations where the emphasis is on casualty-surety business.

(3) The third consideration is possibly the most important of all. This has to do with the capital structure of the industry as a whole. In the first place, as mentioned above, the capitalizations of the original businesses writing fire and marine insurance were more conservative than the casualty operations.

The capital structures of the present groups of multiple line carriers are still comparatively conservative, especially when they are compared with other financial institutions. Stock companies as a whole at the end of 1959 had about 43.0% of their assets represented by capital funds and approximately 57.0% by liabilities. Stated another way, for each dollar of liabilities that the industry had it had $0.75 of capital funds. Our own ratio is considerably stronger than this—for each dollar of liabilities we had about $0.90 of capital accounts.

Naturally, these ratios vary from time to time with fluctuations in the profitability of our underwriting and the fortunes of the marketplace, but among many insurance investment people there is the feeling that an adequate ratio between capital accounts and liabilities should not be lower than .75 to 1 and may run as high as 1 to 1. Obviously some companies have a greater capital strength than others. As inferred above, the same is true of different "types" of companies.

To carry this thesis one step further, it is generally felt that the higher the capital strength the greater the degree of investment risk that can be taken by the individual company. For example, a company with a ratio of capital funds to liabilities of 100% would possibly be justified in investing close to 100% of its capital funds in common stocks whereas a company with a capital ratio of say 60% would probably feel that risk assets should be less than capital funds and probably considerably less.

Our problem is somewhat akin to the deposits/capital ratio of the commercial banks. Banks with the lower—that is more conservative—ratio are perhaps justified in taking a higher position in loans than those other banks with a lower capital position. Basically it is for the reason that the property insurance industry has a conservative capitalization as a whole that a larger than normal investment risk can be taken. Contrast this position if you will with the much larger structure of life insurance companies, where liabilities on the average are perhaps 10-12 times their capital accounts. The relative importance of policyholders reserves being so great, the real risk that they can take such as in common stocks, is, in most cases, limited by legislation to 5% of their assets.

You have noticed that so far there has been reference only to stock fire and casualty companies, but not because mutual insurance is less important from the standpoint of investment philosophy and policy. Rather because it would be somewhat confusing to mingle their different objectives with ours, I am including only stock companies in my presentation. In many cases they have quite a different set of investment alternatives caused principally by differences in tax treatment. As a matter of information, A. M. Best lists the assets of 748 stock fire and casualty companies at the end of 1959 at $21,800,000,000; 400-odd mutual fire and casualty companies at $6,080,000,000. As to policyholders surplus, the figures are $9,381,000,000 and $1,993,000,000, respectively. Premium volume $9,930,000,000 and $3,645,000,000, respectively, for the stock companies as against the mutuals.

B—Specific Investment Policies

Now as to the specific investment policies and problems; common stocks, bonds and preferred stocks in that order.

I—Common Stock Policies

First as to common stocks: these constitute the greatest risk factor, the greatest potential reward, certainly the greatest fascination. At the end of 1959 the 748 stock fire aad casualty insurance companies owned about $7.5 billion worth of common stocks. This figure amounted to about 35% of total assets. As indicated previously, we in the industry are perhaps more apt to compare our holdings of equities with our capital accounts. This relationship was about 80%. Or, for each dollar of capital funds, we in the industry had, in this type of assets, 80c. Of the $7.5 billion market value of common stocks owned, I would hazard a guess that the "paper" profit or appreciation might run to close to $5 billion.

In the case of my own group of insurance companies, excluding our life insurance affiliate, Monarch Life, we have approximately $62 million in common stocks; the cost of which is about $20 million. Related to total assets, this amounts to 44.1%; related to capital funds the proportion is 90%.

As a group, fire and casualty insurance companies invest in common stocks only with long-range objectives. There is very little investing for the short-term except in rare instances. We just don't feel competent to invest for other than the long pull. If I had to emphasize three points reflecting more than anything else the common stock philosophy of the industry, I would mention:

(a) The objective of a long-range program.

(b) The inclusion of quality stocks.

(c) Emphasis on stocks with growth characteristics.

Historically, the industry has tended to put about 65-70% of its total common stock monies into industrial types, something approaching a quarter into public utility stocks and about 10% in bank stocks. Railroad holdings are negligible. These figures are, of course, approximations. Actually, there are four individual stock categories that comprise about 60% of all common stock holdings. At the end of 1959 companies with about $3.5 billion in equities revealed that public utility stocks were the largest, holding at about 23½%, oil stocks were second at 16%, banks followed at 11½% and chemicals amounted to about 10½%. Other important groupings include stocks of the building industry, electrical equipments and office equipments.

These and other industry categories are presented below and represent the common stock diversification of 26 fire and casualty groups.

Taxes

Of course, the matter of taxes has quite some bearing on our common stock policy. On stocks, we pay the regular 52% corporate rate of tax—but only on 15% of our dividend income. While this involves double taxation, it does mean that just over 92% of our dividends received represent "take home" dividends. This might be construed as a further factor causing the industry to invest heavily in common stocks. As to capital gains, this tax provision affects us in about the same way as it affects most other investors. The top long-term capital gains tax (25%) tends to keep us locked into equities which we might otherwise sell. In many cases the payment of 25% of a large capital gain makes more or less automatic the retention of certain common stocks—which purely on the basis of investment analysis might be sold. Our capital losses as such cannot be applied against operating income, although the capital losses can be carried over for a five-year period against future capital gains.

COMMON STOCK DIVERSIFICATION—1959

26 Fire and Casualty Groups

	26 Groups	% Average	Springfield	% Total Common
Industrial—				
Agricultural Equipment	$9,873,621	0.29	--------	---
Aircraft Manufacturing	5,087,901	0.15	--------	---
Automobile	84,020,754	2.47	$500,500	0.81
Building	136,127,117	4.00	3,099,150	5.01
Chemical	357,547,577	10.52	10,998,573	17.79
Container	34,374,940	1.01	--------	---
Drug	67,992,015	2.00	1,814,620	2.93
Electrical Equipment	141,241,552	4.15	2,459,800	3.98
Food	54,596,949	1.61	--------	---
Household Products	13,709,700	0.40	1,208,100	1.95
Machinery	65,883,605	1.94	382,500	0.62
Metal	97,064,943	2.85	667,800	1.08
Office Equipment	147,133,725	4.33	4,310,796	6.97
Oil	551,064,665	16.21	7,500,811	12.13
Paper	95,240,592	2.80	1,949,699	3.15
Retail Trade	58,872,504	1.73	1,082,456	1.75
Specialty Manufacturing	39,987,810	1.18	4,511,900	7.30
Steel	79,197,452	2.33	124,740	0.20
Textile	5,084,200	0.15	--------	---
Tire & Rubber	35,791,160	1.05	151,300	0.24
Tobacco	2,284,350	0.07	--------	---
Miscellaneous	36,111,883	1.06	386,484	0.62
Underwriting Items	5,982,057	0.18	202,380	0.33
Total Industrials	$2,124,271,072	62.48	$41,351,609	66.86
Banks	395,664,881	11.64	5,833,512	9.44
Insurance	41,159,018	1.21	--------	---
Public Utilities—				
Electric and Gas	722,164,765	21.24	13,530,221	21.88
Telephone	68,184,392	2.00	971,175	1.57
Total Public Utilities	$790,349,157	23.24	$14,501,396	23.45
Railroads	48,619,165	1.43	152,800	0.25
Total Common Stocks	$3,400,063,293	100.00	$61,839,317	100.00

Research and Analysis Guide

Now—as to research and analytical work—it is natural that a considerable portion of our analytical time is spent on common stocks; since that is where the real risk in our portfolio lies. Before the basic evaluation of any particular common stock can be started, it is first necessary to take a position on:

(a) The state of the general economy.

(b) The condition and outlook of the industry in question.

(c) The analysis of the particular common stock.

All of these three types of analyses are important and it can be costly to make a wrong decision on any one of the three. On the other hand, in order to be completely right it is necessary to make a correct analysis on each of these several phases. It is a well-known fact, for example, that at the present time we are witnessing more a "market for stocks" than a "stock market." This simply means that the market is extremely selective. Selectivity is all important and it is now more than ever before necessary to make a proper choice of items.

A number of the factors that we tend to look to in analyzing the over-all economy and its direction are such as the following:

(1) Gross National Product Series—including Personal Income, Personal Consumption Expenditures, etc.

(2) Manufacturing output. Business inventories.

(3) Department store sales. Other corporate sales.

(4) Wholesale and retail prices. Cost-of-living indices.

(5) Consumer and installment credit. Mortgage debt.

(6) Corporate earnings and dividends. New plant expenditures.

(7) Population growth. Employment and unemployment figures.

(8) Interest rate patterns—short and long term.

(9) Banking figures, including Federal Reserve policy.

(10) Stock and bond market activity, including credit and volume.

These are not, of course, all inclusive and extraneous considerations such as political factors are always of importance.

Cites Autos as an Example

In connection with the analysis of an individual industry, let's take a specific example: automobiles. We first of all have to weigh the operating results of the industry over a period of years, compare its growth with such indices as personal income, gross national product and so on. The probable growth in the units of production over the next two or three years is attempted, governed by such factors such as population increase; i.e., the increase in the population of driving age, teenagers, etc.; the expansion in number of so-called two car families. Other considerations include the probable replacement of a significant proportion of the market with "compacts," the effect on profit margins of the smaller cars; the probable offset, at least to a degree, of higher wage and material costs with improved technology and improved producing skills. All of these, while significant, represent only a portion of the facts and opinions to be considered. In our company, we analyze as completely as is possible one major industry each month and take the results of our findings to our Investment Committee.

As to individual company analysis, very often the start is with an intangible: a careful look at the management team and the directors. The type of products produced are compared with others in the field and the possibilities of growth. Much of the basic research, of course, must be historical in nature comparing the record of sales, earnings, profit margins, dividends, per share results and price action of the stock. In many cases projections of future results are attempted. Of significant interest is the conservatism or the liberal nature of the company's capital structure, its simplicity or its complexity. Needless to say, the facts and figures are all weighed and it should be added there are many of each; the information appearing in such statistical manuals as Moody's and Standard & Poor's is supplemented by individual industry services to which many institutional investors subscribe; also research—much of it excellent—prepared by expert analysts of investment banking houses. Finally, if the opportunity or the need is presented we visit the company officials, talk with the management and see their plants on a recurring basis.

Anyone with experience in common stock investing could give an impressive list of stocks that have done well during the past 5-10 years. In our particular case the best performers have been International Business Machines, Minnesota Mining and Manufacturing, Minneapolis Honeywell, Dow Chemical Company, Eastmas Kodak, Rohm and Haas, Merck and Company and Scott Paper Company, just to mention a few and not necessarily in the order in which presented. Naturally the experience of different investors with the same stock may differ due to the factor of timing. Many of our holdings with what we consider to be the greatest promise for the future are not included in the above brief listing for this very reason.

II—Bond Policies

Any consideration of bond policies virtually has to be introduced by a statement or two regarding taxes. The interest from all corporate obligations is taxable to stock fire and casualty companies at the rate of 52%—leaving less than half to "take home"—so to speak. The same situation applies to obligations of the U. S. Government and of Federal Agencies. As far as municipal bonds are concerned, there is of course the same type of treatment that is given other investors—100% tax free. Obviously this is ever so important in connection with the investment thinking as it relates to bonds—it just can't help but be a criterion in final judgments.

As far as U. S. Treasuries are concerned, the industry's position has shown a marked decrease during the past few years. At the present time about 18.5% of the total assets of the companies are in Treasuries. This compares with a much higher figure — 36.5% — 10 years ago; even five years back the figure was almost 30%. In spite of this reduction I am sure that all financial men in the industry still regard Treasury bonds as their first line of defense. In addition to the fact that they still constitute the most secure obligations in the world there is the added factor of greater liquidity than most types of corporates and certainly of municipals.

So, as far as Treasury issues are concerned, we follow the lead, more or less naturally of the commercial banks since so many of the issues are tailored for their particular needs. Our principal concern is to set up a proper spacing of our maturities so that we will have an even flow of funds coming due at regular intervals—

to meet possible insurance needs —and to give us funds to invest in the marketplace in attractive securities that may become available. Each of these is a justifiable cause for a moderate short term position.

As far as corporate bonds are concerned, these are mostly of academic interest to us. This is, of course, for the reason of the 52% tax that we have to pay on their interest. It just doesn't make sense to hold very many bonds of this type (sad as it may be) since there isn't enough added yield after taxes over Treasuries to give the necessary incentive.

Municipal bonds are something else again. Next to our equity situations, more time is probably spent on this class of security than on any other, and for good reason. At the present time, close to a quarter (actually 23.4%) of the assets of the industry are in municipal obligations of one type or another. Compare this with a figure of 15.7% five years ago and 5.5% 10 years ago. This, of course (as well as the relative reduction in U. S. issues) is a reflection of the growth in need for tax exemption on the part of the industry. We look for this trend to continue somewhat further.

As mentioned, considerable analytical time is spent on this general type of security. In the first place, it is quite difficult to gather together the real facts and statistics covering any one piece of municipal financing. Seemingly, there are very few cities or municipalities that report their finances in completely the same way.

Of course, all this and more can be said as far as revenue bonds are concerned. These, which not too many years ago were virtually unheard of as institutional investments, have very much come into their own during the past decade. A great deal of the credit for this, especially for the educational work that has been done in this connection, lies with the investment banking fraternity.

Certainly many revenue bonds are now tailored to meet the needs of corporate investors such as ourselves; they have been improved as risks and they are now better understood. Whereas formerly there was perhaps something slightly of a stigma attached to the words "revenue bond," I am sure many of us have come to the point where we would just as soon have top-flight revenue bonds as general obligations. For example, it is pretty hard to find anything of much better revenue quality than the Oklahoma Turnpike (Turner).

III—Preferred Stock Policies

Still using Best's figures, preferred stocks represent about 3% of the total assets of the industry. In the case of the Springfield Insurance Companies, our holdings represent 5.5%. As a class, preferred stocks at the present time would hardly be classified as having the same degree of popularity with our type of investor than many other types of investment held. It is my personal opinion—and I realize that my views are not fully shared in this respect—that certain types of preferred stocks are among the more attractive securities for property insurance companies under the present tax treatment.

The first of these types is convertible preferreds. It is only natural that there should be a preponderance of convertible *debentures* at the present time, and a dearth of convertible *preferreds*. It is the latter type that are especially well suited to the needs of the fire and casualty companies; this for the reason that we get an important tax advantage from issues of this sort, whereas in the case of debentures, we pay the full 52% tax on the interest. It makes more sense, of course, for the corporations issuing these securities to sell debentures as opposed to preferred issues, since there is obtainable a deduction against Federal income taxes in the amount of any interest paid. But it also adds to their debt structure. Quite a few top corporations, however, have used convertible preferreds during the past several years, and many of these have worked out quite happily both from the standpoint of the holder and the corporation.

We also like to have a sinking fund or at least a purchase fund operative at some future time, even in the case of convertible preferred stocks. This is for the reason that if the conversion for some reason goes astray, there is some assurance of the issue being retired eventually.

Now as to non-convertible preferred stocks, I feel, and here again I know that my views are not too well shared—that straight sinking fund preferred stocks of quality companies represent in many cases attractive securities for property insurance companies under present tax treatment. Our thesis is that sinking funds eventually amount to a maturity on an issue, and give a certain amount of price protection as well in the meantime.

Much of the insurance industry has always pretty much objected to the straight preferred issue without some sort of a retirement fund—since most are not in favor of senior equity securities without some sort of a guarantee that some day there will be repayment. It rather seems to me that it is about this type of preferred stock that most investment men refer when they say "it is neither fish nor fowl."

Of course, common stocks also have no maturity, but they at least give you a run for your money in the market place.

*An address by Mr. Chapman before the Economic Club of Oklahoma, Oklahoma City, Okla.

Wellington District Representatives Convene

The photograph above shows the District Representatives of Wellington Distributors, Inc., wholesale distributing organization for Wellington Fund and Wellington Equity Fund shares, with some of the officers of Wellington Management Company, investment manager and national distributor of the two Funds. The District Representatives met in Philadelphia on December 12-15, 1960, for their Annual Sales Conference.

James Talcott, Inc. Places Notes

James Talcott, Inc., one of the country's oldest and largest independent commercial and industrial financing and factoring organizations, today announced the placement with institutional investors of subordinated and capital notes totaling $11,500,000.

The issues are: $5,500,000 of subordinated notes due Dec. 1, 1975; and $6,000,000 of capital notes due Dec. 1, 1975.

F. Eberstadt & Co. and White, Weld & Co. assisted Talcott in the placement of these issues.

Established in 1854, James Talcott, Inc. is engaged in all phases of industrial finance: accounts receivable, inventory and equipment financing, industrial time sales financing, factoring, rediscounting and equipment leasing. Offices and subsidiaries are located in New York, Chicago, Detroit, Boston, Atlanta, Los Angeles and Minneapolis.

Ungerleider, Goetz Admit

Ungerleider, Goetz & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Louis A. Rezzonico, Jr. to partnership.

Forms Ollen Inv. Co.

CRANSTON, R. I.—Richard A. Ollen has formed The Ollen Investment Company with offices at 232 Northrup Street to engage in a securities business.

Form Slayton, Pontius Co.

ALTON, Ill.—Slayton, Pontius & Co. has been formed with offices at 229 Market Street to continue the investment business of Slayton & Thayer.

NYSE Moves To Free Secs.

The New York Stock Exchange has paved the way for freeing the securities, cash and margin accounts of customers of DuPont, Homsey & Co. The firm has been in receivership since mid-September.

Keith Funston, President of the Exchange, announced that escrow funds have been deposited by the Exchange with the Merchants National Bank of Boston.

He added that the Exchange's move was made for the purpose of permitting the court-appointed receiver to go forward with his liquidation plan for the firm.

The Exchange President said it is hoped that no developments would prevent the plan from being consummated.

The Exchange's Board of Governors had previously signified that it would put up, under certain conditions, an amount of approximately $690,000 for relief of customers who had dealt in good faith and at arm's length with the firm.

Mr. Funston said that money placed in escrow was in excess of $690,000, but that with adjustments to be worked out this sum would be reduced to approximately $625,000.

It is anticipated that about 1,500 customers will be able to pick up their securities soon after their claims have been allowed by the court and upon signing and delivering releases to Receiver W. Arthur Garrity, Jr. at DuPont, Homsey & Co.'s offices, 31 Milk St., Boston, Mass. In the case of the approximately 150 margin accounts, customers will have to make arrangements for the transfer of their accounts to another broker against payment of debit balances.

The Exchange has agreed to make an additional amount available to the extent that remaining or recovered assets are not sufficient to meet priority and other claims.

(DuPont, Homsey & Co. was suspended from the Exchange on Sept. 9, when the Exchange found it was in such financial condition that it could not be permitted to continue in business with safety to its creditors. On Sept. 17, the firm was placed in receivership by the U. S. District Court in Boston. It ceased to be a member organization on Sept. 27, when the Exchange expelled Anton E. Homsey from Exchange membership for fraudulently pledging customers' securities. On Dec. 14, Mr. Homsey pleaded guilty to charges of taking securities of five customers and was sentenced to a jail term of two years and a fine of $5,000.)

Mr. Funston stated: "In determining in this single instance to supply funds to free customer accounts, the Board concluded that a different approach to any similar situation arising in the future would have to be found. The Exchange, therefore, working with the insurance industry, developed a new form of stock brokers' partnership bond and the Board expanded the Exchange's requirements for mandatory fidelity insurance. This calls for increased minimum amounts of blanket coverage for employees and officers of member organizations doing business with the public and places general partners of such member firms under these requirements for the first time.

"All personnel of member organizations doing business with the public will, within the next several weeks, be covered in amounts ranging from $100,000 to $5,000,000, depending on size. The Exchange is, in addition, exploring the possibility of obtaining over-all excess insurance coverage beyond that carried by each individual member organization.

"These steps are another evidence of the Exchange's determination that those in the Exchange Community serving the public continue to be measured not only by high standards of ethics but by increased standards of financial responsibility as well."

Joins Walston Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Sam C. Schneider has become connected with Walston & Co., Inc., 731 Wilshire Boulevard.

Forms Penzell & Co.

MIAMI BEACH, Fla.—H. Roy Penzell is engaging in a securities business from offices at 407 Lincoln Road under the firm name of Penzell & Co.

Now First Cascade Corp.

PORTLAND, Oregon — The firm name of Securities Service, Inc., 1520 Southwest Twelfth Street has been changed to First Cascade Corporation.

Rouse Brewer to Form Corporation

WASHINGTON, D. C. — Rouse, Brewer, Becker & Bryant, Inc., a corporation, to be members of the New York Stock Exchange, will be formed effective Jan. 1. Officers will be Edgar B. Rouse, President and Chairman of the Board; J. Newton Brewer, Jr., Vice-President and Treasurer; Richard L. Bruce, Vice-President and Secretary; Melvin O. Wright, Vice-President and Assistant Secretary; Edward M. Becker, J. C. Herbert Bryan and G. Leslie Sampson, Vice-Presidents, and John T. Penland and Thomas V. Grigsby, Assistant Treasurers.

Director of Paribas

Gilbert W. Chapman, who earlier this year retired as President of The Yale & Towne Manufacturing Company, has been elected a director of Paribas Corporation, investment banking firm, it was announced by Robert H. Craft, President of Paribas. Paribas Corporation was formed earlier this year by Banque de Paris et des Pays-Bas (Paris, France) to engage in the investment banking business in the United States.

Mr. Chapman is President of The New York Public Library and Chairman of the Council on Library Resources, an organization established in 1956 under a grant from the Ford Foundation. He is also a director of the Saturday Review and of Harper & Brothers, the publishers, and, a member of the board of trustees of the Lincoln Center for the Performing Arts.

A graduate of the Sheffield School of Yale University, class of 1924, Mr. Chapman is a member of the Yale University Council as well as of the University's Library Committee.

Earl Smith in Palm Beach

(Special to THE FINANCIAL CHRONICLE)

PALM BEACH, Fla.—Earl E. T. Smith is engaging in a securities business from offices at 1021 North Ocean Boulevard.

Joins Wm. Pollock

George W. Van Eiff has joined Wm. E. Pollock & Co., Inc., underwriters and dealers in state, municipal, revenue and corporate bonds. Headquarters of the company are located at 45 Wall Street, New York.

The Economy's and Steel's Improving Cost Trend

Continued from page 7

tities of goods without spending any more of their time and effort. But today our competitors abroad are building plants and facilities that are just as modern and productive as our own and their operations are becoming more efficient, too. Moreover, their employment cost advantage often enables them to build and equip these plants for considerably less money than it takes to do the same job here at home. So in addition to their operating cost advantage, our competitors abroad enjoy the advantage of lower capital costs as well. At the same time, the quantities they produce are increasing as their markets enlarge.

Now all of this is fine and we admire the progress our competition is making, but when you add these facts together, the picture that emerges looks like this:

It would hardly be a good guess to expect that the wage gap I have mentioned can be closed in the foreseeable future or that it can be narrowed significantly. Certainly there is no disposition to attempt to reduce the level of American wages, and there is no evidence that relatively the employment costs of our foreign competitors will be permitted to rise substantially. Meanwhile these competitors are rapidly whittling away the counter-balancing technological advantage which we once enjoyed. Consequently there is at least a fair chance that their competitive position — costwise and pricewise —may steadily improve in relation to our own.

How then can American producers expect an increased participation in their markets of 10% or even 1%? How can we even manage just to hold our own?

Only One Answer

Well, there is only one answer to this that I can see. We must retain and increase our historic leadership in technology. We must design and perfect better tools and easier, more efficient ways of doing the work.

To realize our maximum competitive capabilities, we should be able to replace every facility as rapidly as it becomes obsolete . . . a target not quite as remote as the moon; but certainly a target towards which to aim.

So it boils down to this. Our ability to compete with foreign producers more effectively in terms of costs and prices depends directly upon the rapidity with which we can acquire new and better tools of production—and by tools I mean all the plants, machines, mills, furnaces, mines and other capital facilities necessary to the production and sale of the finished product.

Our ability to acquire these tools, in turn, depends upon our success in generating the funds with which to buy them. And this brings us face to face with the problem of profits; for profits breed tools and tools breed profits. The two are inseparable.

Even in this enlightened age, few people realize that when a corporation has met all its expenses, including the wearing out of its plants and including its Federal income taxes and has come down to its profit, it still has one important obligation; for it has not yet paid one penny for the use of all the tools that its shareowners have provided for it. And since there is nothing left but profit out of which to pay for those tools, it is clear that the size of the profit determines the quantity and the kind of tools that an enterprise can command. If we are to have better tools, we must generate the funds through which to buy them; or to put it in the form of an economic axiom: Less profit means poorer and fewer tools of production.

But that of course is exactly the bind in which we are presently caught. With mounting production costs on the one hand and with the struggle to meet our competition, pricewise, in the market place, profits are squeezed in the middle. And as these profits decline, so does our ability to deal more effectively through better tools with the price competition that we face. So the profit-squeezing process under which American business and industry have so long been laboring, and which recently has accelerated, has—in itself—tended to weaken greatly our competitive position.

Clearly one contribution we can and should make towards a stronger, growing America is to help bring about a better national understanding of this indestructible relationship between profits and tools. It is a project I commend for everyone's profound consideration.

Equally essential, I believe, is a broader public understanding — both in and out of government— of the necessity to prevent any further widening of the employment-cost gap I have mentioned. Sharing the fruits of improved production through price reductions to the customer is of time-proven benefit to employees and investors as well, but inflated wage costs in these postwar years have made this impossible in many industries. Yet America's capacity to meet the growing competitive pressures in the markets of the world depends in large measure upon our ability to meet —or to better—the prices of foreign producers.

Some Improvement in the Cost Trend

Nor is this a hopeless undertaking, for it seems to me that the magnitude of the trend against us has been altered to some degree in the past few years.

In my own view the rapidity with which we tended towards pricing ourselves out of world markets has been slowed down by comparison with say three years ago. We have a chance—and I emphasize chance — of moving from high cost production to relatively lower cost production, from being non-competitive as a nation to being competitive—although we in steel are far from home base at present.

Nevertheless the 1960 labor contract in the steel industry provides some contrast to the one we entered into in 1956 insofar as it affects our world position. True, it came only after a long and unhappy strike, but from the standpoint of the steel industry of the United States remaining competitive in world markets and from the standpoint of the steel industry being able to provide jobs, the trend is somewhat better than it was in the 1950's.

To sum it all up, then, business can — through its own unilateral efforts — strengthen the competitive potential of our nation by stressing product innovation, improving quality and by increasing its sales effort. That is certainly a part of our mandate. Within the limitations of its own powers and resources, it can also bend every effort to improve productive facilities, advance its technology, and thus cut its production costs. But the degree of success it can score in this latter field, and the rapidity with which it can move, will depend on the attitudes and actions of both government and labor.

Inadequate Depreciation Laws

Much of the difficulty we now face in acquiring improved tools more rapidly would be alleviated if the government's tax laws recognized that the existing depreciation allowance—designed to provide for the replacement of worn-out tools and facilities—is woefully inadequate because of inflation. The difference between the sums allowed for this purpose and the actual cost of replacing the worn-out facilities must come ultimately out of profits. The Machinery and Allied Products Institute estimates that, as a result of our inadequate depreciation laws, American industry is suffering an annual loss of some $6 billion in underdepreciation.

The time has come, I think, to recognize that every industrial foreign country against which American goods must compete has more liberal depreciation laws— in most cases *much* more liberal —than has the United States. And something should be done about it!

And for those of us who are interested in the unemployment situation—and who among us is not—is it not a major part of our work to try to win understanding and acceptance of the simple basic factors which create jobs? Is it not a part of our task to recognize the profound influence that the leadership of labor can and will exert—for better or for worse—upon job-creating activities? Jobs depend upon sales and sales in turn depend upon the competitive position of the enterprise. Anything, therefore, which injures the competitive position of the business, whether it be an increase in actual employment costs or a production-crippling strike, thereby causes sales to drop, with a consequent decline in production and jobs. Conversely, anything which fosters an increase in sales, increases job opportunities and strengthens job security as nothing else can.

Of one thing I am sure. If this nation of ours is to be strong, secure, dynamic and free through the years to come, it cannot be divided into warring groups and contending factions. It cannot afford to dissipate its great energies on useless and senseless internal strife. There need be no hostility between labor and business or between agriculture and labor or between the producer and the consumer or between any other groups in our society.

Sharing Economic Growth

As we watch America grow— and it must and will grow—we know that growth will never be attained by prospering one group at the expense of another. Sound and healthy growth requires that every segment of our society shall share in it — not business alone and not unionized labor by itself, but also agriculture, all labor, investors, education and, yes, even government in those areas where government serves to enlarge and not restrain the freedoms of our people.

I would indeed be dismayed, incidentally, if I felt for a moment that the inauguration of the Kennedy Administration signalled conflict and hostility between government and business instead of mutual respect, constructive proposals and open-minded attitudes —with business doing its full part to reconcile conflicting viewpoints.

I would be more than dismayed if I felt that government under this — or any other — administration would do other than seek reasoned criticism of—or fail to consider honest opposition to — any particular policy or course of action which may be proposed; for only by utilizing fully the specialized experience and knowledge of all of the vitally interested groups in our economy can we hope, I believe, to find satisfactory answers to the critical and complex problems of our age.

But I am not dismayed, and don't expect to be.

Recognizing as I do that men of good will and highest intellect, and of the deepest sincerity may disagree vigorously as to the policies and actions our nation should adopt, I have faith in our ability as Americans to accommodate our differences and to agree upon a wise, well-reasoned course of action.

I have faith in the ability of our new government to *unite* our people in a common effort, rather than *divide* them.

And I have faith in the determination of our business and industrial leaders to fulfill this mandate that we share with all of our fellow citizens; to keep America strong, to keep it secure, to keep it dynamic and to keep it free.

I know that everyone joins with me in a special wish for the incoming President of the United States. May he have the wisdom of a Solomon, the patience of a Job, the courage of a Daniel, and the unfailing guidance of Almighty God.

*From an address by Mr. Blough before the 67th Annual Meeting of the Illinois Manufacturers Association, Chicago, Ill., Dec. 15, 1960.

Form Vickers Securities

Vickers Securities Corporation has been formed with offices at 450 East 36th Street, New York City (c/o MacPherson), to engage in a securities business.

Officers are Burton W. Teague, President and Treasurer; James F. Neylon and James P. MacPherson, Vice-Presidents; Richard P. LaMorte, Secretary. All have been with Merritt, Vickers Inc.

With George, O'Neill

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Harold T. Andersen has become affiliated with George, O'Neill & Co., 8929 Wilshire Boulevard. He was formerly with Read Evans & Company.

With Evans MacCormack

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif. — William H. Lowden has become associated with Evans MacCormack & Co., 1675 Chester, members of the Pacific Coast Stock Exchange. Mr. Lowden was formerly with Francis I. du Pont & Co. and prior thereto was Bakersfield manager for Walston & Co., Inc.

New Byllesby Branch

DULUTH, Minn.—H. M. Byllesby & Co., Inc., has opened a branch office in the Alworth Building under the management of George H. Stillman.

Graham & King Branch

WORCESTER, Mass. — Graham & King, Inc., has opened a branch office at 340 Main Street under the direction of Harold I. Grousbeck.

New Jamieson Branch

RICE LAKE, Wis. — Jamieson & Co. has opened a branch office in the Land O'Lakes Hotel under the management of Fred Sirianni.

Karr Branch Opened

BEVERLY HILLS, Calif.—A. C. Karr & Co. has opened a branch office at 8943 Wilshire Boulevard under the management of William R. Faye.

New Branch for A. C. Karr

ESCONDIDO, Calif.—A. C. Karr & Co. has opened a branch office at 218 East Grand Avenue under the management of Albert Goeppinger.

Marache, Dofflemyre Office

SANTA MONICA, Calif.—Marache, Dofflemyre & Co. has opened a branch office at 291 Twenty-sixth Street under the direction of Eugene Schulman.

New McCarley Branch

NEW BERN, N. C.—McCarley & Co., Inc., has opened a branch office at 244 Craven Street under the management of Donald T. Midyette.

Join California Investors

PASADENA, Calif. — Alan W. Farrant, Thomas E. Jones and James L. Jackson have joined the staff of California Investors, 630 Green Street.

With California Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Clifford A. Hagerman and Donald K. Brandt are now with California Investors, 3932 Wilshire Boulevard.

Two With Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Robert Rapoport and Dale S. Spencer Jr. have joined the staff of Hayden, Stone & Co., 5657 Wilshire Blvd. Mr. Rapoport was formerly with Shearson, Hammill & Co. Mr. Spencer was with Eastman Dillon, Union Securities & Co.

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**—H. P. Black & Co., Washington, D. C.

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. **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 mid-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.

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.

★ **America-Israel Phosphate Co.**
Dec. 23, 1960 filed 125,000 shares of common stock, each share of which carries two warrants to purchase two additional common shares in the next issue of shares, at a discount of 25% from the offering price. **Price**—$4 per share. **Business**—The prospecting and exploration for phosphate mineral resources in Israel. **Proceeds**—For general business purposes. **Office** — 82 Beaver Street, New York City. **Underwriter**—Casper Rogers Co., New York City (managing).

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 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 non-voting 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. **Underwriter**—Standard American Securities, Inc., Nashville, Tenn.

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. (12/27-30)**
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. **Note** —This statement was withdrawn Dec. 21, but is expected to be refiled in February.

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 in mid-February.

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

Continued on page 28

NEW ISSUE CALENDAR

December 30 (Friday)

Does-More Products Corp. .... **Common**
(H. L. Wright & Co., Inc.) $300,000

January 3 (Tuesday)

Arway Manufacturing Corp. .... **Common**
(Stern, Zeiff & Co., Inc.) $240,000

Brothers Chemical Co. .... **Common**
(Sandkuhl & Co., Inc.) $300,000

Continental Investment Corp. .... **Common**
(J. C. Bradford & Co.) 100,000 shares

Palm Developers Limited .... **Common**
(David Barnes & Co., Inc.) $300,000

Polysonics, Inc. .... **Common**
(M. H. Meyerson & Co., Ltd.; Karen Securities Corp. and Selected Investors) $210,000

Resisto Chemical, Inc. .... **Common**
(Amos Treat & Co., Inc.) $500,000

January 4 (Wednesday)

Chicago, Burlington & Quincy RR. .... **Equip. Tr. Ctfs.**
(Bids to be received) $8,550,000

Drexel Equity Fund, Inc. .... **Common**
(Drexel & Co.) $5,100,000

National Aeronautical Corp. .... **Common**
(White, Weld & Co.; Yarnall, Biddle & Co. and Stroud & Co., Inc.) 60,000 shares

Rohm & Haas Co. .... **Common**
(Drexel & Co. and Kidder, Peabody & Co.) 9,000 shares

Southwest Gas Corp. .... **Common**
(Eastman Dillon, Union Securities & Co.) 150,000 shares

Westminster Fund, Inc. .... **Capital**
(Kidder, Peabody & Co.) 4,000,000 shares

January 5 (Thursday)

Brooks (James) & Co. Inc. .... **Units**
(Lloyd Haas & Co.) $450,000)

Motors Insurance Corp. .... **Bonds**
(Bids 11 a. m. EST) $6,950,000

Pocket Books, Inc. .... **Common**
(White, Weld & Co. and Goldman Sachs & Co. 600,000 shares

Statmaster Corp. .... **Units**
(Blaha & Co., Inc.) $250,000

January 6 (Friday)

Click Chemical Corp. .... **Common**
(John R. Boland & Co., Inc.) $300,000

Lone Star Gas Co. .... **Common**
(Offering to stockholders—underwritten by First Boston Corp.) 665,838 shares

Telephone & Electronics Corp. .... **Common**
(Equity Securities Co.) $264,900

January 9 (Monday)

Bell Electronic Corp. .... **Common**
(Schwabacher & Co.) 136,000 shares

Bowl-Mor Co., Inc. .... **Common**
(Paine, Webber, Jackson & Curtis and Granbery, Marache & Co.) 78,955 shares

Bowl-Mor Co., Inc. .... **Debentures**
(Paine, Webber, Jackson & Curtis and Granbery, Marache & Co.) $2,000,000

Consolidated Circuit Corp. .... **Common**
(Russell & Saxe, Inc.) $125,000

Cowles Chemical Co. .... **Debentures**
(Shearson, Hammill & Co. and Gunn, Carey & Roulston, Inc.) $2,500,000

Edlund Engineered Products, Inc. .... **Common**
(Albion Securities Co., Inc.) $300,000

Geochron Laboratories, Inc. .... **Common**
(Globus, Inc. and Ross, Lyon & Co.) 150,000 shares

Reeves Soundcraft Corp. .... **Common**
(Emanuel, Deetjen & Co.) 150,000 shares

Restaurant Associates, Inc. .... **Common**
(Shearson, Hammill & Co.) 245,000 shares

January 10 (Tuesday)

Coral Aggregates Corp. .... **Common**
(Peter Morgan & Co. and Robinson & Co., Inc.) $400,000

Heinicke Instruments Co. .... **Common**
(Pierce, Carrison, Wulbern, Inc.) 67,000 shares

Missouri Pacific RR. .... **Equip. Trust Ctfs.**
(Bids to be received) $3,210,000

United Automotive Industries, Inc. .... **Common**
(Pacific Coast Securities Co.) $300,000

January 11 (Wednesday)

Brunswick Corp. .... **Debentures**
(Offering to stockholders—underwritten by Lehman Brothers and Goldman, Sachs & Co.) $25,634,400

Iowa Power & Light Co. .... **Bonds**
(Bids 10:00 a.m. CST) $10,000,000

Pacific Gas Transmission Co. .... **Debentures**
(Offering to stockholders—no underwriting) $13,260,000

Peerless Tube Co. .... **Capital**
(Winslow, Cohu & Stetson, Inc.) 150,000 shares

School Pictures, Inc. .... **Common**
(Equitable Securities Corp. and Kroeze, McLarty & Co.) 100,000 shares

Southern Pacific Co. .... **Equip. Trust Ctfs.**
(Bids noon EST) $8,400,000

January 16 (Monday)

Bradford Pools, Inc. .... **Units**
(R. A. Holman & Co., Inc.) $320,000

Canaveral International Corp. .... **Common**
(S. Schramm & Co., Inc.) 300,000 shares

Colwell Co. .... **Common**
(Mitchum, Jones & Templeton and J. A. Hogle & Co.) 60,000 shares

Colwell Co. .... **Debentures**
(Mitchum, Jones & Templeton and J. A. Hogle & Co.) $1,000,000

Datamation, Inc. .... **Common**
(Berner Bros. and Earl Edden Co.) $160,000

Dixie Natural Gas Corp. .... **Common**
(Vestal Securities Corp.) $300,000

Freoplex, Inc. .... **Common**
(Alessandrini & Co., Inc.) $300,000

Lee Communications, Inc. .... **Common**
(H. B. Crandall Co.) $300,000

Mortgage Guaranty Insurance Corp. .... **Common**
(Bache & Co.) 155,000 shares

Screen Gems, Inc. .... **Common**
(Offering to stockholders—underwritten by Hemphill, Noyes & Co. and Hallgarten & Co.) 300,000 shares

Trans-Air System, Inc. .... **Common**
(Flomenhaft, Seidler & Co., Inc.) $225,000

Willer Color Television System, Inc. .... **Common**
(Equity Securities Co.) $242,670

January 17 (Tuesday)

Gulf States Utilities Co. .... **Common**
(Bids to be received) $11,500,000

Kansas Gas & Electric Co. .... **Bonds**
(Bids 11:00 a.m. EST) $7,000,000

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.**
Bids Noon (EST) $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 R. Stern & Co.) $300,000

January 24 (Tuesday)

Otter Tail Power Co. .... **Bonds**
(Bids to be received) $6,000,000 to $8,000,000

Texas Power & Light Co. .... **Bonds**
(Bids 11:30 a. m. EST) $12,000,000

January 27 (Friday)

J-F Machine, Diesel & Electronics, Inc. .... **Common**
(Vestal Securities Corp.) $300,000

January 30 (Monday)

International Electronic Research Corp. .... **Common**
(Schwabacher & Co.) 220,000 shares

Shore-Calnevar, Inc. .... **Common**
(H. Hentz & Co. and Federman, Stonehill & Co.) 200,000 shares

February 1 (Wednesday)

Elion Instruments, Inc. .... **Units**
(Warner, Jennings, Mandel & Longstreth) 60,000 units

Midland Capital Corp. .... **Common**
(Eastman Dillon, Union Securities & Co. and Granbery, Marache & Co.) $16,250,000

Toledo Plaza Investment Trust .... **Beneficial Tr. Ctfs.**
(Hodgdon & Co., Inc.) $522,500

February 6 (Monday)

Berkey Photo Service, Inc. .... **Common**
(Paine, Webber, Jackson & Curtis) 360,000 shares

February 7 (Tuesday)

Consolidated Natural Gas Co. .... **Debentures**
(Bids to be received) $45,000,000

Grayway Precision, Inc. .... **Common**
(Harrison & Co. and Marron, Sloss & Co. Inc.) $300,000

Lake Superior District Power Co. .... **Bonds**
(Bids to be invited) $30,000,000

February 15 (Wednesday)

Chesapeake & Potomac Telephone Co. .... **Bonds**
(Bids 2:30 p.m. EST) $20,000,000

Consolidated Airborne Systems, Inc. .... **Class A Stk.**
(S. D. Fuller & Co.) 180,000 shares

Invesco Collateral Corp. .... **Units**
(No underwriting) $777,300

Radar Measurements Corp. .... **Common**
(Blaha & Co., Inc.) $299,950

March 1 (Wednesday)

Dodge Wire Corp. .... **Common**
(Plymouth Securities Corp.) $600,000

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 27

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.

● Arway Manufacturing Corp. (1/3)
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.

★ Automobile Banking Corp.
Dec. 27, 1960, filed $2,000,000 of capital debentures and attached warrants to be offered for public sale in units consisting of one $1,000 debenture and a 5-year warrant to purchase 50 shares of class A common stock. **Price**—To be supplied by amendment. **Business**—The financing of instalment sales for automobile dealers. **Proceeds**—To retire outstanding 5½% capital convertible debentures and for expansion. **Office**—6 Penn Center Plaza, Philadelphia, Pa. **Underwriters**—Reynolds & Co., Inc., New York and Cruttenden, Podesta & Co., Chicago (managing).

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 mid-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**—Indefinitely 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) 125,000 warrants for the purchase of a like number of common shares and 125,000 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**—$10 per unit. **Proceeds**—$200,000 will be used to expand the company's imports from Europe and Japan and the balance will be used for additional working capital. **Office**—1311 South 39th St., St. Louis, Mo. **Underwriter**—Netherlands Securities Co., Inc., New York City. **Offering**—Expected sometime in January.

Baruch (R.) & Co.
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.

★ Berkey Photo Service, Inc. (2/6-10)
Dec. 28, 1960 filed 360,000 shares of common stock. **Price** to be supplied by amendment. **Business**—Photo-processing. **Proceeds**—For general corporate purposes. **Office**—77 East 13th St., New York City. **Underwriter**—Paine, Webber, Jackson & Curtis, 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. **Note**—Auld & Co., is no longer underwriting this issue.

★ Boonton Electronics Corp.
Dec. 23, 1960 filed 60,000 shares of common stock plus attached warrants, to be offered for public sale in units consisting of one common share and one-half of a two-year warrant. One full warrant will be required to purchase one share at $5.50 per share during the first year and $6.50 per share the second year. **Price**—$5.50 per unit. **Business**—The design and manufacture of precision electronic measuring equipment. **Proceeds**—For expansion, advertising and sales promotion and for research and development. **Office**—738 Speedwell Avenue, Morris Plains, N. J. **Underwriters**—Ross, Lyons & Co., Inc., New York City and Globus, Inc., Great Neck, N. Y.

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). **Offering**—Expected in January.

Bowl-Mor Co., Inc. (1/9-13)
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).

Bowl-Mor Co., Inc. (1/9-13)
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).

Bradford Pools, Inc. (1/16)
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.

● Brooks (James) & Co., Inc. (1/5)
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. (1/3-6)
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 $25,634,400 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 with rights to expire on Jan. 25. **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 Capital Corp.
Dec. 19, 1960 filed 500,000 shares of common stock. **Price**—$10 per share. **Business**—A closed-end, non-diversified management investment company licensed under the Small Business Investment Act. **Proceeds**—For general business purposes. **Office**—728 West Roosevelt Road, Chicago. **Underwriters**—Blunt Ellis & Simmons, Chicago, Hornblower & Weeks, New York City and Cruttenden, Podesta & Co., Chicago (managing). **Offering**—Expected in late January.

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.

Canaveral International Corp. (1/16-20)
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 & 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.

Circle Controls Corp.
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. **Offering**—Expected in late January.

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.

★ Citizens & Southern Capital Corp.
Dec. 21, 1960, filed 300,000 shares of common stock. **Price**—$5.50 per share. **Business**—A small business investment company and a subsidiary of Citizens & Southern National Bank of Atlanta. **Proceeds**—For investment. **Office**—Marietta and Broad Streets, Atlanta, Ga. **Underwriters** — The Johnson, Lane, Space Corp., Savannah; Courts & Co. and Robinson-Humphrey Co. Inc., Atlanta (managing). **Offering**—Expected in early February.

Click Chemical Corp. (1/6)
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 mid-January.

★ Colorite Plastics, Inc.
Dec. 22, 1960 filed $900,000 principal amount of first mortgage bonds, 6½% series, due 1976 (with detachable common stock purchase warrants) and 100,000 shares of common stock. **Price**—For the bonds: 100% of face amount plus accrued interest. For the stock: To be supplied by amendment. **Business**—The manufacture of plastic garden hose, tubes, rods, strips, gaskets, and related items. **Proceeds**—To purchase land, buildings and equipment and for working capital. **Office**—50 California Ave., Paterson, N. J. **Underwriter**—P. W. Brooks & Co., New York City (managing). **Offering** — Expected in early February.

● Colwell & Co. (1/16-20)
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.

Commonwealth International & General Fund, Inc.
Dec. 19, 1960, filed 400,000 shares of common capital stock. **Price**—$12.50 per share. **Business**—A diversified, open-end, managed investment company. **Proceeds**—For investment. **Office**—615 Russ Bldg., San Francisco, Calif. **Underwriter**—North American Securities Co., San Francisco (dealer-manager).

Compression Industries Corp.
Dec. 19, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Business**—Construction of swimming pools. **Proceeds**—For general corporate purposes. **Office**—313 W. Jericho

Turnpike, Huntington, N. Y. **Underwriter**—I. R. E. Investors Corp., 3000 Hempstead Turnpike, Levittown, N. Y.

Consolidated Airborne Systems, Inc. (2/15)
Dec. 15, 1960 filed 180,000 shares of class A stock. **Price**—To be supplied by amendment. **Business**—The design, development and production of proprietary devices in the field of electronic and cryogenic ground support equipment and airborne instrumentation for the military and commercial aircraft industry. **Proceeds** — For debt reduction, research, development and expansion of manufacturing facilities and for working capital. **Office**—900 Third Ave., New Hyde Park, N. Y. **Underwriter**—S. D. Fuller & Co., New York City (managing).

Consolidated Circuit Corp. (1/9-13)
Dec. 1, 1960 (letter of notification) 125,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To retire a bank loan and for working capital. **Office** — 837 E. Orangethorpe, Anaheim, Calif. **Underwriter**—Russell & Saxe, Inc., New York, N. Y.

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.

Continental Investment Corp. (1/3-6)
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).

Coral Aggregates Corp. (1/10)
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.**
Dec. 22, 1960 filed 108,000 shares of common stock (par 50 cents), and five-year warrants for the purchase of an additional 108,000 shares of common stock to be offered in units, each unit to consist of one share and a warrant for the purchase of one share. **Price**—$3.125 per unit. **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., and Globus, Inc., both of New York City. **Offering** — Expected in early January.

● **Cowles Chemical Co. (1/9)**
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).

● **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**—Expected in mid-January.

★ **Cumberland Caverns, Inc.**
Dec. 14, 1960 (letter of notification) 700 shares of common stock (no par). **Price**—$50 per share. **Proceeds**—For construction of buildings, advertising and working capital. **Address** — McMinnville, Tenn. **Underwriter** — None.

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.

★ **Dayton Plastics, Inc.**
Dec. 9, 1960 (letter of notification) 100,000 shares of common stock. **Price**—At par ($3 per share). **Proceeds**—For a new warehouse and sales office, marketing program and working capital. **Office**—1934 Stanley Avenue, Dayton, Ohio. **Underwriter**—None.

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.

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.

★ **Digitronics Corp.**
Dec. 27, 1960 filed 50,000 shares of capital stock. **Price**—To be supplied by amendment. **Business**—Makes digital computers. **Proceeds**—To retire short-term loans and for working capital. **Office** — Albertson, L. I., N. Y. **Underwriter** — Granbery, Marache & Co., New York (managing).

★ **Dixie Natural Gas Corp. (1/16)**
Dec. 5, 1960 (letter of notification) 75,000 shares of common stock (par 2 cents). **Price**—$4 per share. **Business**—Develops oil and gas leases in West Virginia. **Proceeds** — For general business purposes. **Office** — 115 Broadway, New York 6, N. Y. **Underwriter**—Vestal Securities Corp., New York City.

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. **Offering**—Indefinitely postponed.

Dodge Wire Corp. (3/1)
Dec. 7, 1960, filed 100,000 shares of common stock. **Price**—$6 per share. **Business**—The manufacture of woven aluminum screen cloth. **Proceeds**—The repayment of indebtedness and general corporate purposes. **Office**—Industrial Blvd., Covington, Ga. **Underwriter**—Plymouth Securities Corp., New York City.

● **Does-More Products Corp. (12/30)**
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. (1/4)
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.

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).

Edlund Engineered Products, Inc. (1/9)
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.

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 mid-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-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.

Electro-Tech Instruments, Inc.
Nov. 29, 1960 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For inventory, advertising and working capital. **Office**—5 N. Mason St., Portland, Oreg. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y. **Offering**—Expected sometime in January.

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. (2/1)
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.

Emerson Electric Manufacturing Co.
Dec. 13, 1960 filed 54,033 outstanding common shares. **Price**—To be supplied by amendment. **Proceeds**—To the selling stockholder (Klingbill Real Estate Co.). **Office**—St. Louis, Mo. **Underwriters**—Carl M. Loeb, Rhoades & Co., New York and Scherck, Richter Co., St. Louis, Mo. (managing). **Offering**—Expected in mid-January.

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.

★ **Farm Management Associates, Inc.**
Dec. 19, 1960 (letter of notification) 125 shares of class A common stock (par $10) and 900 shares of class B common stock (par $10). **Price**—$100 per share. **Proceeds**—For promotion, rents and working capital. **Office**—441 Summer Street, Stamford, Conn. **Underwriter**—None.

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 Guaranty Title & Trust Co.
Nov. 29, 1960 (letter of notification) 83,125 shares of common stock (par 50 cents). **Price**—$3.60 per share. **Proceeds** — To pay a second mortgage instalment, for advertising, and for working capital. **Office**—1090 N. E. 79th St., Miami, Fla. **Underwriter**—Floyd D. Cerf Jr. Co., Inc., Chicago, Ill.

● **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. **Note**—This statement was effective Dec. 27.

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.

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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.

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.

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.

● **General Foam Corp.**
Dec. 16, 1960, filed $550,000 of 6% convertible subordinated debentures, due 1976. **Price**—At 100% of principal amount. **Business**—The manufacture and distribution of urethane foam and foam rubber products. **Proceeds**—For new equipment and working capital. **Office**—640 West 134th St., New York City. **Underwriter**—Brand, Grumet & Seigel, Inc., New York City (managing). **Offering**—Expected in early February.

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. (1/9-13)
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.

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.**
Dec. 16, 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. **Underwriters**—Dean Samitas & Co., Inc., 111 Broadway, New York City and Valley Forge Securities Co., Inc., Philadelphia, Pa. (jointly). **Offering**—Expected in late January.

★ **Grayway Precision, Inc. (2/7)**
Dec. 23, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Manufacturers of precision instruments. **Proceeds** —For general corporate purposes. **Office**—121 Centre Avenue, Secaucus, N. J. **Underwriters**—Harrison & Co., Philadelphia, Pa. and Marron, Sloss & Co., Inc., New York, N. Y.

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.

★ **Greenfield Real Estate Investment Trust**
Dec. 21, 1960, filed 500,000 shares of beneficial interest. **Price**—To be supplied by amendment. **Business** — The company was organized on Dec. 20, 1960 to provide investors with an interest in diversified income-producing properties consisting principally of real estate interests. **Proceeds**—For investment. **Office** — Bankers Securities Bldg., Philadelphia, Pa. **Underwriter** — Drexel & Co., Philadelphia (managing). **Offering**—Expected in early February.

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.

★ **Hawaiian Land Contract Corp.**
Dec. 13, 1960 (letter of notification) 25,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** —For working capital. **Office**—5564 Kawaikui Street, Honolulu, Hawaii. **Underwriter**—None.

Heinicke Instruments Co. (1/10)
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 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).

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. **Offering**—Expected in early February.

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.

★ **Ilikon Corp.**
Dec. 23, 1960, filed 75,000 shares of common stock. **Price** —$5 per share. **Business**—The company was formed in June 1960, to undertake research and development in the field of "materials engineering and science." **Proceeds**—To carry on work on projects now in the laboratory stage and for general corporate purposes. **Office**— Natick, Mass. **Underwriter**—Myron A. Lomasney & Co., New York City. **Offering**—Expected in early February.

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).

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. (1/30)
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.**
Sept. 30, 1960 (letter of notification) 99,333 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.

Invesco Collateral Corp. (2/15)
Dec. 8, 1960, filed $300,000 of 6% registered debentures, series due June 30, 1964; $300,000 of 6% registered debentures, series due June 30, 1965, and $300,000 of 6% registered debentures, series due June 30, 1966. **Price**— To be offered for sale in $5,000 units at $4,450 per unit for the 1964 debentures, at $4,315 per unit for the 1965 debentures and at $4,190 per unit for the 1966 debentures. **Business**—The purchasing, investing in and selling of real estate mortgages. However, the company may buy, invest in and sell other types of securities. **Office**—511 Fifth Ave., New York, N. Y. **Underwriter**— None. **Note**—This company is a wholly owned subsidiary of Investors Funding Corp.

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 invest-

ment 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.

★ J-F Machine, Diesel & Electronics, Inc. (1/27)
Dec. 9, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For reducing present obligations and working capital. **Address**—Route 23, King of Prussia, Pa. **Underwriter**—Vestal Securities Corp., 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. **Offering**—Expected in January.

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.

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. **Offering**—Expected in early February.

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. **Information Meeting** — Jan. 16 at 11 a.m. (EST) Room 240, 2 Rector St., New York City.

★ Kleer-Vu Industries, Inc.
Dec. 21, 1960, filed 115,000 shares of common stock. **Price**—$3.50 per share. **Business**—The company, formerly Ameircan Kleer-Vu Plastics, Inc., is engaged primarily in the business of manufacturing acetate and polyester transparent accessories and related items. **Proceeds**—To retire a loan, purchase additional equipment, enlarge plant facilities, hire more staff engineers, and provide additional working capital. **Office**—76 Madison Ave., New York City. **Underwriters**—Paul Eisenberg Co., and Godfrey, Hamilton, Magnus & Co., Inc., both of New York City (managing). **Offering**—Expected in late January.

★ Knickerbocker Biologicals, Inc.
Dec. 23, 1960, filed 100,000 outstanding shares of class A stock. **Price**—$6 per share. **Business**—The manufacture, packaging and distribution of a line of diagnostic serums and cells used for the purpose of blood grouping and testing. The company also operates blood donor centers in New York and Philadelphia. **Proceeds**—For the selling stockholders. **Office**—300 West 43rd Street, New York City. **Underwriter**—None.

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. (1/12)
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.

★ Leader-Durst Safede Co.
Dec. 22, 1960 filed $1,027,000 of limited partnership interests. **Price**—$5,000 per unit. **Business**—The company is a limited partnership formed on Dec. 2, 1960 to acquire certain properties in West Sacramento, Calif., Ferndale, Mich., and Dearborn, Mich. **Office**—41 East 42nd St., New York, N. Y. **Underwriter**—None.

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 Communications 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).

● Lifetime Pools Equipment Corp.
July 1, 1960, filed 175,000 shares of common stock. **Price**—$3.25 per share. **Business**—Engaged in the manufacture and selling of fiber glass swimming pools. **Proceeds**—$125,000 will be used to purchase machinery and equipment; $200,000 to purchase raw materials, parts and components; $40,000 for sales and advertising promotion; $30,000 for engineering and development; and the balance will be added to working capital. **Office**—Renovo, Pa. **Underwriter**—Grant, Fontaine & Co., Oakland, Calif. **Note**—Statement effective Nov. 23. **Offering**—Expected in mid-January.

Lone Star Gas Co. (1/6)
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).

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.

★ Marmac Industries, Inc.
Dec. 22, 1960, filed 108,000 shares of common stock. **Price**—$4.50 per share. **Business**—The manufacture and sale of wood cabinets. **Proceeds**—For general business purposes. **Office**—Wenonah, N. J. **Underwriter**—Metropolitan Securities, Inc., Philadelphia (managing). **Offering**—Expected in early February.

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.

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 Capital Corp. (2/1)
Dec. 16, 1960 filed 1,300,000 shares of common stock (par $1). **Price**—$12.50 per share. **Business**—The corporation was organized in August 1960 by Marine Midland Corp., a bank holding company, as a small business investment company. **Proceeds** — To provide management services and investment capital to small business concerns. **Office**—241 Main St., Buffalo, N. Y. **Underwriters**—Eastman Dillon, Union Securities & Co., and Granbery, Marache & Co., both of New York City (managing).

Midland-Guardian Co.
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). **Offering**—Expected in late January.

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.

★ Milo Electronics Corp.
Dec. 27, 1960 filed 150,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For debt reduction, inventory, and general corporate purposes. **Office**—530 Canal St., New York City. **Underwriter**—Myron A. Lomasney & Co., New York City (managing).

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**—Expected in early January.

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.

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Dowd & Co., Inc., 39 Broadway, New York 6, N. Y. Offering—Expected in mid-January.

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 in mid-January.

★ Monarch Mutual Investment Fund
Dec. 21, 1960 (letter of notification) 30,000 shares of common stock. Price — $10 per share. Business — Real estate investment trust. Proceeds—For general corporate purposes. Office—98 Broad Street, Bloomfield, N. J. Underwriter—None.

★ Monroe Mortgage & Investment Corp.
Dec. 16, 1960 (letter of notification) 150,000 shares of common stock. Price—$2 per share. Business—The company is engaged in first mortgage financing of residential and business properties in the Florida Keys. Proceeds—To expand company's business. Office—700 Duval Street, Key West, Fla. Underwriter—None. Offering—Expected in early January.

Montgomery Ward Credit Corp.
Dec. 21, 1960, filed $25,000,000 of debentures due Feb. 1, 1981 and $25,000,000 of subordinated debentures due Feb. 1, 1981. Price—To be supplied by amendment. Business—Finances deferred payment accounts of Montgomery Ward & Co., parent company. Proceeds—To be added to general funds. Office—619 West Chicago Ave., Chicago 7, Ill. Underwriter—Lehman Brothers, New York (managing). Offering—Expected about mid-January.

Mortgage Guaranty Insurance Corp. (1/16-20)
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.

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 January.

National Equipment Rental, Ltd.
Dec. 20, 1960 filed 136,000 shares of common stock to be offered for subscription by common stockholders. Price—To be supplied by amendment. Business—The rental or leasing of equipment to business organizations, including production, processing, and packaging machinery. Office—1 Plainfield Ave., Elmont, N. Y. Underwriter—Burnham & Co., New York (managing). Offering—Expected in late January.

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.
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. 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. Offering—Imminent.

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., Rook Bldg., 3203 3rd Ave., North Billings, Mont.

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.

● Otter Tail Power Co. (1/24)
Dec. 15, 1960, filed $7,000,000 of first mortgage bonds, series of 1991. Proceeds — For repayment of short-term bank loans and for construction. Office—215 South Cascade St., Fergus Falls, Minn. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; Glore, Forgan & Co.; White, Weld & Co. Bids—To be received on Jan. 24 at 11 a.m.

★ P. & C. Food Markets, Inc.
Dec. 23, 1960 filed 40,000 shares of common stock of which 32,000 will be offered for sale to public and 8,000 to employees. Price—$12.50 per share (to public). Business—The operation of a chain of 46 retail self-service food and grocery supermarkets in central New York State. Proceeds—For inventories for five new stores and for general corporate purposes. Office — Geddes, New York. Underwriter—First Albany Corp., Albany, New York (managing).

● Pacific Gas Transmission Co. (1/11)
Dec. 12, 1960 filed $13,260,000 of convertible debentures due Feb. 1, 1981 to be offered for subscription by stockholders on the basis of $100 principal amount of debentures for each 16⅔ common shares held of record Jan. 11. Price—At par ($100) per unit. Proceeds—For pipeline expansion. Office—245 Market St., San Francisco, Calif. Underwriter—None.

● Palm Developers Limited (1/3)
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.

● Palomar Mortgage Co.
Dec. 15, 1960 filed $1,100,000 of subordinated convertible debentures, due 1975. Price — At 100% of principal amount. Business—The obtaining, arranging and servicing of real estate loans. Office—5th & University Aves., San Diego, Calif. Proceeds — To retire bank loans and for working capital. Underwriter — J. A. Hogle & Co., Salt Lake City (managing). Offering—Expected in late January.

★ Pantex Manufacturing Corp.
Dec. 27, 1960 filed 513,299 shares of capital stock, of which 307,222 shares are to be offered for the account of the issuing company and 206,077 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. The stock being offered for the company is a rights offering; one new share will be offered for each three capital shares held. Price—To be supplied by amendment. Proceeds—For the purchase of 200,000 shares of Tel-A-Sign, Inc. for $450,000, said shares to be distributed as a dividend to shareholders, with the balance for general corporate purposes, including working capital. Office—Central Falls, R. I. Underwriter—None.

Patrician Paper Co., Inc.
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. Offering—Indefinite.

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.

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.

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—M. R. Zeller Co., New York City. Offering—Sometime in January.

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. (1/5)
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., Inc., and Goldman, Sachs & Co., both of New York (managing).

● Polysonics, Inc. (1/3-6)
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.

● Preferred Risk Life Assurance Co.
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. Note—This statement was effective Dec. 23.

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. (2/15)
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 in mid-January.

● **Real Estate Market Place, Inc.**
Dec. 20, 1960, filed 50,000 shares of class A common stock, of which 12,903 shares will be exchanged for real property and the balance of 37,097 shares sold publicly, together with 50 shares of class B common stock. **Price**—$100 per share for each class. **Proceeds**—To pay costs and expenses incidental to the company's organization and operation. **Office**—1422 Sixth Ave., San Diego, Calif. **Underwriter**—None.

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.

Realty Collateral Corp.
Dec. 12, 1960 filed $20,000,000 of collateral trust notes, series A, due 1981. **Price**—To be supplied by amendment. **Business** — The company was organized in September, 1960 to invest in real property mortgages insured under Title II of the National Housing Act. **Proceeds**—For general business purposes. **Office**—444 Madison Ave., New York, N. Y. **Underwriter**—None.

● **Reeves Soundcraft Corp. (1/9)**
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).

Reser's Fine Foods, Inc.
Nov. 29, 1960 (letter of notification) 120,000 shares of common stock (par 33⅓c). **Price**—$2.25 per share. **Proceeds**—To purchase food processing equipment, expansion of market and for working capital. **Office** — Reser Bldg., Cornelius, Oreg. **Underwriter**—William David & Motti, New York, N. Y. **Offering**—Expected in mid-January.

Resisto Chemical, Inc. (1/3-6)
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. (1/9)**
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).

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.

● **Rohm & Haas Co. (1/4)**
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).

● **(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). **Offering**—Expected in January.

● **School Pictures, Inc. (1/11)**
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.

Screen Gems, Inc. (1/16)
Dec. 8, 1960 filed 300,000 shares of common stock ($1 par) to be offered for subscription by common stockholders of Columbia Pictures Corp., holder of all outstanding shares on the basis of one share of Screen Gems for each five shares of Columbia Pictures, and for subscription on the same basis by participating employees under the Columbia Pictures Corp. Employees' Stock Purchase Plan. **Price**—To be supplied by amendment. **Business**—The production and distribution of television feature films, shorts and commercials. **Proceeds**—For general business purposes and the making of payments to Columbia Pictures as required under the operating agreement. **Office**—711 Fifth Avenue, New York, N. Y. **Underwriting**—Hemphill, Noyes & Co., and Hallgarten & Co., both of New York City.

Scrivner-Stevens Co.
Dec. 9, 1960 filed 70,000 shares of common stock, of which 62,840 shares are to be offered for the account of the issuing company and 7,160 shares, representing outstanding stock, will be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—A wholesaler and distributor of food and allied products. **Proceeds**—$200,000 will be used to reduce short-term borrowings, $56,000 for a partial payment of a note due 1975, and the balance for working capital. **Office**—122 East Washington St., Oklahoma City, Okla. **Underwriter**—Francis I. du Pont & Co., New York City (managing). **Offering**—Expected in late January.

★ **Seeman Brothers, Inc.**
Dec. 21, 1960 filed 98,150 shares of 5% cumulative convertible preferred stock (par $20) and a like amount of underlying common shares. **Price**—To be supplied by amendment. **Business** — The wholesale distribution of grocery products and the processing and sale of frozen fruits, vegetables and prepared foods. **Office**—40 West 225th St., New York, N. Y. **Underwriters** — Gregory & Sons, New York City and Straus, Blosser & McDowell, Chicago (managing). **Offering**—Expected in early February.

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.

Shareholder Properties, Inc.
Dec. 2, 1960 (letter of notification) 40,000 shares of class A common stock (par $1). **Price**—$7.50 per share. **Proceeds**—For working capital. **Office**—2540 Huntington Dr., San Marino, Calif. **Underwriter** — Blalack & Co., San Marino, Calif.

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**—Indefinite.

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. (1/30-2/3)
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).

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.

Solite Products Corp.
Dec. 8, 1960, filed 750 units, consisting in the aggregate of $225,000 principal amount of 7% debentures due February, 1968, and 75,000 shares of common stock to be offered in units of $100 of debentures and 100 common shares. **Price** — $300 per unit. **Business** — The design, manufacture and sale of advertising signs, displays and miscellaneous plastic items. **Proceeds**—For general business purposes, including the purchase of tools, dies and equipment; for research, sales and inventory and for additional working capital. **Office**—375 East 163rd St., New York, N. Y. **Underwriter**—William David & Motti, Inc., New York City. **Offering**—Expected in mid-February.

Southwest Gas Corp. (1/4)
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. **Offering**—Expected in late January.

Stancil-Hoffman Corp.
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. **Offering**—Expected in mid-January.

● **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 35,000 units consisting of six common shares, a $10 debenture, and two warrants. **Price** — $17.50 per unit. **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. **Underwriter** — F. R. Burns & Co., Oklahoma City, Okla.

Statmaster Corp. (1/5)
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; $450,000 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.

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

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Corp., Boston, Mass. **Offering**—Expected in late January.

"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.**
Sept. 6, 1960 (letter of notification) 99,833 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.

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.

Tele-Graphic Electronics Corp.
Dec. 16, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Business**—Patent holding and development of its patent structure and preparation to develop for manufacture its patentable products. **Proceeds**—For general corporate purposes. **Office** — 514 Hempstead Ave., West Hempstead, N. Y. **Underwriter**—None.

● **Telephone & Electronics Corp. (1/6)**
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, New York.

★ **Telescript C.S.P., Inc.**
Dec. 23, 1960 (letter of notification) 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 St., New York City. **Underwriter** — Robert A. Martin Associates, Inc., 680 Fifth Avenue, New York City.

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 in mid-January.

Texas Power & Light Co. (1/24)
Dec. 15, 1960 filed $12,000,000 of first mortgage bonds, series due 1991. **Proceeds**—For construction and the repayment of $4,500,000 of short-term loans from Texas Utilities Co., the parent company. **Office**—Fidelity Union Life Building, Dallas, Texas. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White Weld & Co.; Kuhn, Loeb & Co., Blyth & Co. (handling the books), Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly). **Bids**—Expected on Jan. 24 at 11:30 a.m. (EST). **Information Meeting**—Scheduled for Jan. 19 at 11 a.m.

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.

★ **Thermo-Dynamics, Inc.**
Dec. 27, 1960 filed 315,089 common shares of which 285,000 shares will be offered for the account of the issuing company are new and 30,089 shares, representing outstanding stock, are to be offered by two officers of the company. **Price**—$3.50 per share. **Business**—Formerly known as Agricultural Equipment Corp., this company distributes German made Stihl chain saws and Stihl "Go-Kart" gasoline engines; U. S. made tractor attachments and power saws; makes cryogenic gas reclamation and transferral systems, L-P gas thermo-shock weed control devices, portable furnaces, etc. **Proceeds**—For the repayment of debts, for expansion and for working capital. **Office**—1366 W. Oxford Avenue, Englewood, Colo. **Underwriter**—Lowell, Murphy & Co., Inc., Denver, Colo.

★ **Thursby (Reed A.) & Co.**
Dec. 19, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For building sites, installation and for working capital. **Office**—4030 Overlook Road, N. E., St. Petersburg, Fla. **Underwriter**—Dunne & Co. and R. James Foster & Co., Inc., New York, N. Y.

★ **Two-State Oil & Gas Co., Inc.**
Dec. 12, 1960 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—To drill two wells and for working capital. **Address**—P. O. Box 1241, Boise, Idaho. **Underwriter**—None.

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 mid-January.

Toledo Plaza Investment Trust (2/1)
Dec. 8, 1960, filed 209 Beneficial Trust Certificates in The Toledo Plaza Investment Trust. **Price**—$2,500 each. **Business** — The company will purchase an apartment project of not less than 242 units on 10 acre site in Prince Georges County, Md. **Proceeds**—To purchase the above-mentioned apartment project. **Office**—2215 Washington Ave., Silver Spring, Md. **Underwriter**—Hodgdon & Co., Inc., Washington, D. C.

● **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 mid-Jan.

Trans-Air System, Inc. (1/16)
Dec. 6, 1960 (letter of notification) 90,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—International air freight forwarding. **Proceeds**—For expansion purposes. **Office**—51 Hudson Street, New York, N. Y. **Underwriter**—Flomenhaft, Seidler & Co., Inc., New York, N. Y.

★ **Transwestern Mutual Fund**
Dec. 22, 1960, filed 200,000 shares of common stock. **Price**—Net asset value plus sales charge of 8¾%. **Business**—An open-end, diversified management investment company organized under California law in October, 1960. **Proceeds**—For investment. **Office**—1100 East Plumb Lane, Reno, Nev. **Underwriter**—Transwestern Management Corp., a subsidiary of Transwestern Life Insurance Co. of Nevada.

Underwater Storage, Inc.
Nov. 8, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—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. (1/10)
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 Financial Corp. of California
Dec. 14, 1960 filed 600,000 shares of common stock, of which 50,000 shares will be offered by the company, and 550,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes and to the selling stockholders. **Business**—Holding company for two savings and loan associations. Also operate an insurance agency for fire, casualty, and other related real estate coverage. **Office**—439 South La Brea Ave., Inglewood, Calif. **Underwriter** — Lehman Brothers, New York (managing). **Offering**—Expected in mid-January.

United International Fund Ltd.
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). **Offering**—Expected in January.

● **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). **Offering**—Expected in January.

United Telecontrol Electronics, Inc.
Dec. 8, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business**—Manufacturing components designed for use in connection with telephone and telegraph communication equipment on a prime contract basis. **Proceeds** — For general corporate purposes, including working capital. **Office**—Monmouth County Airport, Wall Township, N. J. **Underwriter** — Richard Bruce & Co., Inc., New York, New York.

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., Hacskensack, 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.

Vacuum-Electronics Corp.
Dec. 16, 1960, filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The design, production and sale of high vacuum systems and related leak detector systems. **Proceeds**—To retire outstanding loans and for working capital. **Office**—Plainview, L. I., N. Y. **Underwriter**—Lehman Brothers, New York (managing). **Offering**—Expected in February.

Valdale Co., Inc.
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. **Offering**—Imminent.

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.**
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. **Offering**—Imminent.

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 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. (1/4)**
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. (1/16)**
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.

Wings & Wheels Express, Inc.
Dec. 9, 1960 filed 85,000 shares of common stock. **Price**—$3 per share. **Business**—Engaged in freight forwarding by air and terminal handling service at Chicago. **Proceeds**—For expansion, working capital, the financing of accounts receivable, and general corporate purposes. **Office**—Astoria Blvd., and 110th St., Flushing, L. I., N. Y. **Underwriters**—Globus, Inc. and Ross, Lyon & Co., Inc., both of New York City.

Wollard Aircraft Service Equipment, Inc.
Dec. 14, 1960 filed 135,000 shares of common stock. **Price**—$4 per share. **Business**—The manufacture and sale of equipment used to service commercial and military aircraft. **Proceeds**—For a new plant and equipment, for moving expenses and the balance for working capital. **Office**—2963 N. W. 79th St., Miami, Fla. **Underwriter**—Amos Treat & Co., Inc., New York City (managing). **Offering**—Expected in mid-March.

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 early January. **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.

American Telephone & Telegraph Co. (2/23)
Dec. 21, 1960, the company announced that it plans an offering of additional shares to its stockholders on the basis of one new share for each 20 shares held of record Feb. 23. **Price**—To be somewhat below the market price of the outstanding stock at the time of offering. **Proceeds**—For expansion. **Office**—195 Broadway, New York 7, N. Y. **Underwriter**—None.

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 "Sky-jector." **Office**—342 Madison Ave., New York City. **Underwriter**—First Philadelphia Corp., New York City. **Registration**—Imminent. **Offering**—Expected in January.

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. **Registration**—Expected in early January.

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.

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. **Registration**—Indefinite.

California Electric Power Co.
Dec. 20, 1960, it was reported that this company plans to offer $8,000,000 of bonds in the first quarter of 1961. **Proceeds**—For construction. **Office**—2885 Foothill Boulevard, San Bernardino, Calif. **Underwriters**—To be determined by competitive bidding. Previous bidders: Kidder, Peabody & Co.; Halsey, Stuart & Co.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.

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.
Dec. 8, 1960 it was reported that a full filing of about $300,000 of units, consisting of common stock, bonds and warrants will be made. **Proceeds**—For expansion of the business. **Office**—97-02 Jamaica Ave., Woodhaven, N. Y. **Underwriter**—R. F. Dowd & Co., Inc. **Registration**—Expected sometime in January.

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.

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 which 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

Consolidated Natural Gas Co. (2/7)
Dec. 9, 1960 the company reported that it plans to register with the SEC $45,000,000 of 25-year sinking fund debentures. Later in 1961 the company will issue and sell an additional $25,000 000 of debentures. **Proceeds**—To repay a bank loan and for construction. **Underwriter**—The last sale of $25,000,000 of debentures on Feb. 9 was handled by Morgan Stanley & Co., and The First Boston Corp. **Bids**—It is expected that bids for the $45,000,000 issue will be opened on Feb. 7, 1961. **Information Meeting**—Scheduled for Feb. 2 at 10:30 a.m. (EST) at Bankers Club, 120 Broadway, New York City.

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.

★ **Delaware Power & Light Co.**
Dec. 23, 1960, Frank P. Hyer, Chairman, stated that this company may issue additional common stock in the summer of 1961. The offering would be made to common stockholders first on the basis of one share for each 10 shares held. Based on the number of shares outstanding on Sept. 30, 1960, the sale would involve about 418,536 shares. The last offering of common to stockholders in June 1956 consisted of 232,520 shares offered at $35 a share to holders of record June 6 on the basis of one share for each eight shares held. **Proceeds**—For construction. **Office**—600 Market St., Wilmington, Del. **Underwriter** — The last common stock offering was handled by Carl M. Loeb, Rhoades & Co., New York and associates. Previous bidders were: W. C. Langley & Co., and Union Securities Co. (jointly); Lehman Brothers; First Boston Corp.; White, Weld & Co., and Shields & Co. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

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.

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.**
Dec. 27, 1960, this company reported that a full filing of 150,000 shares of common stock (par 10 cents) and 30,000 warrants will be made. **Price**—$2 per share and $2 per warrant. **Business** — Makes magnetic brakes and clutches. **Proceeds**—For expansion and the manufacture of a new product. **Office**—59 New York Ave., Westbury, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., 61 Broadway, New York City. **Registration**—Expected in mid-January.

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 January.

First Real Estate Investment Fund
Dec. 9, 1960 it was reported that a stock offering of $10,000,000 will be made to New York State residents after Jan. 1. Subsequently 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**—604 Fifth Avenue, 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. **Office**—577 East 156th Street, 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. **Registration**—Expected in late February or early March.

Goshen Farms Inc.
Oct. 5, 1960 it was reported that 100,000 shares of the

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company's common stock will be filed. **Proceeds**—For breeding trotting horses. **Office**—Goshen, N. Y. **Underwriter**—R. F. Dowd & Co. Inc. **Registration**—Expected in late January.

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. **Registration**—Expected in late January.

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.

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. **Business**—The manufacture of ladies' dresses. **Office**—15th and Mt. Vernon Sts., Philadelphia, Pa. **Underwriters**—Alex. Brown & Sons, Baltimore and Kidder, Peabody & Co., New York (jointly).

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. (2/7)
Dec. 7, 1960, G. A. Donald, Chairman and President stated that the company plans the issuance and sale of $30,000,000 of first mortgage bonds, series F, due Feb. 1, 1991. **Proceeds**—To repay bank loans and for expansion. **Office** — 101 W. Second St., Ashland, Wisconsin. **Registration**—Expected about Jan. 9. **Bids**—To be received in Chicago on Feb. 7.

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.

Macroso Lumber & Trim Co., Inc.
Dec. 20, 1960, it was reported that this company plans a public offering of about 500,000 common shares (par $1) 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 City N. Y.

Maryland Cup Co.
Dec. 14, 1960 it was reported that Lehman Brothers is handling preliminary work on a proposed public offering of securities. **Registration**—Imminent.

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.

★ Michigan Consolidated Gas Co.
Sept. 9, 1960, the SEC authorized this subsidiary of American Natural Gas Co., to issue up to $18,000,000 short-term notes due Aug. 31, 1961. The notes will be refunded with permanent financing. The last sale of bonds in June 1957 comprised $30,000,000 of first mortgage bonds, eight series, due 1982. **Proceeds**—Of note issue will be used for construction. Proceeds from expected bond issue will be used to repay notes and for construction. **Office**—415 Clifford St., Detroit 26, Mich. **Underwriters** — The last sale of bonds was handled by White, Weld & Co., and Lehman Brothers, New York (jointly). A competing bid was made by Halsey, Stuart & Co. Inc.

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.

Missouri Pacific RR. (1/10)
Dec. 12, 1960 it was reported that the road plans the sale of $3,210,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Bidders: Salomon Bros. & Hutzler and Halsey, Stuart & Co., Inc. **Bids**—To be received on Jan. 10.

Monroe Mortgage & Investment Corp.
Dec. 12, 1960, Cecil Carbonell, Chairman, announced that this company is preparing a "Reg. A" filing covering 150,000 shares of common stock. **Price** — $2 per share. **Business**—The company is engaged in first mortgage financing of residential and business properties in the Florida Keys. **Proceeds**—To expand company's business. **Office**—700 Duval Street, Key West, Fla. **Underwriter**—None. **Offering**—Expected in early January.

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. On Dec. 13, stockholders voted to increase 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.

★ Motors Insurance Corp. (1/5)
Dec. 27, 1960 it was reported that a secondary offering of $6,950,000 bonds of this subsidiary of General Motors Acceptance Corp., will be made in January. **Underwriter**—To be determined by competitive bidding. **Bids**—To be received Jan. 5, 1961 at 11 a.m. (EST).

National State Bank of Newark (N. J.)
Dec. 9, 1960, it was reported that this bank plans to offer stockholders the right to subscribe to 40,000 additional shares of capital stock (par $12.50) on the basis of one share for each 15 shares held, after giving effect to a 7.14% stock dividend. Transaction is subject to approval of stockholders at the bank's annual meeting on Jan. 10, and by the Comptroller of the Currency. **Price**—$52 per share. **Proceeds**—To increase capital and surplus. **Office**—Newark, N. J. **Underwriter**—None.

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 at noon (EST).

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 early Jan. 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).

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)

Pennsylvania Power Co.
Dec. 14, 1960, it was reported that this company has applied to the SEC for an order under the Holding Company Act, authorizing the issuance of $878,000 of first mortgage bonds, 3¼% series, due 1982. **Proceeds**—For sinking fund purposes. **Office** — 19 E. Washington St., New Castle, Pa. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co.; Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc., and Dean Witter & Co. (jointly).

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** — Last equity financing handled on a negotiated basis by First Boston Corp.

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 letter of notification is expected comprising this firm's first public offering. **Office**—Paramus, N. J. **Underwriter**—Plymouth Securities Corp., New York City. **Registration**—Expected in early January.

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. **Address**—P. O. Box 390, Columbia, S. C. **Underwriter**—To be determined by competitive bidding. Previous bidders for the company's bonds were First Boston Corp. and Lehman Brothers (jointly); Kidder, Peabody & Co.; Halsey, Stuart & Co. Inc.; and Eastman Dillon, Union Securities & Co. The last preferred offering was negotiated by Kidder, Peabody & Co.

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 Pacific Co. (1/11)
Dec. 12, 1960 it was reported that the road plans the sale of $8,400,000 of equipment trust certificates dated Feb. 1, 1961, to mature in 15 equal annual instalments. The certificates represent about 80% of the cost of 12 locomotives and 507 freight cars. **Underwriter**—To be determined by competitive bidding. Bidders: Halsey, Stuart & Co. Inc. and Salomon Bros. & Hutzler. **Bids**—To be received on Jan. 11 at noon EST.

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.

★ Swift & Co.
Dec. 28, 1960 the company disclosed that it is considering the issuance of up to $35,000,000 of convertible debentures. Stockholders will vote Jan. 26 on increasing the authorized common stock from 6,000,000 to 8,000,000 shares to provide additional underlying shares for the proposed convertible issue. **Proceeds** — For expansion and working capital. **Office**—Union Stock Yards, Chicago 9, Ill. **Underwriter**—The last issue of 4¾% debentures on Oct. 29, 1958 was placed privately through Salomon Bros. & Hutzler, 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.
Dec. 8, 1960, it was announced that arrangements had been virtually completed for long-term financing to insure the early delivery of 20 Convair jet aircraft and the financing of the company's present fleet of 27 Boeing 707 jetliners. Under the plan, a total of $165,000,000 will be borrowed from a group of banks and insurance companies and $100,000,000 raised through the sale of subordinated income debentures with detachable stock purchase warrants to TWA stockholders. Hughes Tool Co., holder of 78% of the company's outstanding stock, has agreed to take up its pro rata share of the debentures ($78,000,000) and enough of any unsubscribed debentures to provide TWA with at least $100,000,000. In addition, Hughes Tool agreed to place its 78% stock interest in a 10-year voting trusteeship consisting of three members, representing itself and the senior lenders. **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., all of New York City (managing). **Note**—The transaction is expected to be finalized Dec. 29.

Tronomatic Corp.
Dec. 20, 1960, it was reported that a letter of notification consisting of 57,000 shares of common stock will be filed for the company. **Price**—$4 per share. **Proceeds**—For new product development and sales promotion. **Business**—The manufacture of plastic forming, molding and fabricating equipment. **Office** — 25 Bruckner Blvd., Bronx, N. Y. **Underwriter** — Plymouth Securities Corp., New York City. **Registration**—Expected in early January.

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 January 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 depend 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**—Imminent.

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.

★ Wisconsin Power & Light Co.
Dec. 22, 1960, J. D. Howard, Vice-President, stated that this company will give consideration to some sort of stock financing in late 1961 or early 1962. The last sale of common stock was in May 1958 when common stockholders of record May 5 had rights to subscribe to 241,211 common shares at $26.25 a share on the basis of one share for each 12 shares held. The last sale of preferred was also in May 1958 when preferred stockholders had rights to buy 30,000 shares of 4.76% preferred ($100 par) at $100 a share. **Proceeds**—For expansion. **Underwriters** — The previous sale of common and preferred stocks was handled by Smith, Barney & Co., New York and Robert W. Baird & Co., Inc., Milwaukee (jointly).

Wisconsin Southern Gas Co.
Dec. 12, 1960 it was reported in a company prospectus that an undetermined amount of capital stock or bonds will be sold in 1961-1962. **Proceeds**—For the repayment of short-term bank loans incurred for property additions. **Office**—Sheridan Springs Road, Lake Geneva, Wis. **Underwriter** — The Milwaukee Co., Milwaukee, Wis. (managing).

THE SECURITY I LIKE BEST...

Continued from page 2

tory investigation to develop a number of chemical compounds which have remarkable properties. Anti - microbial formulas Eversan and Argosan were developed as a by-product of the electro-chemical side of Yardney's main business.

Zinc and silver have long been used medically in healing agents but in the above mentioned products, Yardney has developed new avenues in the use of these methods. Eversan is a bacteriostat which is tasteless, odorless and non-toxic and can be applied to a wide variety of materials which include fabrics, rubber and plastics. Its use in hospitals may be dramatic in the fight against infection, since unlike competing products it is non-toxic at full effectiveness. A new plastic which has been developed using Eversan has shown bacteriocidal qualities and can be used in such things as children's toys with the result that the child can drop the toy on the floor or street and then place it back in his mouth without harm, since any harmful bacteria will be killed on contact. Eversan's use in fabrics as a permanent deodorant and purifier would be economical and very effective.

Argosan is also an anti-microbial compound with bacteriocidal qualities which has performed very effectively in clinical tests when used in pharmaceuticals. It was more effective in one case than penicillin. An important area for the use of Argosan is water purification since it is non-toxic, tasteless and odorless and its long-lasting effectiveness can make it a competitor of chlorine.

Yardney Chemical has also developed Vitanyse which has the amazing property of dyeing fabrics up to 40 times faster than previously. This of course means that the capacity of a given plant can be multiplied many times without the need for additional facilities. One of its most important applications is to render nylon "breatheable" and "wettable." This could be an extremely important development for the nylon industry since the most common complaint among consumers as regards nylon garments is that although they are quick drying, they are also unbearably hot in the summer and have a tendency to retain perspiration under the garment. This new discovery of Yardney Chemical would change all this and make the garments quite comfortable. Also, it allows such fibers as cotton, wool and synthetics, when combined with nylon to be dyed much more effectively than can presently be done with any other chemical.

All the above compounds have yet to be produced in commercial quantities and therefore have not in any way added to sales and earnings for Yardney. We suggest that commercial development is not far away and when it occurs it can only have an explosive effect on Yardney sales and earnings.

Yardney's amazing success in the compact power field and the development of its chemical subsidiary have all been done through internal financing. Yardney today has a strong working capital position, an attractive current ratio close to 3 to 1, and except for a small mortgage note of $80,000 it has no other debts outstanding. The company since its inception has had an average rate of growth of approximately 24% and we anticipate the growth for 1961 will be at the rate of 30%.

Yardney sales have more than doubled from 1956 to fiscal 1960, but the striking fact is that earnings have increased by over 160%. Per-share earnings have grown from 18 cents in 1956 to 47 cents in 1960. Sales have risen from $3,500,000 to over $7,500,000 in the same 5-year period and we estimate sales for fiscal 1961 at $10,000,000 and earnings at approximately 60 cents per share.

It is within the realm of probability that with the growth of commercial application of its specialized batteries plus the addition of the commercial production of Eversan, Argosan and Vitanyse to see Yardney's consolidated earnings per share reach much higher levels in a few years. The almost complete absence of outside financing not only speaks well of the financial competence of the company's management but is also a reflection of the strong cash-flow position that the company possesses. Although not showing up in reported earnings, it is an important determinant of future growth.

It is often said that when someone invests in a company, especially in a science company, the most important single consideration is the ability of its management. Yardney's technical competence is renowned in the industry. Its international research team of over 160 research scientists and engineers have made significant break-throughs in the energy area. But as important to me has been Yardney's management's ability to produce profits and growth in a well organized, consistent manner. There have been no fits and starts with Yardney, no erratic profit-and-loss pattern, but a steady growth which has never traded sales volume for earnings and has never expanded until the sales base was solid enough to support the expansion.

We have found Yardney management mature, imaginative and knowledgeable. In other words, the type of men that can meet the challenge of dynamic growth. Since we are concerned more and more with a "market of stocks" than a "stock market" it has become increasingly important to invest in situations with strong individual growth patterns. Considering the criteria of sound management, dynamic product potential, good financial condition, research and technical competence, combined with every evidence of an established growth trend in sales and earnings, it is our feeling that Yardney Electric Corporation possesses an unusual potential for major capital gains.

The stock is traded in the Over-the-Counter Market and is currently quoted at a price of 20.

To Be Reiner, Linburn

The firm name of Jaffee & Co., 2 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will be changed to Reiner, Linburn & Co.

Harold Reiner, member of the Stock Exchange, will become a partner in the firm Jan. 1. On Jan. 5, Harold Charno and Bernard J. Harris will be admitted.

On Dec. 31, Wilton L. Jaffee will withdraw from general partnership in Jaffee & Co. and Ethel L. Reiner and Elaine L. Ross from limited partnership.

Ohio Co. Branch Opened

TOLEDO, Ohio.—The Ohio Company has opened a branch office at 2117 Jefferson Avenue under the management of Roy L. Wittebort.

New Parker-Ford Branch

AMARILLO, Tex. — Parker-Ford & Company, Inc., has opened a branch office in the Vaughn Building under the management of Walter S. Mount, Jr.

Southern Inv. Branches

BIRMINGHAM, Ala. — Southern Investment Services, Inc., has opened four branch offices in the South: Huntsville, Ala., at 614 Madison Street, under the direction of W. H. Birmingham; Marion, Ala., at Washington Street, under the direction of Joseph T. Scarborough; Daytona Beach, Fla., at 2129 South Atlantic Avenue, under Joseph G. Barry; Pensacola, Fla., at 1800 North E Street, under the direction of Cecil A. Bassett.

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. 31	§39.4	*46.5	48.9	96.3
Equivalent to—					
Steel ingots and castings (net tons)	Dec. 31	§1,122,000	*1,325,000	1,393,000	2,726,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Dec. 16	7,132,260	7,152,060	6,968,160	7,138,775
Crude runs to stills—daily average (bbls.)	Dec. 16	¶7,927,000	7,887,000	7,987,000	8,071,000
Gasoline output (bbls.)	Dec. 16	28,602,000	28,771,000	28,205,000	29,331,000
Kerosene output (bbls.)	Dec. 16	2,956,000	2,928,000	3,269,000	2,667,000
Distillate fuel oil output (bbls.)	Dec. 16	12,924,000	12,859,000	13,138,000	13,018,000
Residual fuel oil output (bbls.)	Dec. 16	6,644,000	6,658,000	6,038,000	6,929,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Dec. 16	189,059,000	187,136,000	184,911,000	182,838,000
Kerosene (bbls.) at	Dec. 16	34,603,000	35,353,000	36,833,000	27,195,000
Distillate fuel oil (bbls.) at	Dec. 16	159,534,000	167,038,000	175,327,000	156,195,000
Residual fuel oil (bbls.) at	Dec. 16	48,632,000	48,820,000	47,963,000	52,476,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Dec. 17	486,059	517,653	567,299	615,333
Revenue freight received from connections (no. of cars)	Dec. 17	454,392	480,269	494,099	565,360
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Dec. 22	$443,900,000	$300,900,000	$613,400,000	$408,100,000
Private construction	Dec. 22	158,600,000	171,900,000	365,300,000	213,300,000
Public construction	Dec. 22	285,400,000	129,000,000	248,100,000	194,800,000
State and municipal	Dec. 22	194,500,000	93,200,000	153,200,000	138,200,000
Federal	Dec. 22	90,900,000	35,800,000	94,900,000	56,600,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Dec. 17	7,260,000	*7,475,000	8,045,000	9,569,000
Pennsylvania anthracite (tons)	Dec. 17	403,000	402,000	377,000	460,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Dec. 17	305	296	170	318
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Dec. 24	15,114,000	15,021,000	13,500,000	13,349,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 22	253	351	276	195
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Dec. 20	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Dec. 20	$66.32	$66.32	$66.32	$66.41
Scrap steel (per gross ton)	Dec. 20	$28.50	$28.50	$28.33	$41.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 21	29.600c	29.600c	29.600c	33.775c
Export refinery at	Dec. 21	27.550c	28.150c	27.550c	30.650c
Lead (New York) at	Dec. 21	11.000c	11.000c	12.000c	12.000c
Lead (St. Louis) at	Dec. 21	10.800c	10.800c	11.800c	11.800c
‡Zinc (delivered) at	Dec. 21	12.500c	13.000c	13.500c	13.000c
Zinc (East St. Louis) at	Dec. 21	12.000c	12.500c	13.000c	12.500c
Aluminum (primary pig, 99.5%) at	Dec. 21	26.000c	26.000c	26.000c	25.400c
Straits tin (New York) at	Dec. 21	100.625c	101.375c	102.875c	99.125c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Dec. 27	87.73	87.30	86.65	80.42
Average corporate	Dec. 27	86.51	86.51	86.78	83.66
Aaa	Dec. 27	90.91	90.91	91.34	87.59
Aa	Dec. 27	88.67	88.81	88.95	85.07
A	Dec. 27	85.85	85.98	82.24	83.53
Baa	Dec. 27	81.29	81.05	81.29	78.66
Railroad Group	Dec. 27	83.79	83.79	84.17	81.29
Public Utilities Group	Dec. 27	87.86	87.86	87.86	83.66
Industrials Group	Dec. 27	88.13	88.13	88.54	85.85
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Dec. 27	3.81	3.86	3.92	4.55
Average corporate	Dec. 27	4.67	4.67	4.65	4.89
Aaa	Dec. 27	4.35	4.35	4.32	4.59
Aa	Dec. 27	4.51	4.50	4.49	4.78
A	Dec. 27	4.72	4.71	4.69	4.90
Baa	Dec. 27	5.08	5.10	5.08	5.30
Railroad Group	Dec. 27	4.88	4.88	4.85	5.08
Public Utilities Group	Dec. 27	4.57	4.57	4.57	4.89
Industrials Group	Dec. 27	4.55	4.55	4.52	4.72
MOODY'S COMMODITY INDEX	Dec. 27	356.4	356.4	357.2	374.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Dec. 17	246,628	290,643	283,461	268,455
Production (tons)	Dec. 17	300,066	316,846	309,245	317,809
Percentage of activity	Dec. 17	87	91	89	94
Unfilled orders (tons) at end of period	Dec. 17	333,862	380,598	393,601	401,194
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Dec. 23	108.80	108.89	108.60	111.64
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Dec. 2	2,410,890	1,876,370	2,010,170	2,980,270
Short Sales	Dec. 2	443,810	373,810	426,140	391,030
Other sales	Dec. 2	1,866,690	1,492,970	1,624,670	2,485,800
Total sales	Dec. 2	2,310,500	1,866,780	2,050,810	2,876,830
Other transactions initiated off the floor—					
Total purchases	Dec. 2	427,470	319,890	257,340	560,760
Short Sales	Dec. 2	62,100	22,800	32,000	24,210
Other sales	Dec. 2	367,560	245,550	241,740	485,750
Total sales	Dec. 2	429,660	268,350	273,740	509,960
Other transactions initiated on the floor—					
Total purchases	Dec. 2	763,140	628,230	688,970	994,610
Short Sales	Dec. 2	180,390	127,710	139,410	129,030
Other sales	Dec. 2	649,736	578,364	519,497	911,388
Total sales	Dec. 2	830,126	706,074	658,907	1,040,418
Total round-lot transactions for account of members—					
Total purchases	Dec. 2	3,601,500	2,824,490	2,956,480	4,535,640
Short Sales	Dec. 2	686,300	524,320	597,550	544,270
Other sales	Dec. 2	2,883,986	2,316,884	2,385,907	3,882,938
Total sales	Dec. 2	3,570,286	2,841,204	2,983,457	4,427,208
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	Dec. 2	1,651,053	1,220,513	1,432,734	1,997,723
Dollar value	Dec. 2	$75,313,989	$58,889,290	$64,438,473	$103,254,885
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Dec. 2	1,765,457	1,248,811	1,283,326	1,767,201
Customers' short sales	Dec. 2	16,655	13,342	25,638	8,346
Customers' other sales	Dec. 2	1,748,802	1,235,469	1,257,688	1,758,855
Dollar value	Dec. 2	$78,388,464	$56,643,563	$57,868,032	$85,772,380
Round-lot sales by dealers—					
Number of shares—Total sales	Dec. 2	586,470	393,540	381,220	464,870
Short Sales	Dec. 2	------	------	------	------
Other sales	Dec. 2	586,470	393,540	381,220	464,870
Round-lot purchases by dealers—Number of shares	Dec. 2	468,600	382,720	526,670	707,850
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	Dec. 2	948,130	684,200	853,050	672,170
Other sales	Dec. 2	16,325,810	12,487,970	13,134,680	18,043,840
Total sales	Dec. 2	17,273,940	13,172,170	13,987,730	18,716,010
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Dec. 20	119.5	*119.4	119.6	118.8
Farm products	Dec. 20	88.8	*89.5	90.3	84.9
Processed foods	Dec. 20	109.6	*109.4	108.9	110.6
Meats	Dec. 20	97.6	*97.2	96.4	88.1
All commodities other than farm and foods	Dec. 20	127.9	*127.8	127.8	128.5

*Revised figure. ¶Includes 1,034,000 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
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of September	162,882	172,973	168,206
Stocks of aluminum (short tons) end of Sep.	225,874	211,716	109,065
AMERICAN RAILWAY CAR INSTITUTE—			
Month of November:			
Orders for new freight cars	3,680	5,885	2,424
New freight cars delivered	3,799	4,632	2,218
Backlog of cars on order and undelivered (end of month)	22,781	22,900	36,555
AMERICAN TRUCKING ASSOCIATION, INC.—			
Month of October:			
Intercity general freight transport by 387 carriers (in tons)	6,464,149	6,782,637	6,755,823
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of November (000's omitted)	$235,183,000	$233,110,000	$217,139,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Nov. 30:	$	$	$
Imports	401,238,000	405,132,000	354,889,000
Exports	646,746,000	632,958,000	283,282,000
Domestic shipments	12,995,000	14,400,000	29,269,000
Domestic warehouse credits	215,776,000	142,599,000	89,321,000
Dollar exchange	146,100,000	138,760,000	45,601,000
Based on goods stored and shipped between foreign countries	444,791,000	419,386,000	226,457,000
Total	1,867,646,000	1,753,235,000	1,028,819,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of November (in millions):			
Total new construction	4,801	5,066	4,726
Private construction	3,374	3,486	3,492
Residential buildings (non-farm)	1,857	1,940	2,112
New dwelling units	1,378	1,436	1,663
Additions and alterations	392	422	381
Nonhousekeeping	87	82	68
Nonresidential buildings	923	912	810
Industrial	263	256	200
Commercial	382	372	355
Office buildings and warehouses	189	185	167
Stores, restaurants, and garages	193	187	188
Other nonresidential buildings	278	284	255
Religious	94	96	85
Educational	54	55	45
Hospital and institutional	52	51	50
Social and recreational	58	62	51
Miscellaneous	20	20	24
Farm construction	104	107	112
Public utilities	463	500	436
Telephone and telegraph	92	107	87
Other public utilities	371	393	349
All other private	27	27	22
Public construction	1,427	1,580	1,234
Residential buildings	60	59	58
Nonresidential buildings	403	442	325
Industrial	36	34	34
Educational	238	266	187
Hospital and institutional	33	34	32
Administrative and service	50	58	37
Other nonresidential buildings	46	50	35
Military facilities	124	138	114
Highways	542	604	469
Sewer and water systems	120	128	121
Sewer	67	72	74
Water	53	56	47
Public service enterprises	58	66	44
Conservation and development	99	121	87
All other public	21	22	16
COAL EXPORTS (BUREAU OF MINES)—			
Month of October:			
U. S. exports of Pennsylvania anthracite (net tons)	154,336	149,176	179,911
To North and Central America (net tons)	145,979	128,182	169,806
To Europe (net tons)	8,357	20,612	9,492
To South America (net tons)	------	------	------
To Asia (net tons)	------	336	613
Undesignated (net tons)	------	46	------
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of Nov. 30 (000's omitted)	$1,380,000	$1,365,000	$784,000
COPPER INSTITUTE—For month of Nov.:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	110,816	*112,665	28,061
Refined (tons of 2,000 pounds)	149,277	151,497	37,299
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	99,749	93,451	83,626
Refined copper stocks at end of period (tons of 2,000 pounds)	130,254	113,417	74,642
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of November:			
Contracts closed (tonnage)—estimated	240,347	219,803	260,190
Shipments (tonnage)—estimated	288,685	313,623	180,772
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Nov.:			
Seasonally adjusted	105	107	103
Unadjusted	106	109	104
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of November	£59,029,000	£77,397,000	£34,773,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of November (in billions):			
Total personal income	$409.5	*$409.5	$388.7
Wage and salary receipts, total	274.4	*274.8	260.8
Commodity producing industries	110.1	*110.9	107.0
Manufacturing only	86.5	*87.2	84.5
Distributing industries	72.6	*72.5	69.1
Service industries	42.2	42.0	38.8
Government	49.5	*49.4	46.0
Other labor income	11.3	11.3	10.5
Business and professional	36.0	*36.1	35.1
Farm	12.4	*12.4	11.2
Rental income of persons	12.5	12.5	12.5
Dividends	14.1	*14.1	13.8
Personal interest income	27.6	27.6	24.5
Transfer payments	30.4	30.0	28.2
Less employees' contribution for social insurance	9.2	9.3	7.9
Total nonagricultural income	393.0	*393.0	373.5
TIN—CONSUMPTION OF PRIMARY AND SECONDARY TIN IN THE UNITED STATES (BUREAU OF MINES)—Month of Oct. (in long tons):			
Stocks in beginning of period	31,995	30,245	36,125
Receipts	6,625	7,890	3,985
Supply	38,620	38,135	40,110
Stocks at end of period	32,830	31,995	35,090
Total processed	5,790	6,140	5,020
Intercompany scrap transactions	190	110	100
Consumed in manufacturing	5,600	6,030	4,920
Primary	3,290	3,760	2,270
‡Secondary	2,310	2,270	2,650

STATE OF TRADE AND INDUSTRY

Continued from page 4

cover commitments before an expected January rise in steelmaking generates market strength.

Small purchases of steelmaking scrap have pushed prices up $1 a ton on a number of leading grades in Chicago.

Domestic prices on No. 2 heavy melting steel and No. 2 bundles have advanced $1 in Philadelphia.

In San Francisco, the Japanese are reported paying $4 to $5 a ton above domestic prices for top grade steel scrap.

Steel's scrap price composite this week shows its first rise since August. It was up 33 cents to $29 a gross ton for No. 1 heavy melting grade. The composite has declined from an average of $41.92 a ton in January to $28.84 a ton this month.

Last week's steelworks operations were at 46.9% of capacity, 1.8 percentage points below the previous week's revised rate. Output was about 1,335,000 ingot tons, a new low for the year.

No Real Upturn in Steel Industry Likely Until March 1961

The end of 1960 should see the shakeout of the steel market completed, the *Iron Age* reports. This means that with the start of 1961, the industry will be free of artificial factors in the market, and will reflect the true level of business activity.

For this reason, January orders and output will have more than usual importance. After-the-first-of-the-year activity will supply the first real indications of the extent or depth of the business slowdown. And the month could disclose some idea of the date of the upturn.

As it stands now, January will be an improvement from the shakeout month of December. Just how much is the question. The January outlook has taken several turns within the past 10 days. But the best evaluation is a moderate rise in activity, the *Iron Age* says.

The magazine cautions it will be difficult to measure immediate trends of the industry until observers become familiar with the new indexes and tonnage figures which will be released by the American Iron and Steel Institute. The familiar operating rate, which measured output as a per cent of industry capacity, will be discontinued after the first of the year.

Instead, a set of indexes based on the 1957-59 period, weekly tonnage figures, and year-to-date totals and comparisons will be issued by the industry. The weekly operating forecast will no longer be issued.

Commenting on the rapid shifts in the January outlook, *The Iron Age* says that two weeks ago a brisk improvement was expected. Then, more automotive cutbacks clouded the picture. But in the days immediately preceding the Christmas holiday, some new life in terms of a flurry of small orders gave the industry a better feeling. Some scheduled shutdowns were even canceled or shortened.

However, January cannot be called a recovery month. Any real upturn, that is, to what is now considered about 60% of capacity, is not likely until March.

This Week's Steel Output Based On 39.4% of Jan. 1, 1960 Capacity

The American Iron and Steel Institute announced that the operating rate of steel companies will average *69.8% of steel capacity for the week beginning Dec. 26, equivalent to 1,122,000 tons in ingot and steel castings (based on average weekly production of 1947-49). These figures compared with the actual levels of *82.5% and 1,325,000 tons in the week beginning Dec. 19.

Actual output for last week beginning Dec. 19 is equal to 46.5% 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 39.4%.

A month ago the operating rate (based on 1947-49 weekly production) was *86.7% and production 1,393,000 tons. A year ago the actual weekly production was placed at 2,728,000 tons or *169.7%.

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

Leading Car Makers Are Trimming Their Production

The auto industry is cutting its production schedules to keep inventories in line with sales, *Ward's Automotive Reports* said.

The statistical service said December U. S. car output has been pruned to an estimated 523,000 units, 7.0% below 562,400 scheduled as the month opened.

At the same time, leading car makers are trimming their January assemblies approximately 10% below previous plan, pulling output prospects for the month down towards the 523,000 December level.

Reflecting the long holiday weekend but also scheduling adjustment, car building fell to 113,416 units this week, a 13.2% decline from 130,711 last week, *Ward's* said.

A mixed pattern of three-and-four-day work schedules prevailed this week. Next week the bulk of Chrysler Corp. assemblies will be idled, and American Motors Corp. and some GM Corp. plants will work 3 to 3½ days in keeping with the year-end holidays.

Ward's, meanwhile, emphasized that current forecasts in some quarters of 5,800,000 car output for next year vs. 6,700,000 in 1960, a decline of 13%, should not be taken to mean a 13% falloff in sales.

Sales and production in any single year either closely compare or eminently vary and one should not be taken to directly indicate the other.

Ward's said that while auto industry's officials peg sales in 1961 at the 1960 level of 6,600,000 cars, some of their more realistic economists, while not quite as optimistic, are still strong on the coming auto market.

Ward's said Dec. 11-20 auto sales can be expected to reflect seasonal factors which accentuated by severe winter weather may pull the purchasing rate below the Dec. 1-10 level.

Ward's said Mercury St. Louis plant workers face a three-week downtime in January as Mercury production is discontinued there and replaced by output of the standard-size Ford.

Highlighting the industry's year-end, Chevrolet set a new all-time high production mark this week, building its 1,846,000th U. S. car of the year or more than the 1,830,038 in entire 1955, its peak period.

American Motors, Cadillac and Dodge also set new company records this year, *Ward's* said.

Electric Output 13.2% Higher Than in 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Dec. 24, was estimated at 15,114,000,000 kwh., according to the Edison Electric Institute. Output was 93,000,000 kwh. above that of the previous week's total of 15,021,000,000 kwh. and showed a gain of 1,765,000,000 kwh., or 13.2% above that of the comparable 1959 week.

Freight Car Loadings Down 21.0% Below Corresponding 1959 Week

Loading of revenue freight for the week ended Dec. 17, 1960, totaled 486,059 cars, the Association of American Railroads announced. This was a decrease of 129,274 cars or 21% below the corresponding week in 1959 and a decrease of 85,088 cars or 14.9% below the corresponding week in 1958.

Loadings in the week of Dec. 17, which were affected by heavy snow in the Central-Eastern and North-Eastern sections, were 31,594 cars or 6.1% below the preceding week.

There were 10,937 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Dec. 10, 1960 (which were included in that week's over-all total). This was an increase of 2,307 cars or 26.7% above the corresponding week of 1959 and 4,498 cars or 69.9% above the 1958 week.

Lumber Shipments Up 0.2% Above Production for Dec. 17 Week

Lumber shipments of 446 mills reporting to the National Lumber Trade Barometer were 0.2% above production during the week ended Dec. 17, 1960. In the same week, new orders of these mills were 5.6% below production. Unfilled orders of reporting mills amounted to 25% 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 52 days' production.

For the year-to-date, shipments of reporting identical mills were 2.6% below production; new orders were 5.1% below production.

Compared with the previous week ended Dec. 10, 1960, production of reporting mills was 0.7% below; shipments were 0.2% below; new orders were 16.3% below. Compared with the corresponding week in 1959, production of reporting mills was 18.8% below; shipments were 13% below; and new orders were 29.7% below.

Pre-Christmas Dip in Business Failures

With the number down to 253 from the week earlier 351, commercial and industrial failures in the week ended Dec. 22 showed the usual pre-Christmas decline, but the total was noticeably above the 195 of a year ago, reports Dun & Bradstreet, Inc. Casualties were slightly above the comparable prewar toll of 249 in 1939.

Liabilities of $5,000 or more were involved in 223 of the week's casualties, compared with 305 in the prior week and 176 last year. Those with losses under $5,000 fell to 30 from the 46 of the preceding period. The number of businesses failing with liabilities in excess of $100,000 came to 21, down sharply from the week earlier 43.

Failures declined from the prior week in all of the five broad industry and trade groups, with the most noticeable dip among retailers, down to 117 from 162, and in manufacturing, down to 45 from 72. Mortality exceeded the comparable 1959 levels in all of the groups, with the sharpest increases in retailing and construction.

Of the nine regions, only the New England and Pacific States reported increases from the prior week in casualties. The most appreciable decreases occurred in the South Atlantic region, down to 16 from 60, in the East North Central region, down to 43 from 73, and in the West South Central States, down to 9 from 28. In the six of the nine major regions, more businesses failed than in the similar week last year, with the most appreciable increases in the Pacific and Middle Atlantic States. The year-to-year declines, which were slight, occurred in the East South Central, West South Central, and Mountain regions.

Wholesale Food Price Index Edges Up in Latest Week

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., edged up fractionally this week from the prior period and appreciably exceeded that of the similar period a year ago. On Dec. 20 it stood at $6.17, up 0.3% from the week earlier $6.15 and 7.7% higher than the year ago $5.73.

Higher in wholesale cost this week were wheat, corn, oats, barley, potatoes, raisins, prunes, steers, and hogs. Lower in price were flour, butter, coffee, cocoa, eggs and lambs.

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 Drifts Downward in Latest Week

Reflecting lower prices on some grains, flour, hogs, rubber, and tin, the general wholesale commodity price level drifted lower in the latest week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 263.78 (1930-32=100) on Dec. 19, compared with 264.29 a week earlier and 275.00 on the corresponding date a year ago.

Increased export buying of wheat this week was offset by declines in domestic trading and prices were down moderately, despite light receipts. Despite relatively limited supplies, rye prices dipped somewhat as buying slackened.

Prices on the New York Cotton Exchange finished the week slightly higher than a week earlier, with most gains posted at the end of the period. Exports of cotton in the week ended last Tuesday amounted to about 272,000 bales, compared with 109,000 a week earlier and 137,000 in the comparable week last year. For the season through Dec. 13, cotton exports totaled about 1,536,000 bales, compared with 1,644,000 in the corresponding period a year ago.

Upsurge in Christmas Shopping

Following the snowstorm that cut sharply into consumer buying in the Northeast a week earlier, Christmas shopping picked up sharply in the week ended this Wednesday boosting over-all retail trade in the country as a whole moderately over a year ago. Many storekeepers still feel, however, that they will be unable to make up for the losses incurred by the snowstorm. Year-to-year gains this week in apparel, gifts, small electrical housewares, linens, and new passenger cars offset declines in major appliances, floor coverings, and draperies.

The total dollar volume of retail trade in the week ended this Wednesday ranged from 1 to 5% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Middle Atlantic +3 to +7; New England and East South Central +2 to +6; East North Central, West North Central, and South Atlantic +1 to +5; West South Central and Pacific Coast —3 to —1; Mountain —4 to 0.

Nationwide Department Store Sales Down 4% from 1959 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Dec. 17, 1960, show a decrease of 4% below the like period last year. For the week ended Dec. 17 a decrease of 1% was reported. For the four weeks ended Dec. 17 a 3% decline was reported. The Jan. 1 to Dec. 17 period showed a 1% increase.

According to the Federal Reserve System, department store sales in New York City for the week ended Dec. 17 showed a 12% decrease below the same period last year. In the preceding week ended Dec. 10 sales increased 1% from the same week in 1959. For the four weeks ending Dec. 17 a 5% decline was reported below the 1959 period, and from Jan. 1 to Dec. 17 there was a gain of 3% above the level achieved in the 1959 period.

Homans to Admit

Homans & Co., 65 Broadway, New York City, members of the New York Stock Exchange, on Jan. 5 will admit Richard J. McMullin to partnership. Mr. McMullin will become a member of the New York Stock Exchange as of the same date.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The New Frontier is getting ready to stake out its claims in the Nation's Capital for the next four years at least, and possibly eight.

Before the executive branch of the Federal Government changes hands from the Eisenhower Administration to the Kennedy Administration, a round of ceremonies will take place. For weeks now a staff has been preparing for a mighty ceremony.

A big inaugural parade is going to take place after John F. Kennedy takes the oath as the 35th President of the United States. The parade will be down Pennsylvania Avenue from the Capitol to the White House.

Many thousands of people will mass along this ceremonial mile and a half to cheer the new President, the retiring President, and former Presidents Herbert Hoover and Harry S. Truman, who are scheduled to participate. Some great moments in our country's history have taken place along this old Avenue, named in honor of one of the original 13 states.

Heroes from the wars have marched along Pennsylvania Avenue. Thousands of women—the Suffragettes of 1913—have paraded along the avenue while they were cheered and booed. Seven years later some of those women voted for the first time in the 1920 Presidential election. Now there are more registered women voters than registered male voters.

With Washington having its first white Christmas in many years as a result of the Dec. 11 and 12 snowfall, and almost continuous below freezing temperatures, many people are already worrying about the Jan. 20 weather. However, as has been the case down through the years, elaborate preparations have been made for quick action for sand and shovels and trucks.

An Active President

President-elect Kennedy already has his speech in mind before he officially moves into the White House later that day. The young President-elect apparently is going to have a very active tenure in the White House because he will be faced with many problems, some of which of course have not appeared on the horizon.

Mr. Kennedy will not be able to get everything he wants from Congress. That is a good thing for himself and the country. Legislation is usually a compromise among various leaders and opposing groups who have different views and theories generally.

Mr. Kennedy in his Saturday, Sept. 3 speech at the San Francisco International Airport summed up the philosophy and projected aims of the New Frontier Administration as well, if not better, than in most of his stump speeches across the nation. It was at this rally that the official beginning of the 1960 Presidential campaign was kicked-off.

He said on that day that until a Democrat occupied the White House, the Republicans can and would block an "adequate minimum wage," they would water down medical care for the aged; play politics with civil rights and "they can block action on a decent housing bill and a good school bill."

Word from Palm Beach and Washington indicates that the New Frontier Administration is hopeful of putting its philosophy in action as soon as possible in the 87th Congress. The Kennedy Administration will be an active one.

Automation and Employment

There is a lot to be done. Every day there are some 7,000 more Americans than the day before. And as Mr. Kennedy once pointed out in another campagin address, there will be more than 230,000,000 Americans by 1980. They will be using 600 billion gallons of water daily, taking nearly twice the timber now produced by our forests, using up our minerals, polluting our streams, depleting our fisheries and requiring new homes, new schools, more roads and hospitals.

Apparently automation is threatening millions of persons during the next few years with technological employment. One of the things lying ahead for the new President is a conference he is suggesting to deal with ramifications of this problem. He has said, and rightfully so, that a top level conference of industrial, union and government officials should be held for the purpose of delving into the productive power of automation.

President-elect Kennedy believes that the government should offer technical assistance to companies planning to convert to new machinery without undue hardship on the affected employees. The growing number of unemployed is already a serious problem in scattered sections of the country.

Minimum Wage Legislation

Mr. Kennedy is strongly advocating that the minimum wage be raised to $1.25 an hour, and that provisions of the wage-hour law be extended to cover several million more persons.

Perhaps he will get the minimum wage increased, but it is highly doubtful that the Democratic controlled Congress will raise the wage that much. The law-makers might go as high as $1.15 an hour, but chances are he will not get $1.25 an hour.

There are some conservative members of Congress who honestly feel that if the minimum wage is raised 25 cents an hour, it will have the opposite effect of what an increase would be designed to do. There is the possibility that it would increase unemployment.

The United States Chamber of Commerce a few days ago reprinted a letter from a paper box manufacturer in St. Joseph, Mich., purporting to tell what would happen to his business if the wage is raised:

"We believe this will be very detrimental to our industry and will cause more inflation and unemployment. When the cost of packages such as our industry makes, reaches a certain point, the customers turn to some other form of packaging which is less expensive and, as a consequence, we lose orders and in turn have to reduce our working force. . . . Many older people and marginal workers would be forced out of jobs.

"It is almost impossible to compete with foreign imports with our present wage structure."

The White House

Despite all the problems that loom ahead, Washington is expecting an interesting period while President-elect Kennedy and his family live at 1600 Pennsylvania Avenue. Thirty-two families have lived in the Mansion itself. The first family to live there was President John Adams and his First Lady Abigail.

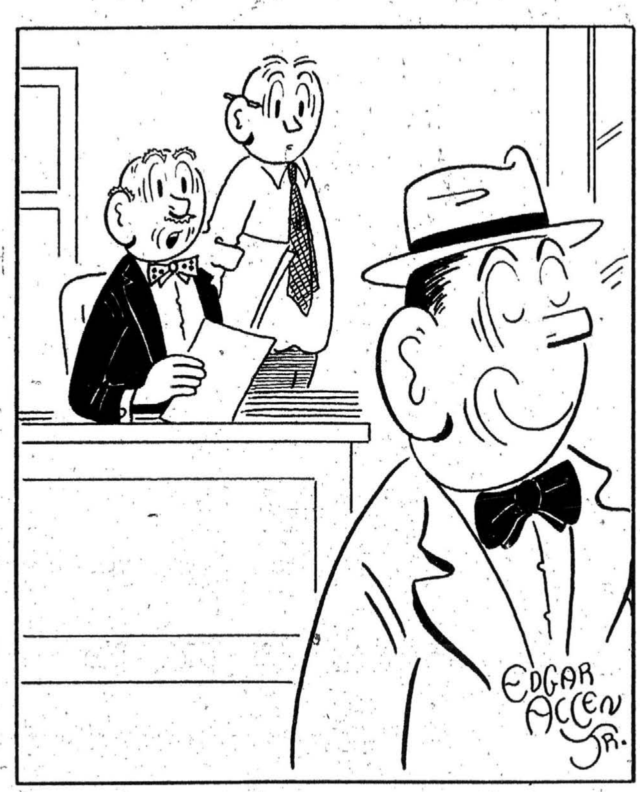
During the Administration of President William Howard Taft, a fine milk cow belonging to the chief executive grazed on the White House grounds, but times have changed now. Today among the forest of elms, magnolias, beeches, and other trees, only the squirrels, birds and pigeons feed on the lovely grounds. Certainly the squirrels and the pigeons are well fed by the stream of visitors who toss peanuts and popcorn to them as they pass the grounds.

Incidentally, the guessing in Washington is that there will be considerably more socializing during the Kennedy Administration than took place during the past four years of President Eisenhower's occupancy.

President Eisenhower likes the White House. When he and Mrs. Eisenhower moved into the mansion in 1953, it marked the first time since 1916 when he, as a young Army lieutenant and Mrs. Eisenhower as a 19-year-old bride, had really had a home for any length of time. Previously they had moved dozens of times.

And now they are getting ready to move again.

[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.]



"Talk about tax exemptions—he's loaded with municipals and his wife just had triplets!"

Businessman's BOOKSHELF

Capital in Manufacturing and Mining: Its Formation and Financing—Daniel Creamer, Sergei P. Dobrovolsky, and Israel Borenstein—Princeton University Press, Princeton, N. J. (cloth), $7.50.

Economic Indicators December, 1960—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., 20¢ per copy; $2 per year.

Freeman, December 1960—Containing articles on Monetary Crossroads, Economic Growth: Reality and Mirage; United Nations; etc.—Foundation for Economic Education, Inc., Irvington on Hudson, N. Y. (paper), 50 cents.

Future of Industrial Raw Materials in North America—Wilbur G. Fritz—National Planning Association, 1606 New Hampshire Ave., N. W., Washington 9, D. C. (paper), $2.00

Geneva Conference on the Discontinuance of Nuclear Weapon Tests—Reprinted from Department of State Bulletin—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 20¢.

Impact of Dislocation from Urban Renewal Areas on Small Business—Study prepared by the University of Connecticut—Small Business Administration, 42 Broadway, New York 4, N. Y. (paper).

India Economic Newsletter—Information Service of India, Embassy of India, 2107 Massachusetts Ave., N. W., Washington 8, D. C.

Investor's Diary and Almanac—Diary designed to keep daily and permanent investment records, including glossary of trading terms; stocks with consecutive dividends for 35 years or more, etc.—Investors Intelligence Publishing Corporation, 2 East Ave., Larchmont, N. Y. (leather bound), $7.50.

Journal of Political Economy, October 1960—Containing articles on Government Efficiency and the Military "Buyer-Seller" Device; Local Independent and National Unions; Application of Leibenstein's Theory of Underemployment; Commercial Banks and Financial Intermediaries; etc. — University of Chicago Press, Chicago, Ill., $6.00 per year.

Modern Catalog of Free Loan Technical Films—Guide to technical films—Modern Talking Picture Service, Inc., 3 East 54th St., New York 22, N. Y., (on request).

Negotiations Under the Trade Agreements Act of 1934 as Amended and Extended—Department of State Publication 7105—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 15¢.

New York State Law Enforcement Agencies—Telephone and teletype directory—Public Relations Department, New York Telephone Company, 140 West Street, New York 7, N. Y. (paper).

Republic of the Ivory Coast—The land, the people and the economy—French Embassy, Press and Information Service, 972 Fifth Ave., New York, N. Y. (paper).

Statistical Measures of Corporate Bond Financing Since 1900—W. Braddock Hickman — Princeton University Press, Princeton, N. J. (cloth), $9.

Stock Market Profits for the Sophisticated Investor—Burton Crane—Album of three records narrated by the author—Including discussion of how to handle the day-to-day tactics of the speculative market, how to pick likely stocks and measure their growth potential, etc., with stock and trend charts explained—AM-PAR Records, Inc., 1501 Broadway, New York 36, N. Y., $10 per set.

Trends in the American Economy in the 19th Century—"Studies in Income and Wealth," Vol. 24—A Report of the National Bureau of Economic Research—Princeton University Press, Princeton, N. J. (cloth), $15.

World's Telephones—Telephone statistics for principal countries and cities in the world—Public Relations Department, American Telephone & Telegraph Co., 195 Broadway, New York 7, N. Y.