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Editorial AS WE SEE IT

Not since the early days of the New Deal has so much been heard so often about cooperation between business and the Federal Government in setting certain things aright in the economy. The President himself last week took the rather unusual step of appealing directly and personally to a number of business leaders assembled under the auspices of the National Industrial Conference Board. Supporting this plea, each in his own way, were the Vice-President and certain members of the President's Cabinet. Of course, this practice of asking full support from business—and, for that matter, labor, agriculture, the consumer and any other group that appears much in the public eye at the time—has become a sort of political routine in recent decades. The intensification of the appeal at this time probably is a part of the determination of the Kennedy regime to take a vigorous lead in bringing about certain changes in the rate of business activity and in productive capacity.

Of course, the appeal of the Kennedy Administration, no more than those of its predecessor, is wholly confined to business as distinct from labor, agriculture and the consumer, but up to this time chief emphasis appears to have been placed upon business. In any event, the whole matter is so definitely to the fore that it would be well for the rank and file to give very serious thought to the relations between government and business and to do what it can to reach definite conclusions as to precisely what any regime in power in Washington can rightfully expect of business.

Not Too Literally

Few if any among the matriculate will take too literally the continued clamor about "cooperation" or "partnership" among the various elements in the public and the national government. One might almost suppose that what is being proposed is in reality a sort of Soviet system in which delegates from the various sections in the community make vital decisions while men and women in private life would be (Continued on page 24)

The Case for the OECD Is Weaker Than Its Advocates Care to Admit

By Herbert Bratter, *Washington, D. C.*

Adding still another international financial institution to those already providing opportunity for consultative and voluntary coordinative banking, fiscal and economic policies makes little sense to experienced observer who critiques testimony favoring our admission to OECD. Mr. Bratter is surprised there is no testimony from the Federal Reserve at the current Senate hearings, and he ponders whether proposal of unenforceable cartelization of interest rates and supra-national control of policies is but a backdoor way to end completely the Federal Reserve's independence.

There is now before the Senate for ratification a convention creating the Organization for Economic Cooperation and Development (OECD). This is to be a successor to the Organization for European Economic Cooperation (OEEC), under which the European beneficiaries of the Marshall Plan cooperated. The new organization is to include not only the 18 nations which belonged to OEEC, but as well the United States and Canada.[1] OECD is to be a consultative and policy shaping body. As stated by Secretary of the Treasury C. Douglas Dillon—who in his previous position in the State Department had considerable to do with the planning of the OECD—the latter is to "provide the means for converting common policy objectives into effective action." OECD's official aims are: maximizing economic growth, helping less developed countries and contributing to world trade expansion.

Herbert M. Bratter

[1] The OECD Council may invite other Governments to join OECD.

One of the principal arguments advanced by Secretary Dillon for our ratification of the OECD convention is that OECD will bring about coordination of the monetary and credit policies of its members and make it possible to avoid such developments as our capital and gold outflow last year. The policies of the 20 central banks of the OECD countries will be coordinated. Our Federal Reserve Board, for example, will keep in close and more or less continuous contact in OECD with the central banks of Britain, Canada and Continental countries, and vice versa, before instituting policies which, whatever their validity for domestic purposes, may have undesirable effects on other OECD countries.

It therefore behooves all who are interested in monetary and credit policy and broader national economic policy to familiarize themselves with the Secretary of the Treasury's testimony and some of the questions raised during the recent Senate hearings. First let us turn to the prepared statement distributed by the Treasury Department, insofar as it deals with the matter of interest rates and the gold outflow of 1960. From that statement we quote:

"To illustrate the need for better international coordination of economic and financial policies I would like to refer to last year's movements of international short-term capital.

"During the first half of 1960 our balance-of-payments deficit on an annual basis was $2.7 billion—down markedly from the level of $3.8 billion in 1959. Last Spring our Federal Reserve discount rate was at 4%, the German Bundesbank rate was 4%, and the Bank of England rate was 5%. In other words, all those rates were close together. Then, as business began to slow in the United States, our Federal Reserve began to ease credit and reduced its rate first to 3½%, and later to 3%. Meanwhile the German Bundesbank, with its eye on the domestic boom in Germany, and with the objective of controlling (Continued on page 26)

PICTURES IN THIS ISSUE: Candid photos taken at the Winter Dinner of the BOSTON SECURITY TRADERS ASSOCIATION on Feb. 10 appear in today's PICTORIAL SECTION.

The Security I Like Best . . .

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

HORACE I. POOLE
Eisele & King, Libaire, Stout & Co., New York City
Members: New York Stock Exchange, Chicago Board of Trade, New York Produce Exchange

DISC, Inc.

Real estate securities are not easily understood by the average investor and generally a convenient yardstick for use in measuring the value and profit potential inherent to a given situation has been virtually nonexistent. Yet, fortunes have been made in privately-owned real estate companies and partnerships. After a period of land promotion, many at unrealistic prices, followed by the offering of stocks of companies selling lots on a $10 down instalment basis, the event of a "Centennial" type of purchase and exchange offer is bringing into the market real estate securities with clearly defined operating and development methods. And the method of operation of each company can vary from one or all of a clearly defined dozen of plans. There are companies holding land for eventual capital gain, those who own land and lease it to builders, and those who own land they intend to sell to housing developments. Then we have the companies engaged in construction both for investment and resale. Others maintain a strictly ownership position for income and are passive to the extent of only adding to their holdings when favorable opportuniies present themselves. Some very few develop their own methods of land development and building acquisition.

Horace I. Poole

In this latter field DISC, Inc. is, to my mind, an outstanding example. Started four years ago, the company at the end of 1960 reported that the enhancement in its shareholders' original investment had totaled 300% or an average annual rate of 75%.

Most of DISC's properties are located in Washington, D. C. but it has holdings in Florida and California. A large amount of property was brought into the company through a purchase and exchange offer made through a registration effective August, 1960. This resulted in the issuance of some 1,736,000 shares for property, the shares being valued at $3.50 for exchange purposes. It is contemplated that a number of these properties will be sold, supplying working capital that can be used to put into effect on an enlarged scale the "DISC, Inc. Plan." Briefly, this plan provides for the leasing of the land held, to the owners of residences to be erected thereon at a rental equal to 6% of the option price. The home owner pays this interest with his mortgage payment and after five years has the option to purchase the land at any time during the remaining 94 years of the lease.

The company is currently negotiating for the application of the DISC, Inc. Plan to a parcel of land it owns in the suburbs of Washington, D. C. This piece of property totals 250 acres and it is estimated that approximately 750 houses can be erected thereon. Under the terms of the proposed leases, DISC, Inc. would earn a 12% return on its investment and a 100% profit in the event the option is exercised by the home owner.

DISC, Inc. is creating added values for its properties by expert and at times very original financing, leasing, and development methods. I estimate that these added values could total $2,000,000 this year or $1 per share on the common stock.

For the long range, I believe the past record offers sufficient background to justify a feeling of confidence in the future of DISC. Assets have increased from $700,000 in 1958 to $14,000,000 in 1960, the bulk of these assets coming into the company in September 1960. The company now has a substantial cash income although $6,000,000 of its total assets are represented by non-income-producing land at this time.

This is a situation that offers the protection against the inflation feared by many, plus enjoying the type of business management that produces earnings and creates capital gains.

When I wrote of Barnes Engineering at 7 in September, 1958 when few had ever head of it, I said:

"A sixth sense applied to analyzing investment psychology and timing is important in selecting the industry and the particular security that will create substantial capital gain. Usually a particular group catches on before the investing public realize that a new or possibly an old, or revived industry has come into favorable light. Later when widespread realization of a change for the better is generally appreciated, a heavy scramble has ensued for the shares of the company in the industry."

This, in my opinion, applies to DISC. The stock is currently traded in The Over-the-Counter Market at about $4½ per share.

DAVID B. EARHART
Manager, Research Dept., First Citizens Corporation, Los Angeles, Calif.

Diversa, Inc. (Preferred and Common)

Background

Taking advantage of the tax credit available in the C. G. Glasscock-Tidelands Oil Company, a new and aggressive company was formed in April 1959. Aptly named Diversa, Inc., its interests embrace banking, frozen foods, real estate, liquefied-petroleum gas, offshore drilling, and oil and gas production. Prior to the consolidation, a loss of $1,759,283 was reported by the former company during 1958. Although operating for only nine months, Diversa made a net profit of $518,661 during the calendar year 1959. For the first half of 1960, Diversa reported net earnings of $1,027,668—already doubling 1959 earnings during the first half of 1960 alone. For the full year, Diversa expects to report net earnings of $2 million. Such earnings point to the potential appreciation available in the preferred stock.

David B. Earhart

Business

A summary of each of the divisions of Diversa follows:

Chicago City Bank & Trust Company (83% owned) was founded in 1894 and serves a population of 750,000. As of Dec. 31, 1959 its resources exceeded $114,000,000. Earnings for 1960 estimated by the bank at $1,350,000 have recently been revised to $1,500,000.

United Petroleum Gas Company (wholly-owned) was organized 15 years ago and serves the markets of Minnesota, Dakotas, Western Texas, Alabama, Arkansas, and Mississippi. Expanding its operations, UPG acquired several liquefied-petroleum distribution companies within recent months. Continued growth is now bringing UPG into the distribution on natural gas. United has franchises to supply five Minnesota communities with natural gas brought from Canada by the midwestern Gas Transmission pipeline. This subsidiary is well-integrated in the l-p gas industry. It maintains both wholesale and retail divisions; fabricates steel storage tanks; builds, and supplies storage plants for public utilities; and owns underground storage facilities. For 1960, Diversa expects United Petroleum Gas to earn approximately $800,000 on sales exceeding $10,000,000.

Simi-Valley Development Company (83⅓%) is one of Diversa's most valuable assets comprising some 1,650 acres of land in the Simi Valley of California, near Los Angeles. In June 1960 Diversa made the first sale of 275 acres of this property at an average price in excess of $4,500 per acre. Diversa has revised upward its previous estimate of potential earnings of real estate holdings which earlier were projected at $5 million over the next five-year period. One of the factors contributing to this forecast is the potential growth of the environs of Los Angeles where the population is expected to reach 10 million persons by 1975.

Ontario Golf, Inc. (90% owned) open in June 1960 an 18-hole championship golf course at Ontario, Calif., about 40 miles from Los Angeles. Its property also includes an 18-hole pitch and putt course covering 20 acres and driving range. Plans are now being completed for a club house with banquet facilities. This property is leased from the city of Ontario on highly favorable terms and includes 43 acres of lakes and streams. Ontario expects to earn approximately $200,000 yearly. Adjacent to the golf course, Diversa has 450 acres acquired or under option and the management states this acreage has appreciated by $1,000 per acre over its initial cost.

Rich Plan Corporation (wholly-owned) markets home freezers and frozen-food products nationally under the "Rich" label. Freezers are of the upright type built by Carrier Corporation exclusively for the Rich Plan. Colonial Credit Corporation, jointly-owned with Carrier Corporation, provides the financing services. Currently frozen foods account

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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.)

This Week's Forum Participants and Their Selections

Special Situations Are Key To Stock Market Success

By B. K. Thurlow,* Vice-President and Treasurer, Winslow, Cohu & Stetson Inc., New York City

Unsuitability of blue chips as an investment medium is Mr. Thurlow's thesis which views with misgiving the problem of falling profit margin and takes exception to the optimistically prevailing view as to our economy's recovery speed. Mr. Thurlow prefers special situations, which he defines, of fundamentally sound businesses whose earnings are improving and catch the public fancy. Even if other large sections of the market are suffering from unfavorable news or publicity, he adds, the chances for success of such investments are helped rather than hindered. Blue chips, he finds, do not provide protection against the kind of cost-push inflation we have had since Korea and are selling at inflated price-earnings ratios.

It's understood clearly at the outset that I am not an economist, I am not a stock market theorist or technician, nor am I a security salesman. Our function in this business is to try to form a consistent investment policy (with occasional forays into the field of speculation). We do this partly by reading what others have to say, partly by technical studies, and a good deal by the exercise of intuition. It would be ludicrous to call this sort of procedure scientific, since if it were we wouldn't make so many mistakes. On the other hand it does involve a fair amount of serious thinking about almost everything going on around us, and as such, it is a rewarding and fascinating occupation.

Bradbury K. Thurlow

My paper will deal with special situations, but I shall play down the hot tips and dwell at greater length on the concepts and theory I want to develop. To begin with it will be useful to form some idea of the present economic environment in which we must operate, because this must be the principal determining factor in forming any kind of investment policy.

Current Economic Situation

Business is currently in a recession. There have been five of these in the postwar period: 1947, 1949, 1953-54, 1957-58, and the current one, which started about a year ago. The consensus of economists is that this recession closely resembles its predecessors, that it is basically caused by an overaccumulation of inventories, but an overaccumulation that is not too severe. It should be a matter of another four or five months to run off the excess and business will again pick up. This, according to the economists, promises to be the mildest of the postwar recessions and should greatly strengthen their belief that with our superior insight into the workings of modern economic processes, we have now evolved a people's capitalist society in which severe declines in business activity and prolonged rises in unemployment are things of the past. These ideas, promulgated by economists and avidly accepted by the investing public, account for the current strength in the stock market. After all if we are to have no more business recessions, stock prices should suffer nothing worse than technical reactions in the future, and the 1960 decline in stock prices was certainly a full scale technical reaction.

I think this is a fair statement of present day public opinion in capsule form, and I don't agree with it. We are all subject to certain beliefs which in time attain the force of dogmas. One of mine was derived from reading in the late 1940s bi-weekly studies in market psychology called *Letters of Contrary Opinion* published by a philosopher named Humphrey B. Neill, who writes from the peaceful seclusion of Saxton's River, Vermont. Mr. Neill's theory was and still is that the majority opinion in matters of financial speculation is almost always wrong.

Look through your library files some time and read the opening year forecasts by economists (as a group they are never shy to tell everyone exactly what is going to happen for limitless periods ahead). In 1958 they looked for a year of serious business troubles, in 1960 they looked for a tremendous boom, this year, as we have said, they are looking for a bottom of the recession in the first half year followed by a strong recovery thereafter. Maybe we are just being cussed, but we do not believe they know what they are talking about any more today than they have during most of the last 15 years. If you will look at their past record you will certainly find little to be confident about in 1961.

Still, this sort of disputation will probably strike some as superficial. It is admittedly based on pure prejudice. Consider, however, some of the more fundamental aspects of the situation. Inventory liquidation, which is supposed to be the crux of this recession, began as far as I can see only some time in the fourth quarter of last year and does not seem to be proceeding at a very fast pace. I should guess that business inventories today are substantially higher than they were a year ago, which figure was an all time high. The figures, in my opinion, don't really matter. What is important is the attitude of businessmen toward the economic outlook. When they are worried

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OBSERVATIONS...

BY *A. WILFRED MAY*

WHAT'S DOING WITH THE POLICE?

WASHINGTON—The Securities and Exchange Commission's *official posture* vis-a-vis the Landis Report ("Report on the Regulatory Agencies to the President-Elect") must, of course, carry the "We'll give its criticisms careful consideration" slogan. But the Commission officials individually harbor very definite "reactions"—which, jointly, provide a useful key to the public's understanding of the basic regulatory questions.

Over-all, the feeling about the Report's section dealing with the SEC seems largely to be in line with this general commentary by former Commissioner James Sargent:

"I was struck by the apparent misunderstanding by Mr. Landis of many of the functions and problems which presently beset the SEC. His three and one-half page comment upon the Agency might well be described as a very sketchy discussion of a very few of the major problems presently affecting the securities markets over which the SEC has regulatory responsibility. The comment is a very deficient appraisal of the Agency."

The Bill of Particulars

As a leading *specific*, Mr. Landis' complaint about delays in the registration process and suggestions for simpler registration forms for certain recognizably high-grade issues, and registration exemption for convertibles, options, and warrants; are attacked as unworkable. Authoritative Commission opinion goes strongly in condemning the Landis general and specific proposals as impracticable, inconsistent with the law, opening the flood-gates for sharp practices, and, additionally, as being unwanted by many issuers' counsel.

As for Mr. Landis' statement (with which we have expressed agreement in preceding columns) that there has been a growing tendency for the Commissioners to move away from legislative standards of full *disclosure* to *judge* on *quality* of newly registered issues—such exercising of judgment the Commission vigorously denies, maintaining that they only issue a Stop-Order where a "gimmick" is obvious; or where, infrequently, outright fraud is revealed. Actually, the Commissioners assert, they do *in effect* employ a quality *Stop* but only indirectly, through insistence on the full *disclosure* which makes the fraud obvious to the prospective buyers; and thus inducing the underwriter to decide that a successful offering would be hopeless. Nevertheless, it is stated in further denial of the "Commission-exerting quality judgment" charge, some issues which no sane person would buy are still put through.

"No Captives—They!"

Most bitter, understandably, are the Agency's Commissioners about the Landis aspersions in classifying them as "captives of the Staff." Naturally, they reply, the Commissioners would be fully *consulting* the staff, including major use of its *tranche* of able lawyers.

Also not welcomed as a bouquet by the Agency's officialdom is the Landis opinion to the effect that there is a need for "qualified individuals as members of the Commission." They would agree that the quality of the Commission Summit ran down from the early days of Chairmen Kennedy, Landis, Douglas, Frank (in line with the history of all regulatory Agencies). But they insist that the deterioration (including appointment of political hacks) took place in the 1940's and was followed by a sharp ability restoration since the early 1950's.

Worry has seemingly been aroused over Mr. Landis' proposal that greater "oversight" over agencies should be vested "in firm but friendly hands of the President or [sic] his self-appointed officer." Is the Commission, it asks, to hand over its independence to the White House; perhaps with Mr. Landis, himself, a sitting czar?

Areas of Agreement

Along with these violent points at issue are, fortunately, also matters eliciting agreement. There is complete eye-to-eye seeing by the Landis Report and the Commission, toward maintaining the offensive against the NASD (National Association of Securities Dealers), for the goal of extending the Federal regulation, now covering listed issues, to the unlisted field. (But, as explained in this space last week, with less than a probability of enactment.)

Also with Mr. Landis' argument that the Commissioners ought to do, or be individually responsible for, the *opinion* writing, are the Commissioners in agreement. But they insist that this is "old stuff"; the change thereto having been planned for a long time, including stimulation from the Harris Committee on Legislative Oversight, leading to its enactment last month.

The Basic Need

More importantly, there is the great need for resolving the increasing inconsistencies between the separate Acts forming the present overall complex of regulation.

This was highlighted again last week in the matter of stock *options*, with approval (with some conditions) by the SEC of an option plan for Middle South Utilities. With the opinion written by Chairman Gadsby, this is the first time the SEC has accepted such jurisdiction. Under the far broader powers given to it by the Public Utility Holding Company Act than the earlier enacted Securities Exchange Act, the Commission assumes regulatory power over option plans that may be offered by the 17 registered gas and electric utility holding companies, but not over corporations generally.

Option Abuses

Major abuses in stock-optioning were cited by Chairman Gadsby testifying last year at the House Hearings on the Small Business Investment Act, to wit: the potential dilution of the shareholders' equity to an unknown extent; conflict of interest through management's preferential interest in the market price fluctuations of the underlying stock; and also presumed dilution of management's incentive resulting from the exercise of the option.

The Utility Act, itself, quite strangely permits the horrendous "welsh," or "flexible," practice of marking down the original option price if and after the stock's market price has declined to a lower level. Such manipulation of the contract transforms the instrument from the *option* status to a *guaranteed* profit-making device.

Task Force to the Rescue

Fortunate, indeed, then, are the tidings that President Kennedy's *Task Force*, or Platoon System, technique will encompass the securities area too. For such a group headed by Professor Loss of Harvard (a one-time SEC official, and now a leading internationally recognized authority about to testify before Britain's Jenkins Committee on Corporate Law Revision) has embarked on a study oriented to fill just this bill. While the group's product is still "in gestation," it is learned that it will devote its major emphasis to the fundamentals.

It recognizes that the over-quarter-century existence of the New Deal legislation and its administrative agency, makes necessary a basic re-thinking, recodification and general re-unification. And this for two principal reasons: (1) The regulatory legislation has spawned an undue number of duplicating and conflicting Acts; and (2) Most of the major Constitutional obstacles that hindered the New Deal designers of the 1933 and 1934 Acts have become obsolete. Chief among these was the confinement of the Federal Government's concern to matters demonstrable as Interstate Commerce. It was the necessity to circumvent this which impelled the Securities Brain Trusters to use the adroit device of making the Stock Exchanges, with their coloration of *interstate* scope, the focal point of regulation. Thus the Constitutional factor accounts for the great and long-continued divergence between the protection given to the investor in Exchange-listed securities, and the lack of it in the unlisted markets. The Task Force recognizes that the law's present technique—at least as based on this motivation—is an anachronism. And this New Look gets a nod from the Landis Report, reversing the author's attitude when SEC Chairman in the mid-1930s.

Unfinished Business—Proxy Reform

It is to be hoped that the Taskmen will see fit to include in their exploration some of the main items of unfinished business.

A general overhauling of the proxy regulations is in order. Changes in the proxy rules can have far-reaching effect. The Commission's proposed changes affecting investment advisers, offered in January, 1960, were designed to ameliorate the abuses harbored in the relationships of the mutual funds with their investment managers, particularly when stock ownership in the latter is publicly held. With the Commission's previous legal remedial actions stymied by the courts, as in the Insurance Securities Inc. case in California, the Commission's proposed proxy reforms were sorely needed. But, after protracted Commission-Industry discussion, they were adopted in sharply watered-down form.

Reform in this area may well get a needed fillip from the Lazard Fund's extraordinary compromise with a suing stockholder—as analyzed in this space last week. State Street is voluntarily proposing, via its current proxy statement, a similar change to a sliding-scale reduction of its management charges — thus joining the variable-fee group.

Broadened Implications of a Fund Abuse

Another "vulnerable" Fund item entailing use of the Proxy machinery is the trend of merging separate *Industry* funds into a Diversified Stock fund. Our article, "Stepped-Up Diversification Trend," in this space in the January 19 issue, cited the resulting inequity against the recent buyer who is forced to stay with the diversified fund or lose a substantial part of the commission ("load") he had paid on his shares. We suggested that such reorganizations should by some means provide that the "load" be remitted to shareholders who choose liquidation to avoid being switched into a such-changed policy company.

This article has elicited a detailed communication from SEC Chairman Gadsby. Beyond showing that statutory limitations prevent the Commission from forcing such remedial court action (which we did not have in mind), Mr. Gadsby, correctly and interestingly points out, "It appears that the problem you raise is present, to some extent, in every case where an investor buys into a fund relying on its investment policy only to find that shortly thereafter (or even after a protracted period of time) such a policy has been drastically changed by his fellow shareholders. In such a situation, **Congress required only that the change be authorized by the vote of a majority of the fund's outstanding shares.**" [Emphasis added.]

The Chairman's explanation is, of course, wholly sound. At the same time, it surely underlines most strongly the need for statutory change to protect the rights of the investors in **all** Fund reorganizations effecting a material change in basic policy.

Action on ADRs

With the U. S. investor's growing interest in foreign securities, regulatory and administrative resolution of loose ends regarding ADRs (American Depositary Receipts) will be forthcoming. Will the "Frear Bill-ish" extension of SEC regulation to the unlisted field encompass ADRs, in face of the fact that foreign companies are unwilling to comply with our information-supplying rules? Meanwhile, permission to deal in ADRs for Japanese issues is being held up, rightly, pending Japan's return to currency convertibility (with one of the four negotiating American banks threatening to "jump the gun").

Mills O'Shea With Straus Blosser

Straus, Blosser & McDowell, members of the New York and Midwest Stock Exchanges has announced that Mills O'Shea has become associated with the firm and will be located at 72 Wall St., New York. Mr. O'Shea, syndicate manager for Kidder, Peabody & Co. the past 10 years, was associated with that firm for 35 years.

Forms J. E. Bayard Co.

J. E. Bayard & Co., Inc. has been formed with offices at 211 East 57th Street, New York City, to engage in a securities business. Gary L. Baum is a principal of the firm.

Skaife Opens Branch

SAN FRANCISCO, Calif.—Skaife & Company has opened a branch office at 315 Montgomery Street, under the direction of Maraldine McCubbin.

New Sudler Branch

BUFFALO, Wyo.—Amos C. Sudler & Co. has opened a branch office at 98 South Main Street under the management of Ezra K. Jones. Mr. Jones was formerly local manager for Taylor Investment Company.

Joins H. Hentz Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Seymour L. Gibson has joined the staff of H. Hentz & Co., 9680 Santa Monica Boulevard. He was formerly with Morris Cohon & Co.

The State of TRADE and INDUSTRY

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

According to the national summary of general business and financial conditions that will appear in the February issue of the Federal Reserve *Bulletin*, states that: Industrial production declined further in January. Reductions in employment were again widespread in manufacturing industries, but total employment and unemployment changed little. Retail sales continued to decline. Commercial bank credit declined, following a sharp rise in December. The seasonally adjusted money supply rose further.

Industrial Production

Industrial production declined 1% in January to 102% of the 1957 average. Since July the index has declined 7%, with output of final products (consumer goods and equipment) down 5% and production of materials down 8%.

Auto assemblies were curtailed sharply further in January and production adjustments since then indicate some decrease in February. Among other consumer products, apparel and furniture continued to decline in January but production of appliances remained at the slightly improved level of late autumn. Output of business equipment declined slightly further in January.

Iron and steel production increased somewhat more than seasonally in January and early February. Output of automotive parts and other durable materials declined further in January. Production of some nondurable materials was also curtailed, while output of petroleum products increased. Activity in the mining and utility industries changed little.

Construction

The value of new construction activity in January, at a seasonally adjusted annual rate of $55.3 billion, was down 2% from December and about the same as in November. Highway construction, which had risen sharply in December, declined in January. Private residential building, after showing little change during the fourth quarter of 1960, dropped slightly; private construction for business purposes continued to rise.

Employment

Seasonally adjusted employment in nonfarm establishments increased slightly in January as the retail sector showed less than the usual seasonal decline. Small increases also occurred in construction and state and local government. In manufacturing, reductions were again widespread, with decreases in durable goods industries somewhat larger than nondurable. The seasonally adjusted rate of unemployment, at 6.6% of the civilian labor force, was little changed from December.

Distribution

Retail sales declined 2% further in January. Decreases were fairly general among the different types of retail outlets, and were accentuated by snowstorms. New auto deliveries dropped further, to about the low rate of January, 1958, and dealer stocks remained high.

Commodity Prices

The wholesale commodity price index rose slightly from early January to early February, reflecting mainly increases in prices of farm products. Among industrial commodities, prices of copper and copper products were reduced but prices strengthened in markets for steel scrap and some other sensitive materials. Advances in fuel oil prices have accompanied the subnormal temperatures experienced this winter.

Bank Credit and Reserves

Following a sharp rise in December, total commercial bank credit declined in January, as it usually does. While holdings of U. S. Government securities increased contraseasonally, loans to businesses, security dealers, and finance companies declined substantially. The seasonally adjusted money supply, on a daily average basis, rose $200 million further. Seasonally adjusted turnover of demand deposits increased.

Member bank borrowings from the Federal Reserve averaged around $80 million and excess reserves $740 million over the four weeks ending Feb. 8. Both excess reserves and borrowings were about the same as in the preceding four-week period. Reserves were supplied largely through continued currency inflow and were absorbed through reductions in gold stock, float, and Federal Reserve holdings of U. S. Government securities. Required reserves declined.

Security Markets

Yields on corporate bonds have declined since mid-January while those on Treasury and state and local government bonds have been relatively stable. The market yield on 91-day Treasury bills, at 2.43% in mid-February, was slightly higher than a month earlier.

Common stock prices advanced sharply in January and early February to record highs, and then showed little net shange. Trading was unusually active.

Bank Clearings Were 7.7% Below Corresponding Week Last Year

Bank clearings last week showed a decrease 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, Feb. 18, clearings from all cities of the United States from which it is possible to obtain weekly clearings was 7.7% below those of the corresponding week last year. Our preliminary totals stand at $27,161,293,276 against $29,442,440,240 for the same week in 1960. Our comparative summary for the leading money centers for the week follows:

Week Ending Feb. 18—	1961 (000s omitted)	1960	%
New York	$14,877,945	$15,670,513	— 5.1
Chicago	1,371,730	1,613,761	—15.0
Philadelphia	1,072,000	1,330,000	—19.4
Boston	803,555	802,973	+ 0.1

Auto Cut-Backs Holding Steel Production Down

There is little in the steel market picture to point to a quick improvement in steel production, *The Iron Age* reports.

Instead, the market is drifting with little change in the pattern of recent weeks. Automotive cutbacks are counter-balanced by miscellaneous orders. But no real upturn can be expected until there is a pickup in orders from the major steel consumers, the magazine says.

And, *The Iron Age* points out, there are no indications this week of any about-face on the part of the big users. These include: Automotive, oil and gas, railroads, warehouses, and independent stampers.

The Iron Age comments that April and May are now mentioned in the industry as possible recovery months. But this is only because there is no change in sight for March.

Meanwhile, steel prices are tested continually. So far, there has been no break. But pressure is reflected in price cuts this week in some export prices, although new export prices remain above the domestic levels.

The magazine reports a special check by its reporters failed to uncover any mill price cuts. So far, the only cutting in the domestic market is in the warehouse area.

At the mill level, there are reports of prime steel being sold as "seconds," and of extras conveniently dropped. But these cases are vague and hard to prove. Many of the price weakness rumors come from users who are trying to crack the price front, the magazine says.

On the positive side, the magazine points out that the bulge in new miscellaneous business is really more susbtantial than generally believed. This is because the full extent of automotive cutbacks is not fully understood. Added miscellaneous business dropped into the gap left by cancelled or set-back auto tonnage, leaving little visible impact.

If auto cutbacks had not been so severe, the market for the first quarter of this year would have shown a respectable improvement, the magazine says.

Steel Production Shows Slight Rise for Four Weeks in Row

Steel production has risen slightly in each of the last four weeks and is now at the highest level since October, *Steel*, the metalworking magazine, said.

Ingot output this week will probably be close to the 1,540,000 tons that *Steel* estimates the industry produced in the week ended Feb. 18.

It expects a fair pickup in the steel market next month if weather conditions permit more construction activity. A significant rise in April is possible.

Business is somewhat better in a few steel products than it was two or three months ago. In most cases, the companies doing better are heavily involved in the production of pipe, oil country goods, or tin plate.

Demand for pipe is moving ahead in preparation for a spring pickup in construction and gas line expansion projects. Oil country goods are selling better because inventories of major oil companies are running low. And canmakers are taking bigger shipments of tin plate as they step up production of containers needed for spring food packs.

But demand for products which account for the great bulk of the industries output—cold rolled and hot rolled sheets — is relatively weak. Orders have been curtailed repeatedly by production cutbacks in the automotive and appliance industries.

The feeling in Detroit is that automakers will boost production to 480,000 cars in March. Both automakers and suppliers now indicate they're expecting an upturn in business activity in March.

The sharp cutback in February (from 430,000 cars to 380,000) will bring auto inventories slightly below the one million mark. Steelmen report increased tonnages are being booked for delivery to auto plants next month. Dealers say they are beginning to see faint stirrings of sales activity on the part of car buyers.

Steel is moving a little faster into consumption through the nation's service centers, second only to the automotive industry as a steel outlet.

Sales of some service centers in January were 10 to 15% above December's volume, and performance so far in February holds the promise of a slow, steady rise in activity throughout the first quarter.

Service center stocks total about 3.1 million net tons. That's about 400,000 tons under normal, but it's two million tons greater than the amount held at the start of 1960, just after the 116-day steel strike.

In the scrap market, domestic mills are competing with exporters for weather - shortened supplies in the East. As supplies are tightening, the price is rising. *Steel's* price composite on No. 1 heavy melting grade rose $1 last week to $33.67 a gross ton, highest level since April.

Steel Production Data for the Week Ended Feb. 18

As previously announced (see page 26 of our issue Dec. 22) the American Iron and Steel Institute has materially changed its weekly report on the steel industry operations. The revised formula no longer relates production totals as a percentage of the industry's operating rate based on the Jan. 1, 1960 overall productive capacity. Instead, and effective Jan. 1, 1961, the output figures are given as an index of production based on average weekly production for 1957-59.

The revised method of reporting presents the following data:

Production for week ending Feb. 18, 1961 was 1,582,000 tons (*84.9%) a 3.8% gain over previous week's output of 1,524,000 tons (*81.8%).

Production this year through Feb. 18, amounted to 10,406,000 tons (*79.8%), or 45.0% below the 18,930,000 tons (*145.2%) in the period through Feb. 20, 1960.

The Institute concludes with Index of Ingot Production by District, for week ended Feb. 18, 1961, as follows:

	*Index of Ingot Production for Week Ending Feb. 18, 1961
North East Coast	84
Buffalo	74
Pittsburgh	75
Youngstown	83
Cleveland	77
Detroit	91
Chicago	91
Cincinnati	92
St. Louis	105
Southern	88
Western	99
Total industry	84.9

*Index of production based on average weekly production for 1957-59.

Continued on page 28

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

This past week's salient market feature was its unhesitating optimism. New issue upon new issue was bid up as against relative offerings and many seemed to meet at least a cordial investor reception. Only a few new issue offerings have been rough and tumble sell-outs, but several have come under the heading of brisk business.

Undiminished Zeal

The market has reached a point where most of the secondary offerings are priced right up to the new issue market level. This has slowed down the turnover somewhat but bond business continues good enough to encourage aggressive bidding in both new issue and secondary market sectors.

The general run of new issue general obligation issues becomes less interesting with each five-one-hundreth (.05%) markup, but as we've repeatedly expressed, yields still make good tax sense to many investors and to most of our banking institutions and fiduciaries.

Secondary market offerings are beginning to show up in larger and more acceptable blocks, but with less enticing prices or yields. Nonetheless, there continues to be a fairly general investor interest in tax-exempt bonds, particularly in the better yielding category.

Boost From FRB

On Monday of this week it was announced that the Federal Reserve System Open Market Committee had begun purchasing in the open market U. S. Government notes and bonds of varying maturities, some of which will exceed five years.

This proclamation acted as an immediate antidote to a turned dull market and the long-term "Gay Nineties" jumped ½ point. Other bonds made relative gains in an active market.

The better bond market trend that has persisted since early last year has been primarily based on the slower business tempo. The slowdown in debt expansion of all sorts has contributed to the bond market's present good technical quality. The general bond market at present would seem to need but little upside additive. There is no heavy pressure on any sector of the market and the open mouth policy, so-called, seemed to hold the bond market in more or less good order.

The real need for the Reserve Board's reversion to hackneyed policy—tried and found wanting excepting for war financing purposes — would seem well established only in the minds of the controllers. However, it is reasoned that under these circumstances presently prevailing, the expansion of debt may be accelerated and thus more capital investment dollars may progressively stimulate much needed productivity.

Cheaper money may encourage more capital financing. However, the problem may involve maintaining widespread investor interest. Higher prices and a wider market may not be consonant. This is a nice trick and we are only hopeful. It might be better accomplished without direct intervention in the bond market. Who knows, someday there may be a government bond surplus; and we can't eat them!

In furtherance of the pattern to lower long-term interest rates and heightened short-term rates, the bill market contributed its cooperation again this week. Treasury bill rates went up for the fourth straight week; the rates were higher than they have been since November. The 91-day bills sold at discounts averaging 2.496% against 2.462% the previous week.

Yield Index Continues Lower

The Commercial and Financial Chronicle's state and municipal bond yield Index continues to reflect the gradual market improvement in average maturity high grade bonds. Improvement has been shown for four straight weeks, according to our Index. The market average is now higher than it has been since last September after August's scarcity markup. Currently the yield Index stands at 3.215%. Last week it was 3.23%. The previous low yield Index of 3.192% was recorded last Sept. 14.

Recent Financing

On Thursday, Feb. 16, $8,000,000 Cuyahoga County, Ohio (1962-1981) general obligation bonds came to market. Situated in northeastern Ohio, the County comprises most of the Cleveland metropolitan area. The bonds were bought by a syndicate managed jointly by Continental Illinois National Bank and Trust Company of Chicago, The First National Bank of Chicago and Chemical Bank New York Trust Co. The bonds were scaled from 1.50% to 3.10%, and upon initial reoffering almost two-thirds of the issue was sold. The present balance is $2,800,000.

Also on the 16th an issue of $8,000,000 South Charleston, West Virginia (1962-2001) sewer revenue bonds was awarded to a syndicate headed by F. S. Smithers & Co. Among the other underwriters were Goodbody & Co., Wood, Struthers & Co., Inc., Auchincloss, Parker & Redpath, and Stroud & Co., Inc. The bonds were reoffered at prices to yield from 1.80% in 1962 to 3.85% in 2000, with no reoffering of bonds in 2001. The issue met with excellent investor reception upon initial offering. The balance on Feb. 21 was $235,000.

On Monday, Feb. 20, Dallas, Texas came to market with $9,800,000 (1962-1981) water and sewer revenue bonds. This high grade issue was won by a group managed by Halsey, Stuart & Co. and Drexel & Co. and which also included as majors Lehman Brothers, Kuhn, Loeb & Co., and Blair & Co. These bonds maturing in semi-annual installments were reoffered to yield from 1.30% to 3.20%. As we go to press a balance of $7,500,000 remains in account.

Dallas, Texas also awarded $9,200,000 (1962-1981) various purpose general obligation bonds. The winning bid was submitted by a syndicate headed by Phelps, Fenn & Co. and including Glore, Forgan & Co., Merrill Lynch, Pierce, Fenner & Smith, Rauscher, Pierce & Co., Inc., Stroud & Co., Inc., and other underwriters. The bonds on reoffering were priced to yield from 1.50% to 3.25% for the 1962-1980 maturities. The last maturity (1981) bore a 1/10 of 1% coupon and was reoffered to yield 4.00%. A balance of about $5,800,000 remains in the account at this writing.

Also on Feb. 20, $4,000,000 (1963-2000) Illinois State Normal University residence hall revenue bonds were won by the White, Weld & Co. group in very close bidding. Included among others in the syndicate were Merrill Lynch, Pierce Fenner & Smith, Dean Witter & Co., Hornblower & Weeks, and R. W. Pressprich & Co. The issue was reoffered at prices to yield from 2.20% to 4%. The bonds met with fair investor reception and the issue is presently about 50% sold.

The *Smith, Barney & Co.* Turnpike bond yield Index has changed but little since last reporting. It was reported at 3.71% on Feb. 16 as against 3.70% the week before. This phase of the tax-exempt bond market has been merely marking time since the sharp gains made two to three weeks ago.

Heavier Borrowing Planned

The apparent new issue calendar has increased since last reporting. Close to $600,000,000 of new issues will likely come to market within the next five or six weeks as of this writing. Last week the total was slightly over $500,000,000. The street inventory volume as indicated by the *Blue List* stands at $389,335,000 on Feb. 21; up from $345,398,000 a week ago. Neither of these indicators is abnormally high for this time of year or for present market conditions generally. However, there should be some inference that the market might proceed more cautiously.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.60%	3.45%
Connecticut (State)	3¾%	1980-1982	3.30%	3.15%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.25%	3.10%
New York (State)	3%	1978-1979	3.10%	2.95%
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	3.65%	3.50%
Baltimore, Md.	3¼%	1980	3.30%	3.15%
Cincinnati, Ohio	3½%	1980	3.30%	3.20%
New Orleans, La.	3¼%	1979	3.55%	3.40%
Chicago, Ill.	3¼%	1977	3.55%	3.40%
New York City, N. Y.	3%	1980	3.45%	3.40%

February 21, 1961 Index=3.215%

Coast Exchange Member

Election of Mr. Charles T. Jawetz, partner of Hayden, Stone & Co., to membership in the Pacific Coast Stock Exchange, effective Feb. 6, 1961 through an intra-firm transfer of membership, has been announced by Mr. D. R. Hopkins, Chairman of the Los Angeles Division Management Committee.

Mr. Jawetz has been associated in the Los Angeles investment community for more than 33 years. He has previously held membership in the Exchange.

Named Director

John L. Hill, Vice-President and Director of Hill Richards & Co. Incorporated, Los Angeles, investment bankers and members of the New York Stock Exchange has been elected to the board of directors of Greer Hydraulics Inc. Mr. Hill, a former aircraft company executive, joined Hill Richards & Co. Incorporated after 16 years in various positions with the Lockheed Aircraft Corporation — the last being Director of Military Sales, California Division.

Form Charleson Co.

(Special to THE FINANCIAL CHRONICLE)

HIBBING, Minn. — Charleson Company has been formed with offices in the Power Building to engage in a securities business.

Form Chase Securities

Chase Securities Corporation is engaging in a securities business from offices at 350 Fifth Avenue, New York City. Frank Copsidas is a principal of the firm.

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.

Feb. 23 (Thursday)			
Chesterfield County, Va.	3,000,000	1962-1981	Noon
Erie County, New York	6,370,000	1962-1974	2:00 p.m.
Fond du Lac, Wis.	2,945,000	1962-1981	11:00 a.m.
Feb. 27 (Monday)			
DuPage and Will Cos. Comm. High Sch. Dist. No. 107, Ill.	1,880,000	1963-1976	7:30 p.m.
Florida Development Comm., Fla.	1,700,000	1963-1990	11:00 a.m.
Gadsden, Ala.	1,000,000	1962-1980	10:00 a.m.
Louisiana State Board of Ed., La.	1,517,000	1963-2000	10:00 a.m.
Natrona County School Dist., Wyo.	5,573,000	1962-1973	8:00 p.m.
Roxbury Township School District, New Jersey	1,720,000	1962-1980	8:00 p.m.
Santa Maria Joint Junior College District, Calif.	1,000,000	1962-1981	10:00 a.m.
Feb. 28 (Tuesday)			
Alabama Education Authority, Ala.	30,000,000	1962-1981	11:00 a.m.
Charlotte, North Carolina	5,000,000	1962-1987	11:00 a.m.
Chillicothe City Sch. Dist., Ohio	1,500,000	1961-1981	10:00 a.m.
Columbia, South Carolina	2,500,000	1962-1990	Noon
Lockport City Sch. Dist., N. Y.	1,200,000	1962-1971	2:00 p.m.
Los Angeles County, Malibu Waterworks District No. 9, Calif.	3,000,000	1963-2000	9:00 a.m.
New Mexico	2,000,000	1965-1966	10:00 a.m.
Pomona Unified School Dist., Calif.	1,060,000	1962-1981	9:00 a.m.
Prince Georges County, Md.	11,400,000	1962-1986	-------
Raritan Township Sch. Dist., N. J.	1,500,000	1961-1981	8:00 p.m.
Shelby County, Tennessee	11,000,000	1962-1986	11:00 a.m.
South Hadley, Mass.	1,311,000	1962-1980	11:00 a.m.
Tucson, Arizona	5,000,000	1962-1991	10:00 a.m.
March 1 (Wednesday)			
Austintown Local Sch. Dist., Ohio	1,155,000	1962-1981	Noon
Chicago, Illinois	30,000,000	1962-1985	11:00 a.m.
Ellicottville, Great Valley Etc., Central Sch. District No. 1, N. Y.	1,260,000	1962-1990	2:00 p.m.
Kingston City Sch. Dist., N. Y.	3,000,000	1961-1980	11:00 a.m.
Lawton, Okla.	1,000,000	1963-1986	8:00 p.m.
Los Angeles Dept. of Water and Power, Calif.	9,000,000	1962-1991	11:00 a.m.
New York State Power Auth.	100,000,000	-------	-------
(Negotiated offering to be handled by Dillon, Read & Co., Inc., Halsey, Stuart & Co. Inc., Kuhn, Loeb & Co., and W. H. Morton & Co., Inc.)			
Omaha Metro. Util. Dist., Neb.	2,700,000	1962-1986	10:30 a.m.
South Park Indep. Sch. Dist., Tex.	2,500,000	1963-1985	11:00 a.m.
Union Co., New Jersey	1,506,000	1962-1976	11.00 a.m.
March 2 (Thursday)			
Jefferson Parish, Fourth Jefferson Drainage District, La.	1,000,000	1962-1981	2:00 p.m
North St. Paul-Maplewood Indep. Sch. Dist. No. 622, Minn.	1,000,000	1963-1989	8:00 p.m.
Radford, Virginia	1,100,000	1962-1981	Noon
Riverhead, Southampton & Brookhaven Cent. Sch. Dist., N. Y.	2,400,000	1962-1989	2:00 p.m.
San Antonio, Texas	3,500,000	1964-1981	10:00 a.m.
Southern Illinois Univ., Illinois	8,100,000	1963-2000	10:00 a.m.
Tazewell Co. Comm. Sch. Dist. No. 303, Illinois	1,500,000	1962-1980	7:30 p.m.
Wharton Indep. Sch. District, Tex.	1,500,000	-------	-------
Wichita Falls, Ind. Sch. Dist., Texas	3,000,000	1962-1985	11:00 a.m.
March 6 (Monday)			
Pawaukee, Lisbon, Etc., Union High Sch. Dist. Jt. No. 6, Wis.	2,000,000	1962-1981	8:00 p.m.
River Falls Etc., Joint School Dist., Wis.	1,015,000	-------	7:30 p.m.
March 7 (Tuesday)			
Alameda County Flood Control & Water Conservation Dist., Calif.	1,350,000	1962-1991	10:00 a.m
Beauregard Parish, Parishwide School District, La.	1,950,000	1963-1981	5:00 p.m.
Denver, Colo.	15,000,000	1972-1999	11:00 a.m
Fulton Co., Co. Sch. Dist., Georgia	3,300,000	1962-1981	Noon
Hayward Union High School District. California	1,900,000	1962-1986	10:00 a.m.
New Jersey	20,850,000	1986-1988	11:00 a.m.
Palmyra, New York	1,243,000	1962-1990	2:00 p.m.
Portsmouth, Va.	2,300,000	1962-1981	11:00 a.m.
Puerto Rico	40,000,000	1962-1981	11:00 a.m.
Wake County, North Carolina	2,500,000	1962-1982	11:00 a.m.
March 8 (Wednesday)			
Center Line Sch. Dist., Michigan	2,500,000	1963-1990	7:30 p.m.
Houma, Louisiana	2,000,000	1963-1981	10:00 a.m.
St. Paul, Minn.	10,634,000	1962-1991	10:00 a.m.
March 13 (Monday)			
Cincinnati City Sch. Dist., Ohio	4,000,000	1962-1985	2:00 p.m.
Northern Valley Reg. High School District, New Jersey	3,069,000	1961-1930	8:00 p.m.
March 14 (Tuesday)			
Duval County Board of Public Instruction, Fla.	15,000,000	1962-1981	11:00 a.m.
Hempstead, New York	7,936,000	-------	11:00 a.m.
Pennsylvania General State Auth. Pennsylvania	25,000,000	1964-1988	Noon
Washington Sub. San. Dist., Md.	10,000,000	-------	-------
March 15 (Wednesday)			
Kentucky (State of)	100,000,000	-------	-------
Santa Monica Parking Authority, California	1,500,000	1962-1986	10:00 a.m.
March 16 (Thursday)			
Lower Cape May Regional School District, New Jersey	1,600,000	1962-1997	8:00 p.m.
University of California	2,750,000	1961-1988	10:00 a.m.

Effect on The Dollar Of Sterling's Convertibility

By Dr. Paul Einzig

Now that the likelihood of exchange restriction has been ended by eight European countries, including the United Kingdom, Dr. Einzig questions the impact of this upon the dollar. He also wonders whether the ending of this alternative action to the problem of unemployment might increase the future danger of devaluation. Analysis sees the dollar not helped in the near future by convertibility obligation but definitely assisted in the long run. England, however, still retains restrictions on resident capital transactions, but Dr. Einzig intimates changes here may be in the offing depending on the results of the current change.

LONDON, Eng. — The announcement that sterling, together with eight other European currencies and the Peruvian sol, has become formally convertible has not created a new situation but merely confirmed an existing situation. All the currencies concerned have been convertible for some time and the announcement legalized the actual state of affairs. At any rate this is the case as far as the immediate position is concerned. The real significance of the change is that by agreeing to accept the full obligations imposed by Article 8 of the International Monetary Fund Agreement, the British Government and the other governments concerned have renounced their right to reimpose exchange control without the consent of the International Monetary Fund. The change also implies renunciation of their right to adopt trade discrimination in support of their currencies.

The immediate practical significance of this change is negligible as far as sterling is concerned, so long as Conservative Government is in office. It has always been the policy of the Conservative Government to remove exchange restrictions and trade discrimination. Even in 1957 when sterling was in grave danger it was not defended by means of reimposing exchange restrictions. Conditions would have to deteriorate very considerably before a Conservative Government applied to the International Monetary Fund for permission to revert to exchange control. Should, however, the Socialists return to office they would not hesitate to defend sterling by such means rather than by high bank rate and credit squeeze. In that case the fact that it would not be possible to restore exchange control without consent by the International Monetary Fund would assume some practical significance.

Increased Danger of Devaluation

Even though that situation is not likely to arise at any rate for some years, the renunciation of the government's right to impose exchange control is bound to have a certain psychological effect on the market. On the one hand, London has become a more attractive financial center for foreign holders of sterling. Conceivably they will be inclined to increase the maximum limit to which they are prepared to acquire sterling in connection with interest arbitrage, since the danger of being caught through exchange restrictions, small as it was, has declined further. On the other hand, since even a Conservative Government is not prepared to defend sterling indefinitely with the aid of devices which increase unemployment, in theory at any rate the danger of a devaluation is now greater than it was while the alternative method of defending it with the aid of exchange control was at the government's disposal.

From this point of view it is difficult to form an opinion at the present stage whether the change would work out as a bull point or a bad point for the dollar. Its appreciation of the dollar on Feb. 15 in anticipation of the change was not necessarily proof that this will be the definite effect.

Benefit to the Dollar

Nor is it certain whether the dollar stands to benefit by the change as a result of the operation of the rule whereby the International Monetary Fund is only permitted to accept repayment in currencies of countries whose governments have agreed to conform to Article 8. In the near future this provision is likely to work out to the detriment of the dollar, because demand for dollars for the purpose of repayments to the International Monetary Fund will decline. On the other hand, as and when repayments are made in other convertible currencies, the Fund's resources in such currencies will increase, and there is likely to be less selling pressure on the dollar through new grounds of assistance by the Fund. From the point of view of the "secondary line of defense" of the dollar represented by the drawing right of the United States on the Fund's resources, the accumulation of substantial non-dollar resources will be a welcome change. President Kennedy's decision that the United States would, if necessary, draw on the Fund would remain of limited significance unless there is such an increase in the Fund's non-dollar resources. After all, there would be no point for the United States to borrow dollars from the Fund.

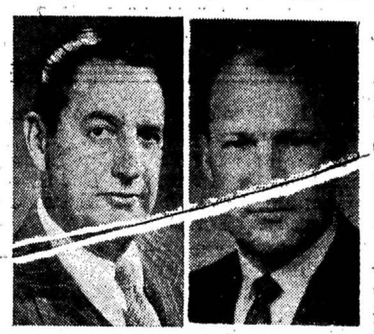
Perhaps the most important aspect of the change is that it places international monetary stability on broader foundations. So long as the dollar was the only currency which was legally convertible the international monetary system was bound to remain precariously one-sided, in spite of the *de facto* convertibility of several other currencies. Now that a dozen currencies are legally convertible the dollar will not have to bear quite such a heavy strain as in the past. At any rate this is the theoretical situation. It remains to be seen to what extent it will work out that way in practice.

Possible Future Change

The significance of this change becomes reduced, however, owing to the fact that in Britain and in most other countries convertibility still only means convertibility for non-residents, and capital transactions of a certain type remain excluded. From the point of view of long-term capital movements the dollar still has to bear the "white man's burden." Nor is there any likelihood of an early change in this respect, at any rate as far as sterling is concerned. Apart from any other reasons against making sterling convertible for capital transactions, the authorities would want to wait and see how the present change will work out before making another important move.

S. W. IBA Group Names Two

KANSAS CITY, Mo.—Frank W. North has been elected the Co-Governor of the Southwestern Group I.B.A. and Kenneth J.



Frank W. North Kenneth J. Thompson

Thompson as Chairman of the Southwestern Group. Their election was occasioned by authorization from the National I.B.A. for a second Governor in the Southwestern Group. This was done at the I.B.A. Convention in Hollywood, Fla., last December.

Mr. North, Executive Vice-President of Barret, Fitch, North & Co., Kansas City, Mo., and previously been elected Chairman of the Southwestern Group and resigns that position to accept the Co-Governorship with Victor H. Zahner, President of Zahner & Co., Kansas City, Mo. Mr. North is in charge of corporate underwriting for Barret, Fitch, North & Co. and has been active for many years in the affairs of the I.B.A. serving on various committees on the local and national level.

Mr. Thompson, Vice-President of Luce, Thompson & Crowe, Kansas City, Mo., was serving as a member of the Southwestern Group Executive Committee and resigns that position to accept Chairmanship of the Group. Mr. Thompson has also served the I.B.A. on various committees for many years and is in charge of the municipal underwriting for his firm.

Now F. W. Pearson Co.

HUNTER, No. Dak. — The firm name of the First Fargo Corporation has been changed to F. W. Pearson Investment Co., and the offices have been removed from Fargo to Hunter, No. Dak.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Aeronautical Electronics—Memorandum — Scott & Stringfellow, Mutual Building, Richmond 13, Va.

Ashland Oil & Refining Company —Report—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Bobbie Brooks Incorporated — Analysis—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Bank Stocks—Analysis of 1960 year-end reports—Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

Building Supply Stocks—Analysis —Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Canadian Oil & Gas Market—Study—Draper Dobie & Company Limited, 25 Adelaide Street, West, Toronto, Ont., Canada.

Chicago Banks—Report—The Illinois Company, Incorporated, 231 South La Salle Street, Chicago 4, Illinois.

Citizens Utilities Co.—Memorandum—A. G. Edwards & Sons, 409 North Eighth Street, St. Louis 1, Mo.

Commercial Finance Companies—Report with particular reference to **Walter E. Heller, James Talcott,** and **Standard Financial**—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

Copper Industry—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Eastern Lime Corp. — Memorandum — McCormick & Co., 231 South La Salle Street, Chicago 4, Ill.

Electronic Components Inc.—Bulletin—W. F. Taylor, 639 South Spring Street, Los Angeles 14, Calif.

Federal Resources Corp.—Analysis—Richard J. Buck & Co., 4 Albany Street, New York 6, N. Y.

First Wisconsin Bankshares — Memorandum—Loewi & Co., Inc., 225 East Mason Street, Milwaukee 2, Wis.

First National Bank of Miami—Memorandum—Oscar E. Dooly & Co., Ingraham Building, Miami 32, Fla. Also available is a memorandum on **Florida Steel Corp.**

Georgia Pacific — Review — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Hugh W. Long & Co. Inc.—Memorandum — Schwabacher & Co., 100 Montgomery Street, San Francisco 4, Calif.

Investments for Protection in an Inflationary Economy — Report—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Japanese Market — Discussion—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are analyses of **Tokyo Marine and Fire Insurance Co. Ltd.,** and **Sony Corporation.**

Japanese Market—Report—Nikko Securities Co., Ltd., 25 Broad St., New York 4, N. Y. Also available are analyses of the **Japanese Glass Manufacturing Industry, Asahi Glass, Nippon Sheet Glass,** and **Sony Corp.**

Japanese Market — Review — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are reports on Japanese **Dairy Products Industry, Carbide Industry, Investment Trusts, Mitsubishi Shoji Kaisah Ltd.,** and **Maruzen Oil Co.**

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.**

Market Manipulation — Review—C. F. Childs and Company Inc., 141 West Jackson Boulevard, Chicago 4, Ill.

Narragansett Capital Corp.—Memorandum — G. H. Walker & Co., 45 Wall Street, New York 5, N. Y.

Northern New Jersey Banks—Report—Parker and Weissenborn, Incorporated, 24 Commerce Street, Newark 2, N. J.

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 23-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Plastics and the Chemical Industry—Analysis—Sartorius & Co., 39 Broadway, New York 6, N. Y.

Profitable Marina — Dr. Ira U. Cobleigh — Discussion of how to locate, finance and operate a profitable marina, and indicates the returns on capital possible in this new industry — Publishers Incorporated, 6 Church Street, New York 6, N. Y.—$2.00 per copy.

Rubber Industry — Discussion in February issue of "The Exchange" —Exchange Magazine, 11 Wall St., New York 5, N. Y.—20¢ per copy, $1.50 per year. Also in the same issue are articles on **Auto Stocks,** Volatile Stocks of 1960, Atomic Radiation and the Investing Public, **Mountain Fuel Supply Co., Avnet Electronics Corp., Burndy Corp.,** and **Green Shoe Manufacturing Co.**

Twin Hedge Issues in a Transition Year — Survey — E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Water Conversion — Discussion with reference to companies which will benefit—Ralph E. Samuel & Co., 2 Broadway, New York 4, N. Y.

* * *

Arizona Bank—Analysis—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif. Also available is a memorandum on **See's Candy Shops.**

Armour — Memorandum — Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Arvin Industries — Analysis—Carreau & Company, 115 Broadway, New York 6, N. Y.

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

Cities Service Company—Review in February issue of "Value Selections"—Newburger & Company, 1401 Walnut Street, Philadelphia 2, Pa. Also in the same issue are reviews of **Continental Insurance Company, Pacific Power & Light, Southern Materials Company, St. Joseph Lead Company** and **Western Maryland Railway Co.**

Consolidated Halliwell Mines Ltd.—Discussion—Stearns & Co., 72 Wall Street, New York 5, N. Y. Also available are discussions of **Eldon Industries** and **Westinghouse.**

Dial Finance — Analysis — T. C. Henderson & Co., Inc., Empire Building, Des Moines 9, Iowa.

Douglas Aircraft Co., Inc.—Report —Van Alstyne, Noel & Co., 40 Wall Street, New York 5, N. Y. Also available are reports on **American Metal Climax** and **Sinclair Oil Corp.**

Du Bois Chemicals — Survey—Shields & Company, 44 Wall St., New York 5, N. Y. Also available are surveys of **Fischbach & Moore, Frontier Refining** and **Gulf & Western.**

Dundee Mills — Report in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 70 Pine St., New York 5, N. Y. Also in the same issue are discussions of **Continental Baking Company, E. W. Bliss, Volkswagenwerk Ag, Automatic Canteen Company of America, Minneapolis Honeywell, Dunhill International Inc., Ex-Cell-O Corp., Mallinckrodt Chemical, Borman Food Stores, Inc.** and **Von's Grocery Company.**

E. I. Du Pont de Nemours—Memorandum — Pershing & Co., 120 Broadway, New York 5, N. Y.

Electric Bond & Share — Data—Penington, Colket & Company, 70 Pine Street, New York 5, N. Y. Also in the same circular are data on **California Electric Power, Portland General Electric, United Corporation,** and **Mountain Fuel Supply.**

Electrolux Corporation—Report—Kalb, Voorhis & Co., 27 William Street, New York 5, N. Y. Also available is an analysis of **Time, Inc.**

Fairmont Foods—Memorandum—Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y. Also available is a memorandum on **Crown Cork International.**

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

Flo-Tronics Inc.—Memorandum—Continental Securities Inc., 607 Marquette Avenue, South, Minneapolis 2, Minn.

General Electric—Report—F. P. Ristine & Company, 15 Broad St., New York 5, N. Y. Also available are data on **General Instrument.**

General Tire & Rubber Co.—Report—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a study of **Royalite Oil Company** and a list of **Convertible Bond** suggestions.

Fritz W. Glitsch & Sons, Inc.—Analysis — Metropolitan Dallas Corporation, Mercantile Bank Building Arcade, Dallas 1, Texas.

Harvey Wells Corp.—Analysis—Charles A. Taggart & Co., 1516 Locust Street, Philadelphia 2, Pa. Also available is an analysis of **Life & Casualty Insurance Co. of Tennessee** and a memorandum of **Ets-Hokin & Galvan.**

Haveg Industries — Data — Cooley & Company, 100 Pearl Street, Hartford 4, Conn. Also in the same circular are data on **General Precision Equipment, SKF** (Swedish Ball Bearing), and **Vendo.**

Head Ski Co., Inc.—Memorandum —The Tager Co., 1271 Avenue of the Americas, New York 20, N. Y.

Madison Fund, Inc.—Annual report — Madison Fund, Inc., 1463 Delaware Trust Building, Wilmington, Del.

Helene Curtis Industries—Report —The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available are discussions of **Consolidated Foods Corporation** and **John Sexton & Co.**

Honolulu Oil — Report — Colby & Company, 53 State Street, Boston, Mass. Also available is a report on **Raybestos Manhattan.**

Hupp Corporation — Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

International Salt Company—Report—Hardy & Co., 30 Broad St., New York 4, N. Y. Also available is a memorandum on **Publicker Industries.**

Interstate Department Stores, Inc. —Data — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are data on **Pennsylvania Railroad, First National City Bank, Magnavox Co., Inspiration Consolidated Copper, Central Foundry** and **Central Illinois Light.**

Investors Syndicate of Canada Limited — Bulletin — Doherty Roadhouse & Co., 335 Bay Street, Toronto, Ont., Canada.

MPO Videotronics — Report—Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y.

Mobilife — Analysis — Bruno-Lenchner, Inc., Bigelow Square, Pittsburgh 19, Pa.

Munsingwear, Inc. — Analysis—Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

National Research Corporation—Analysis—Spingarn, Heine & Co., 37 Wall Street, New York 5, N. Y.

New York City Bank Stocks—3 pages of ratios on 11 New York City banks — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Nickel Plate—Memorandum—Jas. Oliphant & Co., 61 Broadway, New York 6, N. Y.

North American Aviation—Study —Bache & Co., 36 Wall Street, New York 5, N. Y.

Overland Express Limited—Review — Equitable Securities Canada Limited, 60 Yonge Street, Toronto 1, Ont., Canada. Also available are data on **Cassiar Asbestos Corporation Ltd.** and **Canada Cement Company Ltd.**

Parke, Davis & Co.—Memorandum —A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **Ford Motor.**

Pubco Development Inc. — Analysis — Coburn & Middlebrook Incorporated, 75 Federal Street, Boston 10, Mass.

Reserve Insurance—Memorandum —Sutro & Co., 460 Montgomery Street, San Francisco 4, Calif. Also available is a memorandum on **Armour.**

R. J. Reynolds Tobacco—Memorandum — Orvis Brothers & Co., 15 Broad Street, New York 5, N. Y.

Royal Dutch Petroleum Company —Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

St. Lawrence Cement Co.—Analysis—Greenshields & Co. (N.Y.) Inc., 64 Wall Street, New York 5, N. Y.

Salada-Shirriff-Horsey Ltd.—Analysis—Wills, Bickle & Company, 44 King Street, West, Toronto 1, Ont., Canada.

Seagrave Corp. — Report — Hill, Darlington & Grimm, 2 Broadway, New York 4, N. Y.

Shell Oil Company—Report—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are reports on **Granite City Steel Company, Hammermill Paper Company, Libbey Owens Ford Glass Company, South Carolina Electric & Gas Company, Coca Cola Company, Tidewater Oil** and **Automobiles.**

Siegler Corp. — Memorandum—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available is a memorandum on **Sharon Steel.**

Simpson's Limited — Analysis of 5½% Convertible Debentures—Kippen & Company, Inc., 607 St. James Street, West, Montreal, Que., Canada.

Telex Inc.—Analysis—Piper, Jaffray & Hopwood, 115 South

Continued on page 43

The Desert Sands and Oil

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

A consideration of Libyan oil as represented by the operations of Texas Gulf Producing Company.

It was only 17 years ago that General Rommel, the Desert Fox, was deploying his tank divisions with great skill over the sands of North Libya. Little did he know that less than a mile beneath the churning caterpillar treads lurked enough oil to fuel those divisions for thousands of years! It has required less than a score of years to effect the transition from Panzer to petroleum, from tank to tanker, on the Libyan scene.

In an arenaceous zone running roughly 150 miles south from the Mediterranean and starting about 300 land (and sand) miles southwest of famed Benghazi, some of the richest oil strikes in decades have been made. Big companies are heavily interested — Standard Oil of New Jersey, Ohio Oil, Continental and Amerada—but there's a smaller company we want to discuss which, in relation to its size has perhaps the brightest future prospects here. This company is Texas Gulf Producing, which, with two partners, has an interest in what are designated as Blocks 16, 17 and 20 in Libya. These are not to be confused with city blocks since they represent, totally, 3,185,815 acres. Texas Gulf Producing's interest is 25½%, W. R. Grace (more famed for ships and chemicals than oil) 24½%, and Esso, which is managing the drilling and production, 50%. Esso makes a nice partner. It put up $5,976,000 to cover the early-stage development costs, and has agreed to market all the oil produced by the group from this acreage.

A Major Field

Now we're not talking here about a few paltry trickling oil wells; we're talking about a major oil field containing billions of barrels—a field that due to its geography and resulting lower transportation costs, may importantly displace Middle Eastern oil in the markets of Europe. Indicated shipping costs now are 40c to 50c a barrel less than for oil coming up through the Suez Canal in tankers. Not only is this underground oil strategically located but it's awfully rich oil. Esso, in its proven Zelten concession, less than 100 miles from Block 20, has a well producing more than 15,000 barrels a day.

There are three wells already in production at Mabruk (Block 17). They are shallow (lower cost) wells coming into pay zones at between 3,000 and 3,700 feet, and the oil is of high gravity—between 36° and 40°. And, of course, there's no legal limit or proration on the amount of oil you can surface. Other wells are being drilled in Block 17 and one producer has been brought in, in Block 20, the most southerly concession. Drilling results have been so assuring that Texas Gulf Producing, with five other partners is building an 86-mile pipeline, to be completed in the spring of 1962, capable of transporting 296,000 barrels a day from the wells to a tanker port on the Mediterranean. Texas Gulf Producing's share of the full capacity throughout of this pipeline would amount to about 30,000 barrels a day with an indicated cash flow of around 50c a barrel.

From all this you can see that Texas Gulf Producing has a magnificent holding and a bright future in Libyan oil—a future that may be translated into greatly expanded earning power two or three years from now. Moreover, these potential earnings should have an especially powerful influence on TGP common since the capitilization is so small — only 4,035,655 shares outstanding.

Growing Domestic Production

This African petroleum play provides a lot of romance in the Texas Gulf picture; but actually the company was a quite respectable producer and earner before it ever drove a drill bit into Libyan sands.

TGP is a moderate sized producer of crude petroleum and natural gas, operating along the coastline of the Gulf of Mexico with an average daily production of 11,600 barrels a day in 1959. The company has producing gas wells on two Louisiana tracts owned equally by TGP and Union Producing Co., with output under contract at a favorable price of 22c per MCF.

In Texas the company completed in 1960 a gas well on a 4,000-acre tract in the Texas Panhandle last year. This tract is valuable on two counts: It contains an estimated 200 billion c.f. of dry gas and 2% Helium. This latter gas is of great military importance and the government will contribute importantly in the development of Helium production facilities.

TGP also has producing oil wells in Crane County, Texas, but by all means its most important domestic holding is its 36% interest in the Headlee Devonian Unit of 15,810 acres. This is an extensive field being developed in a unit with TGP as the operator. The unit has an attractive long-term contract with three majors—Gulf, Phillips and Texaco—to sell over a 10-year period, about 130 million barrels of petroleum liquid for $313 million. Texas Gulf has a further individual interest in this contract, which calls for delivery of 2.6 million additional barrels from a formation in which TGP has a 59% interest. This contract begins this month and will substantially expand the earnings and cash flow of Texas Gulf. Whereas the TGP share of Headlee Field production was only 1,200 barrels a day in 1959, it should increase to 7,000 barrels a day in 1961. It is believed that present indicated reserves will provide for peak production rate at Headlee Field for 10 years or more, and that sizable additional reserve should be located in the meantime.

TGP has another foreign venture with considerable promise—a 76% interest in a 315,000-acre Peruvian concession. This is on a terrain east of the Andes, and oil produced has to be floated down the Amazon to civilization, a rather costly mode of transport. This concession delivered $240,000 in profits to TGP in 1959.

The foregoing swift sketch will serve to supply a rough idea of the business conducted by Texas Gulf Producing Co. Here is no huge international complex, complete with tankers, refineries and a chain of service stations. TGP has been going along producing, in a modest way, increasing amounts of oil and natural gas. Now, however, by the exercise of considerable vision and by joining up with two sophisticated and highly solvent partners, it is in a position to cash in on a big oil play in Libya, and to project its earning power into a new order of magnitude. And quite apart from this, the traditional domestic oil business of the company is expanding significantly.

The Common Stock

Now what does this all add up to for the TGP common stockholder? For the past six years the stock has not been a particularly distinguished performer. It has ranged from a high of 51 in 1955 to a 1960 low of 21⅛. It has never exceeded a per share net of $1.72 (reported in 1955); and 1960 figures are estimated at around $1.15. Cash flow in 1957, the best year of the six, in that department, was $3.28. And, of course, the whole oil industry has been unimpressive during the past four years.

Now, however, Texas Gulf Producing appears in a position to move ahead. It has more oil reserves in sight and in prospect than ever before. In its Libyan production it will have the great advantages of marketing by Esso and lowest delivered prices to European buyers.

More specifically, cash flow on the relatively small amount of common outstanding may exceed $4 in 1961, $5 in 1962, and $6 in 1963. And further drillings on Blocks 16, 17 and 20, now in progress, might lead to a dramatic rise in total oil reserves. The political climate in Libya is hospitable and the chairman of the Oil Commission in that country has expressed satisfaction with the 50/50 split of oil profits. He does not seem to be as unreasonable or as greedy as the Sheiks of Araby.

We would be the last to suggest that, with these bright prospects, TGP should sell like an electronic share at 60 times earnings. But we would rather feel that oil share buyers have more right to place an enthusiastic price appraisal on this stock than on most of the issues on the oil list. The stock was around 41 as this was written, and seems to have attracted new friends in recent months. If you're not afraid to take a calculated risk on desert sands, you may, with a little grit and patience, wind up on a verdant financial oasis here.

Martin Grossman Forming Own Co.

FOREST HILLS, N. Y. — Martin Grossman has formed Grossman & Co. with offices at 77-34 Austin Street to engage in a securities business. Mr. Grossman was formerly Manager of the mining and oil stock department of S. Weinberg, Grossman & Co., Inc.

Kidder, Peabody Names Two

Kidder, Peabody & Co., 17 Wall Street, New York City, members of the New York Stock Exchange, have appointed David L. Terwilleger General Sales Manager and John A. Hoff, New York sales manager.

Eastman Dillon to Admit Godvin

On March 2 David L. Godvin will be admitted to partnership in Eastman Dillon, Union Securities & Co., 15 Broad Street, New York City, members of the New York Stock Exchange. Mr. Godvin is in charge of New York Sales for the firm.

Dudley With Almon, McKinney

DALLAS, Texas—Morris A. Dudley has become associated with Almon & McKinney, Inc., Mercantile Bank Building, as manager of the municipal underwriting department. Mr. Dudley was formerly with Rauscher, Pierce & Co., Inc.

E. F. Hutton Forms Affiliate For Underwritings

E. F. Hutton & Company, 61 Broadway, New York City, has formed a corporate affiliate, E. F. Hutton & Co., Incorporated, and elected Sylvan C. Coleman, one of the firm's senior partners, as President and director of the new enterprise.

Sylvan C. Coleman

Underwritings, private placements and certain other corporate services previously offered by the 57-year-old Hutton partnership will be handled by the affiliate. Securities and commodities brokerage services for institutional, corporate, trade and individual investors, both here and abroad, will be continued by the Hutton partnership in its 38 offices throughout the country.

Theodore Weicker, Jr., managing partner, and Murray Ward, Donald K. Phillips and Robert M. Bacon, all partners of E. F. Hutton & Company, were elected other directors and officers of the new affiliate.

In addition, the following were elected Vice-Presidents:

Richard K. Buechler, William J. Riley, Kenneth A. Kerr, John E. D. Greenwood, Jackson P. Dick, Jr., Edward P. Hardcastle, Robert M. Fomon, Walter D. Kingston, Jr., Mark A. Lucas, Jr., John W. Brandenberger, John Latshaw, Waldo W. Mallory, W. Allen Taylor and W. Robert Wigley.

Assistant Vice-Presidents are: J. Stuart Lovejoy, George Ralston and Thomas A. Belshe. Lucian F. Martino was elected Treasurer and Paul G. Russell, Secretary.

Shockey Joins Hutchinson Co.

CHICAGO, Ill.—Hutchinson, Shockey & Co. is the new name for the investment firm formerly known as Frantz Hutchinson & Co., it has been announced by Frank Hutchinson, President. Effective March 15, Hutchinson, Shockey & Co. will occupy new quarters at 208 South La Salle Street.

The firm's change of name reflects a management change in which Thomas B. Shockey, former Vice-President of Julien Collins & Company, joined the new firm as Vice-President and a director.

D. D. Miller With Calif. Investors

LOS ANGELES, Calif.—California Investors announces the association with the firm of D. Dean Miller, formerly with Morgan and Company. Mr. Miller has joined California Investors as Assistant Manager of our trading department at 609 South Grand, Los Angeles.

J.F.K. Reassures Business in Appeal for Economic Growth

Hitting hard at the theme of business and government partnership with no need for the former to fear the latter, President focuses attention on pressing areas of common concern. Deplored is the rate of capital formation, capacity, and plant-equipment obsolescence. Promised is the submission of new tax incentive bill for business to expand investment spending, and support is sought for a proposed Presidential Advisory Committee on Labor and Management Policy to "promote sound wage and price policies, productivity increases, and a betterment of America's competitive position in world markets."

Following is a partial text of President John F. Kennedy's address to the luncheon meeting of the National Industrial Conference Board, Washington, D. C., Feb. 13, 1961:

. . . I feel that I can claim kinship here, and have that claim allowed. For I am convinced that the real spirit of American business is not represented by those involved in price-fixing, conflict-of-interest or collusion with racketeers. The real spirit is in this room—in your recognition of your public responsibilities, your pursuit of the truth, your desire for better industrial relations, better technological progress and better price stability and economic growth. And because your organization portrays *that* picture of American business, I am delighted to be here this noon.

President Kennedy

The complaint has often been made in business circles that the Federal Government is a "silent partner" in every corporation — taking roughly half of all net earnings. But it should also be realized that this makes business a "silent partner" of the Federal Government — that our revenues and thus our success are dependent upon your profits and your success—and that, far from being natural enemies, government and business are necessary allies.

For example, the 1960 drop in expected corporate profits of some $6 or $7 billion also caused a loss in Federal revenues of at least $3 billion — enough to pay the Federal share of all our anti-recession, health, and education proposals for the next fiscal year and still have enough left over to start closing "The Missile Gap."

An equally critical gap separates the tax revenues of a lagging economy from those which are potentially within reach: A gap of at least $12 billion. Even after we are able to launch every program necessary for our national security and development, this amount of revenue would still leave a substantial surplus — a surplus essential to help defend our economy against inflation — and, equally important, a surplus that, when applied to the Federal debt, would free additional savings for business investment and expansion.

Denies Any Hostility Toward Business

In short, there is no inevitable clash between the public and private sectors—or between investment and consumption—nor, as I have said, between government and business. All elements in our national economic growth are interdependent. Each must play its proper role—and that is the aim of this Administration.

If those of you who are in the world of business, and we who are in the world of government, are necessarily partners, what kind of partnership is it going to be? Will it be marked by mutual suspicion and recrimination, or by mutual understanding and fruitful collaboration?

On behalf of my associates in the Cabinet, I want to be very precise: we will not discriminate for or against any segment of our society, or any segment of the business community. We are vigorously opposed to corruption and monopoly and human exploitation — but we are not opposed to business.

We know that your success and ours are intertwined — that you have facts and know-how we need. Whatever past differences may have existed, we seek more than an attitude of truce, more than a treaty—we seek the spirit of a full-fledged alliance.

Today, I would briefly mention three areas of common concern to which that alliance must devote its full attention in the next few years: economic growth, plant modernization, and price stability.

I
Capital Formation

First: Economic growth has come to resemble the Washington weather—everyone talks about it, no one says precisely what to do about it, and our only satisfaction is that it can't get any worse.

The economic program which I have set before the Congress is essentially a program for recovery—and I do not equate recovery with growth. But it is an essential first step. Only by putting millions of unemployed back to work can we expand purchasing power and markets. Only by higher income and profits can we provide the incentive and the means of increased investment. And only when we are using our plant at or near capacity can we expect any solid expansion.

Capacity operation is the key. No matter what other arguments or stimulants are used, the incentives for investing new capital to expand manufacturing plant and equipment are weak as long as manufacturers are operating at less than 80% of capacity. From 1950 to 1958 we put only one-sixth of our total output into capital formation, while Japan, Germany, Italy, the Netherlands, Canada and Sweden were all investing one-fifth or more of their total output in capital goods. So it is not surprising that each of these and other nations over the past several years has surpassed us in average annual rate of economic growth.

I think we can do better. Working together, business and government must do better — putting people back to work, using plants to capacity, and spurring savings and investments with at least a large part of our economic gains—beginning not when our economy is back at the top, but beginning now.

II

Secondly: New plant investment not only means expansion of capacity—it means modernization as well. Gleaming new factories and headlines about automation have diverted our attention from an aging industrial plant. Obsolescence is slowing down our growth, handicapping our productivity, and worsening our competitive position abroad.

Nothing can reverse our balance of payments deficit if American machinery and equipment cannot produce the newest products of the highest quality in the most efficient manner. The available evidence on the age of our industrial plant is unofficial and fragmentary; but the trend is unmistakable — we are falling behind.

The average age of equipment in American factories today is about nine years. In a dynamic economy, that average should be falling, as new equipment is put into place. Instead the available evidence suggests that it has been slowly rising.

Private surveys of machine tools used by manufacturers of general industrial equipment found less than half of these tools over 10 years old in 1949, but two-thirds over that age in 1958. Nineteen percent of our machine tools were found to be over 20 years old.

Meanwhile, other countries have been lowering the average age of their fixed capital. The German example is the most spectacular—their proportion of capital equipment and plant under five years of age grew from one-sixth of the total in 1948 to two-fifths in 1957.

Tax Incentive Bill

All of these facts point in one direction: We must start now to provide additional stimulus to the modernization of America's industrial plant. Within the next few weeks, I shall propose to the Congress a new tax incentive for businesses to expand their normal investment in plant and equipment.

But modernization and productivity depend upon more than investment in physical resources. Equally essential is investment in human resources. Without strengthened programs for health, education, science and research new modern plant would only be a hollow shell. Many of these programs are within the province of state and local governments. Full recovery will increase the tax revenues they sorely need. But the Federal Government will have to pay its fair share of developing these human resources.

III

Finally, government and business must turn their attention to the problem of price stability. Concern over the resumption of inflationary pressures hangs over all our efforts to restore the economy, to stimulate its growth and to maintain our competitive status abroad. In recent days, complaints have been voiced in some quarters that this Administration was not meeting its responsibilities in this area. But the facts are that, whatever one may regard our responsibilities to be, we are almost totally without direct and enforceable powers over the central problem. A free government in a free society has only a limited influence over prices and wages freely set and bargained for by free individuals and enterprises. And this is as it should be if we are to remain free.

New Presidential Advisory Committee

Nevertheless, the public interest in major wage and price determination is substantial. Ways must be found to bring that public interest before the parties concerned in a fair and orderly manner. For this reason, I have announced my determination to establish a Presidential Advisory Committee on Labor-Management Policy, with members drawn from labor, management and the public. I want this Committee to play a major role in helping promote sound wage and price policies, productivity increases, and a betterment of America's competitive position in world markets. I will look to this Committee to make an important contribution to labor-management relations, and to a wider understanding of their impact on price stability and economic health. And in this undertaking, I ask and urge the constructive cooperation of this organization and its members.

* * *

Economic growth, plant modernization, price stability — these are all intangible and elusive goals. But they are all essential to your success, and to the success of our country. Initiative, innovation and hard work will be required, on your part, and on ours.

But I have confidence in our nation, confidence in our economy, and confidence in your ability to meet your obligations fully. I hope that my associates and I can merit your confidence as well. For I can assure you that we love our country most not for what it was, though it has always been great—not for what it is, though of this we are proud—but for what it some day can, through the efforts of us all some day will, be.

George Washington

Born Feb. 22, 1732; Died Dec. 14, 1799

J. R. Green's, English Historian, Eulogy of George Washington:

"No nobler figure ever stood in the forefront of a nation's life. * * * * * There was little in his outer bearing to reveal the grandeur of soul, which lifts his figure, with all the simple majesty of an ancient statue, out of the smaller passions, the meaner impulses of the world around him. * * * * *

"It was only as the weary fight went on that the colonists learned little by little the greatness of their leader—his clear judgment, his heroic endurance, his silence under difficulties, his calmness in the hour of danger or defeat, the patience with which he waited, the quickness and hardness with which he struck, the lofty and serene sense of duty that never swerved from its task through resentment or jealousy, that never through war or peace felt the touch of a meaner ambition, that knew no aim save that of guarding the freedom of his fellow-countrymen, and no personal longing save that of returning to his own fireside when their freedom was secured.

"It was almost unconsciously that men learned to cling to Washington with a trust and a faith such as few other men have won, and to regard him with a reverence which still hushes us in the presence of his memory."

J. Barth Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Kenneth R. Owens has become associated with J. Barth & Co., 3323 Wilshire Boulevard. He was formerly with H. Hentz & Co.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Hugh C. Nagel is now with Dempsey-Tegeler & Co., 210 West Seventh St. He was formerly with Hayden, Stone & Co.

Two With Reynolds

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Jay C. Germain and Lewis F. Jensen have become affiliated with Reynolds & Co., 919 Tenth Street. Both were formerly with Homer Fahrner & Co.

B. R. Mowatt Opens

(Special to THE FINANCIAL CHRONICLE)

NEWPORT BEACH, Calif. — Burke R. Mowatt is engaging in a securities business from offices at 1005 Bover Drive. Mr. Mowatt was formerly with Walker & Lee, Inc.

Form Benjamin & Deutsch

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Benjamin & Deutsch Inc. has been formed with offices at 908 South Robertson to engage in a securities business. Officers are Daniel Deutsch, President; Ella Deutsch, Vice-President; and Jerome L. Burnham, Treasurer.

Dempsey-Tegeler Branch

FERGUSON, Mo.—Dempsey-Tegeler & Co. has opened an office at 15 South Florissant Street under the direction of Ward W. Wilson.

Eastman Dillon Office

REDLANDS, Calif.—Eastman Dillon, Union Securities & Co. has opened an office at 115 Orange Street under the management of Daniel N. McLeod.

Mortgages as Profitable Pension Fund Investments

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

Pension funds are advised to reconsider modern mortgages for their portfolios on the grounds, among others, of being "as safe as any other important instrument of credit or equity." Avoidance of mortgages by large investment pools can depress interest rates on bonds, and affect price of equities in a way not truly reflecting growth or earnings, according to Dr. Flexner who contends investment portfolios achieve their best results if balanced in line with true market conditions and not hindered by bias or mechanical difficulties. The author foresees banks selecting mortgages and servicing them for long-term investors, and expects A. B. A. shortly will show how conventional mortgages, too, can be reshaped into an instrument of credit and put to as many uses as the bond.

The administrator of a trust or pension fund is charged with a great public responsibility, and his first consideration in the selection of an asset for investment of these public or semipublic funds must be the reliability of that asset. The quality of an asset is judged by four major characteristics — safety, yield, liquidity, and marketability. A good investment can be described as one which achieves the optimum combination of these four factors. This is easily illustrated. An investment may be so "safe" that yield is entirely neglected, or it may produce so much yield that safety and liquidity are neglected. Or again, it may be so liquid that yield is extremely low. In other words, the correct combination of these four characteristics of an asset will produce a good investment.

Kurt Flexner

I would like to examine the mortgage today in this light, not so much because pension funds must be "cracked open" but mainly because the mortgage today has come in its own right as a profitable and safe asset as a result of basic changes in the economy. Since every investment portfolio must adjust itself to changes which affect equity and debt instruments, if the best results are to be achieved, changes in the mortgage in the last 25 years are significant to the pension and trust fund administrators.

The last few decades have produced some very fundamental changes in our economy in that we are no longer, strictly speaking, a producers' economy but have instead evolved into a balanced economy. This simply means that a significant share of our savings are being used to finance the living quarters and other durable goods requirements of the American family. The mortgage debt has become the largest single private debt in the United States, and it is expected that it will exceed the $300 billion mark by 1970. That figure is larger than the total assets of all commercial banks today. This fact is not only significant because it has certain implications for the growth and relative status of commercial banks in the future but also because it has definite implications for the mortgage as a profitable safe investment.

Today's Improved Mortgage

There are at least three reasons why an investment may prove to turn out badly. The risk and collateral behind it might have been misjudged. Adverse general economic conditions might increase the risk after the investment was made, or local or regional changes might alter the character of an asset. The economic collapse of the 1930's had a profound effect on the mortgage market; but quite apart from that, many of the mortgages made in the 1930's were far riskier than today's mortgages and were the kind of investment the risk of which could be easily misjudged. This is no longer true today. Today's mortgage is amortized, which places far greater responsibility upon the borrower and not quite so much on the collateral as in the pre-1930 days. A sizable proportion of mortgages today are guaranteed or insured by the Federal Government and, therefore, relatively riskless in the ordinary sense of the word. Today's mortgage loans are based on far higher standards than they were before the FHA came into existence, largely as a result of standards developed by the FHA. For example, before the depression of the 1930's, many so-called residential mortgage loans had an awfully strong commercial flavor and were frequently unamortized long term commercial loans rather than residential loans in today's sense of the word. Another important factor in the improvement of today's mortgage is the increased supply of experienced mortgage officers. Mortgages entered the financial world almost through the back door, and the talent and training that was devoted to other kinds of lending were somehow considered unnecessary in the field of mortgage lending. This proved to be an expensive mistake. Today the mortgage officer of a bank is generally a highly specialized and well trained individual. This change is not yet complete, but banks are becoming more and more aware of the necessity of giving mortgage officers a proper place in the organization and of selecting them with the same care as they would select any other responsible officer of the bank.

All these factors have made today's mortgage a better mortgage, but not least important are the changes which have taken place in the economy. In the opinion of most economists, today's economy is more stable and better equipped to combat depressions and recessions than it was several decades ago. This is due to at least two important reasons. Although our economy is still subject to fluctuations, which are sometimes considered serious, we are no longer as helpless as we were before the Great Depression. There have been introduced a number of so-called built-in stabilizers; and if these are not enough, there are other measures that can be employed to prevent a serious depression. In addition to that, the economy has, in my opinion, become inherently more stable. Most of the forces responsible for initiating a downturn in the economy can be found in the so-called investment sector. Household expenditures are inherently more stable and lag rather than lead in the downturn. Economic development has reached a level in the United States where a sizable share of savings is invested by the household in housing and durable equipment. This kind of investment has indeed become equally important with private business investment. Hence, a larger share of savings is being used for purposes which are not likely to initiate a downturn. Even though downturns do and will most likely continue to occur, their impact is likely to be less extreme as a result of these factors.

Few Mortgages in Pension Portfolios

Up to now, pension funds have exhibited a rather bearish attitude towards mortgages. The assets of the self-administered pension funds are now well over $25 billion, and their growth is at an annual rate of $2½ billion. Only about $300 million out of their total assets are currently invested in mortgages. This requires, in my opinion, a reevaluation of the investment portfolio; otherwise, considerable opportunities will be lost. FHA mortgages produce over a reasonably long period a far more favorable yield than government securities. In fact, their yield is superior to many reasonably safe equity investments. It is true that equities often reflect growth more than income investments, but no sound investment portfolio would ignore the fixed-income advantages of long term debt investments. There has to be a balance between the two, and it is a question only of whether the mortgage is a safe and profitable long term debt investment. A study of different kinds of FHA mortgages, such as the Capehart, etc., will reveal that yield can be much improved through acquisition of such mortgages.

Although pension funds and other trust funds do not require liquidity to the same extent as a bank, for instance, the mortgage is nevertheless relatively liquid, especially for a long term asset, since the average life of a mortgage is about 12 years and more important than that, it is amortized during the course of its life. Experience in the last 25 years has shown that the modern mortgage is at least as safe as any other important instrument of credit or equity. Commercial banks in recent surveys inaugurated by the ABA have reported that fewer than 1,000 mortgages went to foreclosure during the last year. This to my mind is a remarkable record, but in a way not surprising. A home has a great deal of meaning to the average family and is generally not abandoned very quickly. The average family today is a far sounder risk because the American standard of living has raised family income to about $7,000 a year. This has made the average household truly creditworthy, especially so far as its mortgage obligations are concerned. It follows that as income rises, more and more families can better afford to own their own homes or pay the rent required if they do not. The real issue so far as credit risk is concerned is not so much whether the average family will repay its mortgage obligations. Experience of the last 25 years has proved that it will. The motives are indeed very strong. The question is whether the American economy will survive reasonably strong. I think that it will; but if it does not, all investments will be adversely affected; the mortgage will be no exception. These factors indicate to me that the mortgage is a good investment and one which has a rightful place in every sound investment portfolio.

Adversely Affects Bonds And Stocks

If large investment pools discriminate against the mortgage, results may prove undesirable quite apart from the adverse effect such a policy would have on housing. If large and rapidly growing pools of credit such as pension funds limit their investment to equities and debentures, they may create an artificial demand for these papers so far as the market is concerned. In other words, a demand for bonds not determined by actual market conditions (for example, when mortgages are being avoided) is bound to depress interest rates on bonds over time, and therefore affect adversely the earnings of investors. Investments in equities that are not determined by a process which considers all available assets will affect the price of these equities in a way that does not truly reflect growth or earnings. This too may produce undesirable effects. In other words, from the economic point of view as a whole, and the investors' point of view specifically, the best results are achieved if investment portfolios are balanced in line with true market conditions and are not hindered either by bias or by mechanical difficulties.

In my opinion, banks can do a great deal to help pension and trust fund administrators select mortgages for their portfolios. It has been profitable for a number of banks already to originate and service mortgages with the objective of selling them to long term investors such as pension funds. The banks have behind them capital, surplus, reserves, and management skills. These are worth a great deal to a long term investor. There is no reason why a bank cannot originate mortgages and service these for regular investors. When the long term investor and the bank have a permanent relationship, they will understand each other and be able to assist each other for the benefit of both. The bank can select mortgages of the kind, for example, that a long term investor desires and then service these mortgages for him. If this idea were properly developed, and I think it will be, banks and pension funds both can benefit tremendously from the expansion of mortgage credit in the United States and the profits it will bring to those who participate.

In the beginning, FHA mortgages might prove especially desirable for this purpose. There is no reason, however, why the conventional mortgage cannot be reshaped into an instrument of credit which can be put to many uses such as the bond, for example. The ABA is now examining this very carefully, and I am sure that progress will be made in that direction before very long.

*An address by Dr. Flexner before the 42nd Mid-Winter Trust Conference sponsored by the ABA Trust Division, New York City, Feb. 7, 1961.

Contradictory Interest Rate Aims Can Be Reconciled

By Roy L. Reierson,* *Vice-President and Chief Economist, Bankers Trust Company, New York City*

The Administration's pursuit of contradictory interest rate aims is not an insuperable task according to Dr. Reierson if (1) the Federal Reserve were to substitute longer term governments for bills whenever it normally would provide reserve credit and (2) the Treasury were to issue securities in the maturity range suited to commercial bank investment. The banker-economist links the moderate interest rate decline to the moderation of the business letdown; doubts recovery will be hampered by a shortage of bank credit; expects some further easing of bond yields in the immediate months; and believes a temperate rise in short-term rates will cut the flow of funds abroad without jeopardizing business at home or diverting funds from the long-term markets.

The credit markets in 1960 were shaped by five strategic developments. (1) Shortly after the turn of the year, business expectations began to weaken and inflation psychology to subside. (2) Industrial activity leveled off in the first half of the year and sagged thereafter. (3) The Federal Reserve early in 1960 began to ease credit, and subsequently carried out this policy through a broad program involving open market purchases, lower discount rates, and reductions in reserve requirements. (4) The Treasury's financial position improved significantly, permitting some retirement of government debt. (5) After midyear, the dollar came under growing pressure in world markets and the outflow of gold increased importantly.

Roy L. Reierson

Total credit expansion in 1960 amounted to about $41 billion, which was some 30% below the record volume of 1959. The major reason for this decline was a swing—from a $10½ billion rise in 1959 to a reduction by some $3 billion last year—in the publicly-held securities of the United States Government and its agencies. Also, long-term credit rose somewhat less than in the prior year, largely because of the smaller growth in mortgages. Short-term credit, however, expanded about as much as in 1959, and possibly more.

With credit easier, the commercial banking system provided more than twice as much credit in 1960 than in 1959. In fact, the $10 billion rise in bank loans and investments last year has been exceeded only in the recession year 1958, and has been equalled only in the recession year 1954. The savings institutions continued to be the major suppliers of funds to the credit markets, but their investments in 1960 increased by a somewhat smaller amount than in the previous year. The category of "other investors," however—business corporations, foreigners, individuals and the like — absorbed only about $8 billion of the total credit expansion of 1960, compared with an unprecedented $30 billion in the prior year, when yields had been substantially more attractive.

All classes of interest rates declined in 1960 from the cyclical highs attained in 1959. The bulk of this adjustment was completed by the third quarter; since then interest rates have displayed no clear-cut trend. Furthermore, although money market rates, as usual, dropped much more than long-term yields, interest rates have not fallen to the lows of the recession years 1954 and 1958.

Moderate Interest Rate Decline

The relatively moderate extent of the decline in interest rates in 1960 is explained in part by the milder nature of the current economic sag in comparison with the sharper downtrends in the comparable periods of earlier postwar recessions. Investment managers so far have met with no real difficulties in finding outlets for their funds; moreover, bankers and portfolio managers are mindful of their experience during previous recessions, when demands for credit remained substantial and the subsequent business recoveries soon led to new peaks of borrowing. In addition, commercial bankers generally availed themselves of the opportunity provided by the easing of credit in 1960 to rebuild their liquidity and to prepare for the increased loan demands of the future. Finally, there was a significant outflow of funds last year in response to the higher returns available in foreign markets.

Looking into 1961, an important consideration is that the publicly-held debt of the United States Government and its agencies is likely to expand anew, by an estimated $1-2 billion, which is a sharp swing from the $3 billion reduction of last year. In the first half of the year, to be sure, the Treasury will be operating at a surplus and will thus be retiring some debt. In the latter part of 1961, however, the Treasury will be incurring a much larger deficit than in the comparable months of 1960, and will be heavily in the market for new money.

Demand for and Supply of Funds

The year 1961 is expected also to show a substantial increase in new financing by state and local governments; approvals of new issues in the November elections set a new high and the backlog is very large. Net new corporate issues will presumably ease in the wake of lower plant and equipment expenditures but, with home building expected to expand somewhat in the year ahead, this sag in the corporate sector is likely to be fully offset by the prospective increase in real estate mortgage debt.

Indications are that ample credit will be available to finance these requirements. Individual savings and the flow of funds to savings institutions may well exceed those of 1960, and unless the economy experiences another buying boom or a resurgence of inflationary psychology — neither of which appears probable in the months ahead — this favorable trend of savings is likely to continue.

Specifically, this suggests that larger amounts will be available for mortgage financing in 1961. This prospect is endorsed by the growth in deposits of mutual savings banks and in shares of savings and loan associations; the latter institutions not only are continuing their rapid growth but, in addition, reduced their borrowings last year and rebuilt their liquidity. Finally, with lower corporate financing in prospect, life insurance companies will probably show heightened interest in mortgages, and corporate pension funds may also be expected to become more important in the mortgage market.

The strong trend of savings augurs well also for reception of the prospective rise in new security offerings by state and local governments. No difficulty is anticipated in attracting buyers, although if recent proposals to curb the tax exemption advantage now enjoyed by obligations of state and local governments receive widespread Congressional support, the market for tax-exempt securities, obviously, would be adversely affected.

Nor is the business recovery likely to be hampered by a shortage of bank credit. The commercial banks have reduced their borrowings from the Federal Reserve to a nominal level, their liquidity has been improved, and the decline in their loan-deposit ratios will presumably continue in the months ahead. As a result, credit-worthy borrowers should be able to satisfy their requirements for bank financing without difficulty in 1961.

Sees Bond Yields Declining

The increased flow of savings and the currently reduced level of economic activity make it reasonable to expect some further easing of bond yields in the months immediately ahead. Short-term rates, however, are not likely to be affected significantly by these downward pressures, in view of the demonstrated pull of foreign money markets and the importance of balance of payments considerations for Federal Reserve policy. Moreover, with the economy apparently approaching the bottom of the current contraction, the next few months may well bring signs of an upturn in business and in credit demands. These, together with the large Treasury borrowings already in sight for the second half of this year, suggest that later in 1961 underlying economic forces may well be pointing toward higher interest rates. In fact, it may be pertinent to recall the experience of 1958-1959, when a large Treasury deficit compounded the rising credit needs of a business recovery and thus greatly enhanced the upward pressures on interest rates.

A new factor in the interest rate outlook is the endorsement by the President of a program to attract more funds into the capital markets at lower yields and at the same time to halt further declines in short-term rates in order to curtail the outflow of gold. Presumably, this would involve, on the one hand, Federal Reserve purchases of longer-term government obligations to reduce bond yields and, on the other hand, sales of shorter-term securities to prevent money market yields from falling. Also, the Treasury would probably be expected to cooperate through reliance upon the issuance of short-term securities.

Resolving Contradictory Aims

Admittedly, to the extent that Federal Reserve purchases of Government bonds induce a shift into mortgages and other long-term investments, a major objective of the program would be met. Essentially, however, the aims are contradictory, as the President's message acknowledges, for as bond yields decline, the inducement to invest at long term will be weakened and holders of Government bonds may instead prefer to shift into short-term securities until long-term yields become more attractive. This would tend to divert funds from the investment markets and reduce interest rates in the short-term market. The many hazards and complexities involved in this program thus place heavy additional responsibilities upon both the Federal Reserve and the Treasury if constructive results are to be achieved.

The Federal Reserve, until a business upturn becomes evident, faces the delicate task of following policies conducive to recovery without contributing to a further outflow of short-term funds, and hence of gold, to the higher yielding money markets abroad. However, the task is not insuperable. A moderate rise in short-term rates at home would reduce the attraction of foreign money centers without adversely affecting the business situation at home; bank lending rates are not likely to be raised as a result, nor would such an increase in short-term rates, under present conditions, divert funds from the long-term markets. Furthermore, such a rise in short-term rates need not prevent the Federal Reserve from augmenting the lending power of the commercial banks if the Treasury, in turn, employs debt management policies that complement the aims of the Federal Reserve.

The Treasury already faces a chronic problem in the continuing shortening of its debt with the passage of time. Added emphasis on the use of short-term securities would further unbalance the maturity structure of the debt and create increasingly difficult refinancing problems for the not too distant future. Financing through long-term bonds, on the other hand, would be criticized as diverting funds from other investment markets at a time when the economy is sagging. A way out of this dilemma may be found by resort to the issuance of Treasury securities in the maturity range suited to commercial bank investment. Such a Treasury policy, complementing the policy of the Federal Reserve, would lead to higher deposits, improved loan-deposit ratios, and increased lending capacity of the commercial banks without depressing money market rates.

The chances for a successful reconciliation of the conflicting aims of the President's program would be increased if Federal Reserve purchases of longer-term Government securities were to be undertaken at times when reserves would ordinarily be provided for credit policy reasons and thus would be substitutes for purchases of Treasury bills. It should be understood that the program is not designed to interfere with flexible credit policy or achieve any particular level of long-term yields. Above all, it should be made unmistakably clear to the market that this is not the first step in a return to pegged interest rates — a prospect which would open the gates to inflationary psychology at home and to renewed attacks on the dollar from abroad.

The strength of the dollar remains the most important single problem in the monetary field, and goes beyond the matter of interest rates alone. There is some basis for hope that we have seen the worst of the current wave of skepticism: foreigners appear to have gained some assurance from the developments of recent weeks. Ultimately, however, confidence in the dollar can be maintained only if the deficit in our international accounts is eliminated or at least reduced very substantially and if, moreover, we follow domestic policies and practices—in such matters as wages, prices, the budget, debt management and credit—that will stop the persistent erosion of the purchasing power of the dollar and enhance our position in a highly competitive world.

If we wish to maintain the integrity of the dollar, and if we desire to remain free to use fiscal and credit policies as tools for economic stabilization and growth, we must take to heart President Kennedy's recent words: "We cannot afford unsound wage and price movements which push up costs, weaken our international competitive position, restrict job opportunities, and jeopardize the health of our domestic economy."

*Summary of a statement by Dr. Reierson presented to the Joint Economic Committee, Congress of the United States, Washington, D. C., Feb. 9, 1961.

Joins Lester, Ryons

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ernest A. Kracke has become affiliated with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Kracke was previously with Woolrych, Currier & Carlsen, Inc.

Stern, Frank Co. Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Norman A. Levine has been added to the staff of Stern, Frank, Meyer & Fox, 325 West Eighth St., members of the New York and Pacific Coast Stock Exchanges. He was formerly with Cantor, Fitzgerald & Co., Inc.

Hugh W. Long Names

ELIZABETH, N. J. — Miss Belle Summer has been elected an Assistant Secretary of Hugh W. Long and Company, Incorporated, Westminster at Parker. Miss Summer has been affiliated with the firm and its wholly-owned subsidiary, Investors Management Company, Inc., since 1946.

Claims and Facts Regarding Investments Abroad

By John E. Brent,* *Executive Vice-President, IBM World Trade Corporation, New York City*

Though Mr. Brent succeeds in sticking to his subject as to "how," and in "what manner" we should step up the pace of our venturesome capital to the underdeveloped countries, he is also able to flay the charge that our investments abroad contribute to our dollar drain. With regard to the latter, the writer documents how our capital outflow has actually helped our balance of payments. And as for the former, he stresses the importance of diverting more of our investments to less developed areas and recommends we lower our taxes on income earned in those areas. Besides investments, he urges we meet our responsibility in providing management and industrial engineering training so that native personnel, for obvious reasons, will be educated. Concludes that the challenges for opportunity and profits are there and the risks are not inordinate if each company decides for itself whether there are prospects of fair, safe returns.

We are witnessing today an unprecedented expansion of American foreign direct investment; this tremendous upsurge includes not only the development of new productive facilities overseas but also, to an increasing extent, arrangements whereby patents, trade marks, and know-how of American industry are being licensed abroad. In terms of the wide range of industries and geographical areas represented it is no exaggeration to say that there is under way a veritable internationalization of American industry.

John E. Brent

Now in order to give perspective to this subject I would like, for a brief moment, to look at the record.

At the end of 1959 American companies had direct investments abroad of about $30 billion compared to $12 billion in 1950, an enormous increase of $18 billion. These $30 billion were invested as follows:

Petroleum	$10.4 bil.
Mining	2.9 bil.
Manufacturing	9.7 bil.
All Other	6.8 bil.

What did this huge investment realize: (1957 figures).

Sales	$32 bil.
Local wages	7 bil.
Local material and services	17 bil.
Payments to United States dividends, interest and branch profits	2.2 bil.
Local taxes	4.5 bil.
Employment	3 mil.

1% American.

10% American managerial, professional and technical.

Rate of return on investment 1950-59 average, 15.45%.

All this would seem to be an impressive record and a tribute to the ingenuity, resourcefulness and productivity of the American enterpriser. There are, however, some unusual impressions, right here in the United States, concerning our overseas investments. One such impression is that our business abroad is depriving American workers of employment opportunities. Recently, statements have been made by public and other officials alleging that the growth of American private investment overseas constitutes the export of American jobs.

For my part I do not think that this thesis is by any means a sound one. What the record shows is that many American firms have established productive facilities abroad because this is the only way by which they can gain access to the foreign markets. Until quite recently there were very considerable restrictions on dollar imports in Western Europe and other areas arising from the shortage of foreign exchange reserves. The only way in which we could enter such markets was through direct investments. Furthermore, American industry with the recovery of Western Europe and Japan has faced intensified competition. In many instances, to meet this competition effectively, it has been necessary to establish productive facilities overseas. Another point to be noted is that we have made large direct investments abroad in the development of mineral resources to provide an economical flow of raw materials into this country. In such cases it is only too apparent that our direct investments have indeed strengthened our economy and thus improved employment opportunities for American workers. We are rapidly using up our idigenous natural resources and thus require an increasing flow of imports. Examples include copper, lead, zinc, iron ore and crude petroleum. In addition, there are others which we do not produce at all and which American firms have succeeded in developing overseas through direct investments.

Denies This Burdens the Dollar

A related problem is the impact of direct investments on our balance of payments position. A prominent United States periodical recently stated that United States business in 1960 would spend $3.9 billion on foreign factories, oil fields, mines and other businesses. This was described as a heavy outflow of private capital, putting a load on the dollar. In stating the matter thusly, the impression is created that American business is transferring abroad in 1960 $3.9 billion of capital, and thereby putting that much of a burden on the dollar. The fact is that only about $1.3 billion will have been transferred abroad during 1960 as direct investments; the remaining $2.6 billion will have been derived from undistributed profits, depreciation and depletion reserves and by borrowing from foreign sources. In short, the article grossly misrepresents the extent to which our capital invested abroad represents a drain on the dollar. Furthermore it fails to mention the fact that our direct investments are generating an increasing flow of funds to this country, consisting of remitted earnings, royalities, and so forth. In 1959 we show receipts from American direct investments of $2.2 billion compared with a net outflow of new capital for direct investments abroad amounting to $1.3 billion.

Avers It's a Favorable Factor

Taking the period 1946 to 1959, the total outflow of capital amounted to $12.8 billion, but the inflow of revenue representing profit remittances amount to almost $21.8 billion, thus yielding a favorable balance of almost $9 billion. But this does not tell the whole story of the role of direct investments in our balance of payments. In 1957 alone, imports by our direct investment firms from the United States amounted to over $2.6 billion. According to the Department of Commerce, this is an incomplete figure; if a full account of all these imports from the United States were available, it would be substantially higher. This is another way of saying that these direct investments overseas are an important factor in American merchandise exports. At the same time these firms operating abroad account for approximately $3.7 billion of the exports to the United States. Most of these exports to this country by American firms consist of crude and processed raw materials such as petroleum, foodstuffs, and metals. Our imports of manufactures and semi-manufactures from American factories abroad total about $1 billion, or less than one-fourth of our imports of such items. However, of this total of $1 billion almost 80% are shipments from Canadian subsidiaries and consisted mainly of newsprint, wood pulp, and aluminum. This does not suggest that American firms have moved their production abroad in order to compete with their domestic counterparts through exports to this country.

Finally, it may be pointed out that American firms operating abroad have, to a very considerable extent, financed their capital expenditures through foreign sources. Total assets employed abroad by American companies in 1957 amounted to almost $42 billion. Of this total approximately $18 billion was financed by foreign lenders. Of the amount financed by American companies themselves a good part represented reinvestment of earnings and depletion and depreciation reserves. It may be concluded therefore that direct investments are even now a favorable factor in our balance of payments and are indeed likely to become increasingly so in the future as larger and larger earnings from profits and license agreements are remitted to the United States.

And in other countries also the record of our direct overseas invesments is not infrequently questioned. Some countries say we don't invest enough; others that we invest too much, that we exploit natural resources, fail to develop local management and technology, take out too high profits and stifle local competition. I won't attempt to answer these points except to say that we do have good and valid answers, the overwhelming proof of which is that, generally speaking, American private investment is welcomed and, indeed, sought after in most countries.

Refers to Canada

In this connection I would like to mention some remarks made recently by Mr. James E. Coyne, Governor of the Bank of Canada. As you know, our largest single investment by far, in any country, is in Canada where we have more than $10 billion. Mr. Coyne suggests that American and other foreign direct investments in Canada are now large enough and maybe too large to the point where they are allegedly causing Canada serious problems. Mr. Coyne proposes that the United States, the United Kingdom and Western European countries with capital to invest should look more to the developing countries where the need for capital is much more urgent. So here we have one well developed country, and there are others, putting forth the proposition that they now have as much or more foreign capital proportionately than they need. On the other hand virtually all developing countries are asking urgently for more direct American investment.

Our investment is presently distributed geographically as follows:

Canada	$10.2 bil.
Latin America	9.0 bil.
Western Europe	5.3 bil.
Asia Pacific	3.1 bil.
Africa	800 mil.
Internat. Shipping Cos.	1.3 bil.

Clearly, American capital shows a marked preference for countries already industrially developed, particularly Canada and Europe.

Of the total $30 billion our investment in petroleum is over $10 billion, more than one-third. However, about 32% of our investment in petroleum is concentrated in Venezuela and the Middle East. Furthermore, of the three million employed, which I mentioned previously, only 370,000 are in petroleum compared to 1,700,000 in manufacturing. So it is clear that investment in manufacturing offers particular opportunities and advantages both to the investor and the recipient. I would, therefore, like to direct our attention to some aspects of our $9.7 billion investment in manufacturing.

Here's how it is distributed geographically:

Canada	$4.6 bil.
Europe	2.9 bil.
Latin America	1.4 bil.
Asia Pacific	660 mil.
Africa	120 mil.

This shows dramatically how much of our investment in manufacturing has been concentrated in already industrialized countries, with only very minor amounts in the underdeveloped countries that need capital so desperately.

Reason for Capital Flow's Destination

Now the reason our capital is flowing to the developed areas is because the climate for investment is most favorable there. Governments and currencies are relatively stable, people are better educated and trained, the market is larger, virtually all conditions that attract capital are better in the developed countries. Convincing proof is that the average rate of return on American investment in manufacturing in Europe for the period 1955-59 was 16.5% compared to a rate of only 8% in Latin America. Clearly, therefore, there is strong incentive for capital to go to the developed areas in preference to the developing. While this may be true at this moment I submit that it will not best serve the long-term objectives, of not only private American capital abroad, but of the whole system of free enterprise and democracy versus controlled economies and communism.

May I now present some of the highlights of the underdeveloped compared to the developed areas. The developed areas have a population of 615 million, a gross national product of $851 billion, a per capita GNP of $1,340. The underdeveloped countries have a population of 1,234 million, a GNP of $159 billion, and a per capita GNP of $129. In other words, the underdeveloped countries have twice the population of the developed, one-fifth the GNP and 10% of the per capita GNP. $129 per year is just a little over 30¢ per day. But this only tells part of the story. Of these 1,234 million people with 30¢ per day more than half have very much less. For example, in India and Pakistan, with a combined population of 500 million, it is estimated that

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Monetary Policy Boundaries And the Interest Rate Trend

By John D. Wilson,* Vice-President, The Chase Manhattan Bank, New York City

Banker-economist assesses the interest rate trend and the economy's course. Mr. Wilson believes most of the reductions likely to occur in interest rates in this cyclical period have already transpired other than such exceptions as mortgage rates which are apt to decline further over the coming months. He adds there may be renewed softening in intermediate and long terms over the next few months but yields are unlikely to go below last August's low. Whipped by the opposing dictates of the economy and the gold-flow problem, long term rates in the period immediately ahead are expected to be kept from advancing beyond modest proportions. As for the economy, Mr. Wilson anticipates moderate improvement in business generally after the next few months.

What happens to interest rates has a deep impact on the mortgage banking business. Moreover, we all know that efforts to anticipate what lies ahead are fraught with uncertainty and error. Perhaps the most I should try to do is to explore some of the considerations that are likely to determine the trend of interest rates in the coming year and conclude with some personal observations that I hope will be of interest.

John D. Wilson

It seems to me that there are at least four or five considerations of a broad character, each of which deserves detailed exploration in itself, that are likely to exercise great influence on both monetary policy and interest rates over coming months.

First of all, of course, we have the fact of the current adjustment of business—how deep will it go; how long will it last; how vigorous will be the upturn; what will be the impact on the pattern of investment demands.

Along with this, and not unrelated, is a longer-term consideration—the failure of the U. S. economy to realize its full potential for growth in the past few years, and the existence of an abnormally large volume of unemployment and excess productive capacity.

And thirdly, we have a development which cannot help but be a very potent influence, at least over the short term: namely, the continued deficit in the United States balance of payments and the resumption over the past half-year of a sizable gold outflow.

Then I would add to all these two final considerations: first, the fact that the country has undergone a change in political administration. What the full implications of this change may be are not known. But it certainly seems possible that the shift may exercise some influence on monetary policy and interest rates. Finally, I would point to a matter which is perhaps the most difficult of all to assess: the psychological impact of all of these developments on both savers and investors. We know that changes in the psychology of the market place have played a role in the determination of interest rates in the past; indeed, they appeared to have been an important element in the move toward lower rates just a year ago.

The Business Outlook

And now, having sketched out the broad terrain, I should like to spend just a few moments examining each of these considerations in more detail. First as to the business outlook. The standard forecast at the moment appears to be that the current recession should continue to be moderate, and that after some further erosion in this initial quarter, we should begin to see the first signs of a modest improvement, perhaps before mid-year. There are solid reasons why such a forecast at present seems to have a greater probability than others.

For one thing, certain major forces which have made for contraction are now beginning to slow down and show signs of touching bottom within the next few months. This is the case particularly with inventory liquidation. There is a strong chance that inventory buying will turn higher before mid-year. And the same can be said for housing construction, although I would expect any advance in that sector to be moderate. Along with these developments, too, one should undoubtedly look for a further increase in government spending, both at Federal and state and local levels. Adding everything together, and making allowance for a stimulus to personal incomes and consumption, one can certainly find a basis for anticipating at least a moderate improvement in business generally.

What might normally be expected to happen to the structure of interest rates, given such a pattern of business? Well, in 1954 and in 1958 rates fell rather markedly during the recession period, and then proceeded to advance strongly once business turned higher. The 90-day bill rate fell below 1% in 1954 and 1958. At the same time rates on corporate new issues dropped as much as a full percentage point, while mortgage rates declined by ½% or more, even though housing activity was rising.

The drop in most rates this past year has been somewhat smaller, although not radically so. Moreover, the decline in 1960 started from a much higher level, so that even with a reduction of 2½% in the rate on 90-day Treasury bills, we are left with a bill rate of 2% or higher—considerably above the low point in 1958. Similarly, the rate on corporate new issues stands above 4½%, as against 3¾% in 1958 and mortgage rates remain ½% or so above the 1958 level.

Monetary Policy

During much of 1960, monetary policy has been directed toward making money more easy. The free reserve position of banks moved from a negative figure of $500 million in early 1960 to a plus figure of $700 million or more through much of December and in early January. The volume of free reserves was actually greater than at any time during the 1958 recession. The question quite naturally arises then as to why interest rates have not moved lower. I believe a number of reasons contribute to an explanation of this. Some of them are technical in character; they involve the manner in which reserves have been increased, the distribution of reserves between smaller country banks and major city banks, the action of corporations in the market, and the like.

I shall not go into detail on these and other matters, for the fact is that the monetary authorities **could** have forced rates lower than has been the case, particularly in the short-term area, had they actively sought to do so. They have not made the attempt, and I believe chiefly for one reason: namely the continued imbalance in United States payments with other nations, coupled with the large gold outflow of recent months. Had it not been for this problem, I suspect that the rediscount rate would now be lower than the 3% figure at which it currently stands, and that bill rates and the rate structure in general might have been forced lower.

It is very evident, then, that any discussion of interest rates in 1961 has to include some consideration of the balance of payments and the gold problem. Actually, there is a certain ironic quality about the gold outflow as it has developed in the past half year. During 1960 the United States achieved a substantial improvement in certain basic elements in its international balance of payments. Our exports increased by more than a fifth and recently have been at an annual rate of $20 billion or better. Meanwhile, imports have leveled off, and our favorable balance on trade account has risen to more than $4½ billion annually — far larger than that of any other nation. As a matter of fact, in the second half year the United States probably would have reduced the deficit on its international accounts to manageable proportions had it not been for a new and significant development; namely, a large increase in the flow of short-term funds abroad.

Short-Term Funds

This flow of short-term funds has now reached a point where it is a troublesome matter. The flow has been encouraged by several developments, but perhaps the most important is the differential in interest rates which opened up between the United States and Western Europe, once rates began to decline here. This differential reached a maximum in late summer and early autumn, but even today it is large enough to continue to pull funds abroad. While our Treasury bill rate fluctuates around 2¼%, for example, rates on comparable government obligations in Britain are near 4.4%. Even after hedging by the sale of forward sterling (and many investors are no longer hedging) there is a rate advantage abroad of about 1%.

This rate differential has attracted funds from a variety of sources: from U. S. corporations, with excess cash to put to work; from foreign banks, including some central banks possessing large dollar balances; from corporations and others who may need funds abroad at some future date and are encouraged to shift over in advance. In some instances, an element of concern over the possible future of the dollar undoubtedly adds a further spur to the movement.

No matter what the precise motivation, the outflow has reached a magnitude where it has largely offset the improvement in our trade balance and aggravates the deficit in our international accounts. This deficit, incidentally, is incurred largely with certain Western European countries, a number of which normally carry a sizable proportion of reserves in the form of gold. As the central banks of these countries gain dollars, they naturally convert them into gold.

Return Flow of Short-Terms

Fortunately, a movement of short-term funds abroad because of an interest rate differential is likely to prove temporary, and over the longer period a proportion of such funds should return to the United States. Nevertheless, the very existence of the outflow, and the fact that under adverse circumstances it might be intensified, places the monetary authorities under a decided restraint—a fact which advisors to President Kennedy have clearly recognized.

Nor is the influence of our international position necessarily a temporary phenomenon. The United States in the postwar years has become one of the major reserve currency centers for the world. Foreign central banks and official institutions now hold more than $10 billion of liquid claims in our country—chiefly in the form of Treasury bills and time deposits—and a further $8 billion of liquid claims are held by private foreign sources. The existence of these claims, and the potential drain they could represent, are bound to be a continuing factor in the determination of monetary policy, as is the increasing mobility of dollars held by U. S. citizens and corporations.

It is largely because of the problem of the gold outflow, then—and in part also because the business dip looks as though it will be relatively mild—that interest rates have not shown a greater decline.

At the outset of this paper, however, I mentioned two other considerations which also need to be thrown on the scales in any assessment of the future: one is the fact that the American economy has not realized its full potential for growth in recent years; and the other is the assumption of authority in Washington by a new Administration which promises to make stimulation of economic growth a central element of its policy. What influence, if any, will these developments have on monetary policy and interest rates?

Long-Term Investment Outlook

An answer to these questions is of particular significance to long-term investors, for the interest rates which chiefly influence economic growth are those which relate to long-term investment, both capital investment by business and investment in housing. Now, it is no secret that the new Administration would like to see longer term rates move lower, while permitting short-term rates to remain at present levels or even move higher. One might ask, however, whether such an objective could really be accomplished, and if so, what means might be necessary.

I doubt that it would be wise for any of us to be completely dogmatic in responding to this question. For it would not surprise me in the least if some attempt were to be made under the new Administration to explore new means and techniques for accomplishing its objective. My personal feeling is that if such an attempt is made, the results are likely to be very limited.

A great deal has been said about the possibility of the Federal Reserve influencing longer-term rates through its open market operations; indeed, in some quarters it has been implied that the Federal Reserve could, within certain rather broad limits, fairly easily set a pattern for long rates merely by buying and selling long governments in the market. I hardly need to mention that the problem is much more complex, and that it involves many considerations in addition to the establishment of lower interest rates.

We cannot forget, for example that the pegging of rates at an artificially low level in the early post-war period was only accomplished at an extremely severe price: namely, a lack of control over the money supply, and a perpetual buildup of fuel for inflation. I would hope that no responsible Administration would want to return to a similar situation, and deliberately rebuild the potential for inflation through massive purchases of securities by the Federal Reserve, regardless of monetary needs of the economy.

There, of course, are other, more sophisticated arguments: for example, that when necessary the monetary authorities could offset the purchase of long securities by a simultaneous sale of short-term bills and other securities. Again such a procedure raises a host of questions and problems, too numerous to explore here. It might be mentioned, however, that the more moderate proponents of a policy of Federal Reserve intervention believe that there may be occasions and periods during which relatively modest purchases or sales of longer-term securities could nudge the market in a direction which the Authorities believed desirable, or at times restrain a movement they judge to be adverse. It is this theory which seems most likely to be tested in the coming year, if any. But I believe that even the advocates of this view would agree that any nudging process would be most open to success if the underlying factors governing the demand and supply of investment funds supported a move in the direction desired by the monetary authorities themselves.

Well, it might be asked at this point, how **does** the underlying demand and supply of investment funds appear to shape up for 1961? Would it support a movement in the direction which the Administration might desire? In examining this, let us assume for a moment that the adjustment in business actually runs its course by mid-year, as anticipated, and that some improvement makes itself felt over the second half. Normally one might expect some stiffening of rates with such an improvement, depending, however, on the strength of demand for funds. When one examines the situation in 1961, interestingly enough, it does not look as though pressures arising from the demand side will turn out to be exceedingly great. As a matter of fact, if one excludes borrowing by the Federal Government, the demand for long-term funds by other principal sources (i.e., by corporations, for real estate mortgages, and by state and municipal bodies) appears to be little changed in 1961 from 1960.

Looking briefly at corporate demands, capital expenditures by business are likely to be smaller this year than last, while the need for additional funds for inventories and receivables will also probably be smaller. In the meantime, the supply of corporate cash from internal sources should be well maintained in 1961—if only because of a further rise in depreciation funds.

State and local government borrowing, too, may not be increased in 1961.

Housing Demand

It does not appear to me that housing starts in 1961 will greatly exceed the 1,250,000 reported for 1960. Even to attain that volume would require an advance later in the year to a rate of 1,300,000 or better. One cannot help but be impressed by the fact that certain important elements which enter into housing demand are less strong today than formerly. New household formation, for example, is near its post-war low. And there is less in the way of demand to be coaxed out of veterans than previously existed. These and other factors show up in the relatively large inventories of unsold houses in certain areas, as well as in a higher rate of vacancies for apartments.

Indeed, the current period may well prove to be an interregnum between the housing boom of the 'Fifties and one which could develop later in the 'Sixties. One favorable factor which acts as a partial offset, of course, is the growth in outlays being made for renovation and improvement — a trend that should continue. Lumping all these developments together, and making some allowance for larger mortgages on used houses, one gets an estimate on the order of $16 billion as a possible net addition to real estate mortgages in 1961—only a limited increase from 1960.

Federal Need for Funds

But now I would call attention to an element in the demand for funds which thus far I have omitted—the most volatile of all: namely, the needs of the Federal Government. It was the shift by the Federal Government from being a net user of almost $11 billion of investment funds in 1959 to being a net supplier of more than $3 billion in 1960 which was a major factor acting to alter the environment in the capital markets a year ago. What does the future hold in this respect for 1961?

Again no precise answer is possible. Among other things, a better idea is needed of the action Congress is likely to take on the President's new program. Nevertheless, one conclusion does emerge clear-cut, and that is that the Federal Government will again swing in the opposite direction and become a net user of investment funds in 1961, rather than a supplier. My own judgment is that the Government is likely to incur a small deficit in the current fiscal year and a larger one in fiscal 1962.

A very tentative estimate at the moment is that about $3 billion will be added to the debt of the Treasury and Government agencies in the present calendar year. This would represent a swing of $6 billion in the fiscal position of the Treasury as compared with the previous year. And, when added to other uses of funds, it would result in a somewhat heavier overall demand for credit of all types, taking long and short together, in 1961 than in 1960. Still, this overall demand would be considerably smaller than that of two years ago (1959)—a period during which tremendous government borrowing coincided with heavy private needs.

Factors Affecting Monetary Policy

That then brings us to the heart of the matter; what response are the monetary authorities likely to make to this heavier demand for funds, even though the increase is modest? Will they permit interest rates to rise once demand turns up, or will they attempt to hold rates down? At this point I think it is helpful to draw together once again the major considerations likely to influence monetary policy.

First, as far as the immediate outlook is concerned, the economy continues to be in a period of adjustment. A policy of monetary ease is clearly called for.

Secondly, looking ahead, and assuming a turning point is, in fact, reached by mid-year, additional factors would appear to be at work on the domestic front to encourage some continuation of relatively easy money. These include substantial unemployment, considerable excess capacity, and a record for growth in the past few years that falls short of the nation's potential. At the same time, the inflationary psychology, and indeed the inflationary pressures, which prevailed over much of the post-war period have been reduced—at least for the time being. In such circumstances the Federal Reserve might well be persuaded that it should hold on to an easier money position for some time after business turned up—or at least that it should act less aggressively than in late 1958-59.

But then, thirdly, we have another factor which at present, at least, clashes with the dictates of domestic policy: namely, the troublesome deficit in our foreign payments, along with the current gold outflow. This development clearly places a restraint on any move toward excessive ease in money, as well as any reduction in short-term interest rates much below recent levels.

Interest Rate Trend

Well, how does it all add up? It seems to me that with certain exceptions (mortgage rates may be one) we have already seen most of the reduction in interest rates which is likely to occur in this cyclical period. There could be some renewed softening of rates in the intermediate and long-term sectors over the next few months if business recovery is delayed well into the second quarter, but I would be surprised if yields went below the lows reached during last August. At the same time, however, one must watch the gold outflow rather closely. If it should be intensified over coming months for any reason, it might prove necessary to encourage a move toward higher levels of short-term rates than those now existing.

Locking beyond the period immediately ahead, and into the later stretches of 1961, it seems reasonable to expect efforts to be made to hold any advance in longer-term rates to very moderate proportions. The capital markets might fall in line rather readily with such an objective, inasmuch as demands in 1961 do not appear excessively strong. Potential difficulties would be more likely to arise from action in the government market, particularly during the second half-year. If the Treasury and the Federal Reserve are to be successful in holding rates down, it may be necessary for the Treasury to rely heavily on short-term financing, confining debt lengthening efforts largely to advanced refundings.

The Mortgage Market

And that brings me finally to the mortgage market and to mortgage rates. Here I believe there may be certain special factors at work. For one thing, mortgage rates have been lagging on the downside and have not yet reacted fully to the adjustment in business generally. At the same time, the volume of funds available for mortgages may be increased in 1961—in part because of a larger flow of savings into institutions which specialize in mortgage finance. Then again, housing is one field which the Federal Government will probably seek to stimulate by all means at its command.

In the forefront of these, of course, is likely to be a revitalization of the Federal National Mortgage Association (FNMA). Under these conditions, and given the conservative outlook for new housing itself, we should not be surprised to see some further reaction in mortgage rates over coming months. Moreover, these rates may again lag on the upside.

One thing is certain about 1961—it will not unfold precisely as any of us foresee it. I have not made any allowance in these remarks of mine for the unforeseen—those developments which take us by surprise, and which in the aftermath of reflection we often realize with chagrin we should have anticipated. At best, 1961 confronts us with more than the usual complexities. It is a year that will bear continuous reassessment.

*An address by Mr. Wilson before the Annual Conference of Senior Executives in Mortgage Banking, New York University, Jan. 19, 1961.

Form Barry Inv. Co.

HENDERSON, Texas — James A. Barry is engaging in a securities business from offices at 303 First National Bank Building, under the firm name of Barry Investment Co. Mr. Barry was formerly with Beer & Co. and Wm. B. Robinson Co.

A Most Basic Industry

By Roger W. Babson

There's no way of ignoring the essentiality of the phosphate industry, says Mr. Babson, nor its value as a hedge against inflation. Leading companies in the field are identified and the reader is advised to look into this investment field.

Every time it rains, anywhere, the water washes out much of the soil's goodness. It seeps through the ground to the rivers and thence to the sea. As a result the ocean is constantly getting richer and the land is getter poorer.

History of Phosphate

During millions (or billions) of years this has been taking place. A small bay (now a part of West Central Florida) became a great chemical caldron. Here were "cooked" certain clays, chemicals, and the countless bones of animals, from microscopic arthropods and fish to great mammals including elephants and mastodons and even huge whales.

The final result of the chemical reaction from these millions of years of "cooking" is what we now call "Phosphate." When mixed with the nitrogen of the air and the potash of the ocean this phosphate is able to replace the "goodness" of the soil which has been washed out. Hence, has followed the mining of Florida phosphate. With the addition of nitrogen and potash this mixture is sold as "fertilizer."

Where Fertilizer Is Sold

Originally this fertilizer was sold only for use on the old farms and plantations of our 13 original States. For years the lands of the Midwest continued to have enough "goodness" to raise crops without fertilizers; but now the demand for this Florida fertilizer is gradually extending westward toward the Rocky Mountains.

It has been found that this phosphate is essential not only to crops, plants and livestock, but also to men and women. A man weighing 150 pounds must have within him 1½ pounds of phosphate in order to keep in good health. A pregnant woman is very dependent upon phosphate in order to assure her baby good bones and teeth. Such a woman knows that otherwise the unborn child is robbing the mother's teeth, causing decay. In fact, children living near the phosphate mines have no cavities in their teeth. Furthermore, the fluorine which great cities are now adding to their drinking water comes from Florida phosphate.

Demand for Phosphate

Today phosphate is in demand not only for fertilizer but also as additives for over 100 different foods. Baking powder, prepared flour, table salt, water softeners—and even tooth paste and the head of the common match. Industrially, phosphate finds its way into many diversified industries . . . in the making of aluminum, steel, and textiles; as an additive for gasoline and motor oils; also in the manufacture of photographic film and thousands of other products. I am told that even Coca-Cola and Pepsi-Cola use it. Certainly we could buy no orange juice until phosphate was fed to the trees.

As a result the phosphate industry has grown from a $100,000 business 75 years ago to a $100,000,000 operation annually today, employing thousands of workers. Although some phosphate is found in Tennessee and in Utah and foreign countries, yet two-thirds of the world's supply now comes from Florida.

Leading Companies in the Industry

I understand that the original company is the American Agricultural Chemical Co., which was started by the father of the industry, Peter B. Bradley of New England; next we find the International Minerals & Chemical Co., which has been developed by Louis Ware and his able son, Thomas. Among the other eight are the Virginia-Carolina Chemical, the American Cyanamid, and the Davison plants now operated by W. R. Grace & Co., as well as the large packers such as Swift, Armour, and others.

Not only is phosphate essential to life of all kinds, but it is the basis of a growing business. An increased demand for fertilizer should continue almost forever. The Florida supply should last 80 years. Every farmer who uses fertilizer may well buy a few shares of the stock of one of these listed companies. See your broker for price, dividend, etc. Incidentally, phosphates should be one of the very best hedges against inflation.

Cadwallader Co. Formed in Texas

SAN ANTONIO, Texas—Cadwallader & Co., Inc. has been formed with offices at 101 North St. Mary's Street to engage in a securities business. Officers are A. H. Cadwallader, Jr., President; A. H. Cadwallader III, Vice-President and Assistant Secretary; and Elizabeth Walker, Secretary-Treasurer. Mr. Cadwallader was formerly an officer of Muir Investment Corp.

NY Inv. Ass'n to Hold Outing

The Investment Association of New York will hold its annual summer outing on June 15 at the Sleepy Hollow Country Club.

Joins Rice Staff

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Bernard L. Abramson has joined the staff of Irving J. Rice & Co., Inc., Pioneer Building.

Now With Eastman Dillon

CHICAGO, Ill.—Paul L. Swensen is now with Eastman Dillon, Union Securities & Co., 135 South La Salle Street. He was formerly with William Street Sales, Inc.

Jack Alexander With Marache & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Jack H. Alexander has become associated with Marache & Co., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. Mr. Alexander who has been in the investment business in Los Angeles for many years was formerly in the trading department of Dempsey-Tegeler & Co. Prior thereto he was trading manager for Kerr & Bell.

Jack H. Alexander

Albert Frank Adds Two to Staff

The appointment of Walt McKibben and Donald A. Wiederecht to the public relations staff of Albert Frank-Guenther Law, Inc. has been announced by Gilbert E. Busch, Vice-President and director of public relations.

Mr. McKibben will serve as a financial corporate research specialist in the New York headquarters of the national advertising and public relations agency. Previously he had been head of research at Arthur Wiesenberger & Co. for two years. Prior to that he had been a field analyst for Standard & Poor's. He also was an editor-analyst for Value Line Investment Survey from 1953 to 1955 and a statistician for Fiduciary Counsel, Inc. from 1951 to 1953.

Mr. Wiederecht, a public relations account executive in the agency's New York office, previously managed the press relations department for the Bowling Products Group of American Machine & Foundry Company for three years. He served as public relations assistant-statistician for the New York Yankees Baseball Club from 1955 to 1958.

Two With Eastman Dillon

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ralph G. Dalton and John L. Doyle have become connected with Eastman Dillon, Union Securities & Co., 3115 Wilshire Boulevard. Mr. Dalton was formerly Santa Barbara Manager for Mitchum, Jones & Templeton. Mr. Doyle was with California Investors.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The favorable reception which has been given to the refunding 3¼s of 1962, and the large demand which is still around for the sizable corporate bond offering ($150 million GMAC 4⅝s of 1985) has had a salutary influence on the market for most Government obligations. The short-term issues, in spite of the enlarging supply, are in demand and the better return which is obtainable in these securities is bringing more of the temporary type of funds into these obligations.

The capital market is also making a good showing and even though there is not as much interest in long Governments as there is in non-Federal bonds, there is evidence that the improved tone in the distant Treasury maturities is based on solid ground. There seems to be a growing opinion in certain sectors of the financial district that long-term interest rates will move down with the passage of time.

New Reserve Buying Policy

This belief was sharply accentuated as a result of the announcement, late on Feb. 20, that the Federal Reserve had embarked on a policy of extending its open market activities to include Treasury notes and bonds with maturities in excess of five years. This, of course, was in line with President Kennedy's desire to reduce long-term interest rates to stimulate the economy and, at the same time, to reduce pressure on short-term rates in deference to a betterment of our balance of payments position.

As expected, the Reserve Board's abrupt change in policy was reflected in price enhancement on Government, also corporate long-terms.

In using the term "abrupt," we are not unaware of the fact that open market purchases in the relatively long-term area had not been resorted to in the past. In the present instance, however, the implication is that such operations will be employed as a continuing definitive policy as against the predecessor "bills only—or preferred" procedure.

All Bonds in Demand

The constructive action of the corporate bond market, along with the satisfactory performance which is being put on by the tax-exempt market, appears to augur well for the capital market as a whole. In spite of the sharp uptrend which has taken place in prices of common stocks, it is evident from the market action of bonds that there is an ample amount of funds being put to work in fixed income bearing obligations.

Despite the fact that yields on bonds have gone down, the return which is available in these obligations is still attractive enough to bring in investors that are interested in income more than in price appreciation. Also, it does not appear as though the decrease which has taken place in yields of long-term fixed income bearing issues has yet reached the area which would detract from the appeal these issues have for long-term investors.

It should be remembered also that the uptrend that took place in the yields of bonds when the boom pressure was on, and the inflation fear was so strong, carried these returns to levels which were too high and, in the opinion of many money market experts, should not have taken place. Even if there should be a recurrence of the boom and the inflation fears, it is not expected that long-term interest rates will move up to any appreciable extent this time.

Price Rise Anticipated

The better tone which is in evidence in the bond market appears to be due in no small measure to the growing belief among buyers of these issues that the prices of these obligations will go higher. It is evident that the takings of long-term securities is still on the incline because there is not only a thin calendar of offerings as far as corporate bonds are concerned, but also the flotation of tax-exempt bonds is about in line with what was coming out last year. For the time being, there is not likely to be any important change in the pace of these new security emissions. In addition, it appears as though there is not going to be any offerings of long-term Government bonds for the foreseeable future for either refunding or new money raising purposes.

If the present pattern of Treasury financing is going to be followed for a period of time, and there are indications to this effect, it is believed in many quarters of the financial district that quotations of distant maturities of Government bonds will continue to improve. With no increase in the supply of long-term Treasury bonds this should have a favorable influence on the outstanding ones, since not a few of these issues are still available at prices that are considered attractive.

Moreover, the uptrend in quotations of corporate bonds has narrowed the yield gap between these non-Federal securities and the Government issues with similar long maturities. Although the demand for long-Government obligations is still not as large as that for corporate and tax-exempt securities, it nonetheless is on the increase especially with those institutions that must have at least a part of their investments in this kind of issue.

Intermediates Helped

The better tone in the market for Government bonds has also had a constructive influence on the intermediate term obligations. It is indicated that quite a few banks are making commitments in selected issues in this group and, even though these purchases are still modest in size, they are expected to grow. Some of these commitments represent exchanges from short-term Treasury obligations.

FRB Embarks on New Open Market Buying Policy

Emphasis to be placed on longer dated Treasury notes and bonds.

Below is text of a statement issued by the Federal Reserve Bank of New York on Feb. 20.

At the direction of the Chairman of the Open Market Committee of the Federal Reserve System, the following announcement was made today by the Manager of the System Open Market Account for the information of the public and all participants in the market for Government securities:

"The System Open Market Account is purchasing in the open market U. S. Government notes and bonds of varying maturities, some of which will exceed five years.

"Price quotations and offerings are being requested of all primary dealers in U. S. Government securities. Determination as to which offerings to purchase is being governed by the prices that appear most advantageous, i. e., the lowest prices. Net amounts of all transactions for System account will be shown as usual in the condition statements issued every Thursday.

"During recent years transactions for the System Account, except in correction of disorderly markets, have been made in short-term U. S. Government securities. Authority for transactions in securities of longer maturity has been granted by the Open Market Committee of the Federal Reserve System in the light of conditions that have developed in the domestic economy and in the U. S. balance of payments with other countries."

Arnold, Wilkens Branch

WASHINGTON, D. C.—Arnhold, Wilkens & Co. has opened a branch office at 2715 Connecticut Avenue, N. W., under the management of B. Russel Atwood.

LETTER TO THE EDITOR:

Reader Challenges Money Definitions of McLaughlin

Correspondent's criticism of article by head of Homestake Mining Co. urging gold devaluation asks those who press for an increase in the price of gold whether they know such a stand implicitly denies gold is money. Mr. Johannsen agrees gold producers are entitled to a free market for gold and to obtain for their gold as many Federal Reserve Notes as they can get. But, he adds, "they are not entitled to any governmental price-fixing of gold." The writer, further, does not approve of the use of monetary policy to influence free pricing. He advocates keeping the dollar at its present definition instead of redefining it which he calls "economic quackery" bound to make matters so much worse that "it is incredible . . . any serious consideration" would be given to it.

Editor, Commercial and Financial Chronicle:

Dear Sir:

After reading Mr. D. H. McLaughlin's article (*Commercial and Financial Chronicle*, Jan. 12, 1961) on "The Dollar versus Gold," this writer was frankly puzzled.

O. B. Johannsen

What is this dollar that Mr. McLaughlin is talking about? Is it an abstract number, is it a beautifully engraved piece of green paper wherein the government promises to pay a dollar, or is it 1/35th of an ounce of fine gold?

Now, the weight of the "gold-dollar" has been declared by Presidential Proclamation dated Jan. 31, 1934 in accordance with Section 43, Title III of an act approved May 12, 1933 (Public No. 10, 73rd Congress), as amended, to be 15-5/21 grains, nine-tenths fine (Troy weight). In view of the fact that the nation is presumed to be on an international gold bullion standard, this means that the dollar has been defined to be 1/35th of an ounce of fine gold.

It may be argued that while this is true enough, the dollar is also the "unit of account." But what does this mean? Palgrave's "Dictionary of Political Economy" states "the unit of account is usually, but not always, a *coin*. Thus in Great Britain the sovereign, in France . . . the franc, in the United States the dollar, in Holland the guilder, are respectively the units in which accounts are reckoned." It is also sometimes said that the dollar is the "standard of value," and, in fact, in the presidential proclamation it is stated that the "gold-dollar shall be the standard unit of value." Palgrave's explanation of the "standard of value" is that "In comparing the values of different commodities, recourse is generally had to the expression of the value of each in terms of some one *commodity* chosen as a 'standard of reference' ". So, it would appear that no matter how one looks at it, whether as a unit of account or a standard of value, the dollar is not something abstract. It is a particular article of wealth, and in the United States the dollar is gold, more specifically 1/35th of an ounce of fine gold.

Thus, as a dollar is a weight of gold there can be no conflict between the dollar and gold because to say that there is means that there is a conflict between 1/35th of an ounce of gold and gold, which is meaningless.

The fact that Mr. McLaughlin entitles his article as "the Dollar versus Gold" indicates that the dollar must be something other than gold to him. It would appear from his discussion that to him a dollar is usually a piece of paper as a Federal Reserve Note or a United States Note. Also, the tenor of his arguments indicates that he considers these pieces of paper to be the money of our country. Thus when he feels that the government should fix a price for gold at between $70 and $100, he feels the price should be fixed between seven and ten $10 Federal Reserve Notes.

Devaluation Held to Be Denial Of Gold on Money

This points up the difficulty in which the gold producers find themselves. On the one hand they are among the most vociferous contenders that gold is money. On the other hand when they argue that its "price" should be increased they are implicitly denying that gold is money. In an economy where gold is money all things are priced in terms of gold. Thus, everything has a price except gold, for price is the ratio at which goods and services are exchanged for gold. Obviously, there is no ratio of gold to itself for that is meaningless. So, when the gold producers insist the "price" of gold is not high enough, they are saying that gold is not money, and that money is the thing for which they want to exchange their gold. That thing in its simplest form can only be a Federal Reserve or a United States Note.

Of course, this confusion in the minds not only of gold producers but of most people that gold has a price comes from the fact that as people decided to use gold as a medium of exchange it was sensible, for the sake of convenience, to set up a fundamental unit of gold. To exchange wheat for a bag of gold or a gold coin led to questions, how big was the bag of gold, how large was the gold coin? Thus, it was obviously wise to set up what might be called, for want of a better word, a standard, that is, some unit which had a name. Thus, when anyone mentioned this unit people would know it meant a definite amount of gold of a definite purity. This unit was arbitrarily called a dollar and defined to be 1/35th of an ounce of fine gold, and it was in terms of this dollar that things are priced.

In one sense, it is unfortunate that it has been called a dollar for people lose sight of the fact that a dollar is a weight of gold for the world "dollar" does not convey any concept of weight, as the English pound does. The result has been today that most people probably consider dollars to be the pieces of green paper they carry in their wallets, the U. S. Silver Certificates, Federal Reserve Notes, or United States Notes. A few who are a bit more sophisticated probably even consider the demand deposits of commercial banks to be dollars.

Favors a Free Market With No Mint Price

The gold producers protest that it is all very well for ivory towered theorists to say that their gold has no price, but the gold

Continued on page 43

THE MARKET . . . AND YOU

BY WALLACE STREETE

Selective demand continued to keep the stock market buoyant most of the time this week, while investors generally seemed to be ignoring the lull in the economy in favor of concentrating on a good pickup in spring business after a rough winter.

Efforts of the Administration to end the recession also bred a hopeful air, even before the full scope of the legisative and administrative steps to do so were spelled out fully. Even the fact that the industrial average had been occupied for two weeks in chewing away at a heavy, overhead resistance level last seen in June of 1960 failed to chill sentiment.

Sore Spots

The heavy selling in the electrical issues involved in the price-fixing conviction seemed to have ended and they steadied a shade above the lows reached on their sharp reaction. There was still no cheering news from the two giant sections of the economy where troubles are rife — auto making and steel. The stocks in these areas, while quiet, were generally buoyant and at times Chrysler was in good demand from bargain-hunters. Chrysler not only has the lowest capitalization by far of the Big Three, but also its less than nine million shares are only half the shares outstanding in American Motors and well under the total of Studebaker shares. Hence, Chrysler is the item where an improvement in the auto business, also regarded likely in the spring, can show up with maximum leverage.

Proxy-Fight Stimulus

Chrysler's pattern in recent years has been the boom-bust one, not only in the industry but among the nation's giant concerns as well. It earned $65 million in 1955, the following year reported a loss of $6 million. In 1957 profit came to $85 million, but the next year it was in the red to the tune of $46 million. A $14 million deficit in 1959 was replaced by a profit of nearly $19 million last year.

Prospects of a proxy fight in the company, despite the outcome, were also taken as an indication that the company one way or the other would emerge reinvigorated to live up fully to its position as the third largest auto maker. Meanwhile, the shares that had sold above 100 in 1955 have declined to the low 40s, after having dropped below 38 this year which was a low since the shares were last split in 1947.

Electronics Stirring

With the two electrical giants, General Electric and Westinghouse, under something of a cloud until it is more apparent what lawsuits will develop from their anti-trust conviction, some of the other electrical companies showed signs of stirring even where they, too, were defendants in the same court action.

McGraw Edison, once regarded and rightly as essentially an appliance maker, today is a vastly different operation, with half of its volume coming from commercial and industrial electrical installations. An unknown factor in its future is a device perfected by its Thomas A. Edison division that automatically dials telephone numbers after a single lever is pushed, the acceptance of which on a large scale is still impossible to predict. The issue has been a quiet one, holding last year and this in a range of less than a score of points and lately hovering about midway in the range.

Salt's Seasonal Factor

With the harsh winter abating a bit, interest in International Salt, that was spurred largely by its sales of rock salt to municipalities fighting snow and ice, had simmered down abruptly. Yet this issue is still a quality one selling at a modest profit-earnings ratio and yielding around 4½% which is definitely above average.

The company looms as the nation's largest salt producer and only a bit more than a third of its business normally comes from rock salt used for snow removal. Chemical consumers are the most important users with agriculture taking a fifth of International Salt's output. But with its earnings for the first nine months of last year drooping, the sales of salt for snow work were the bright hope to reverse the trend although the question is whether the sales would come in time to help last year, or boost this year's first quarter report.

Regardless of when the sales pickup becomes apparent, the stock has declined quite sharply from the 1959 peak of 172, and is even well deflated from the highs reached in all the years since 1955, this gives it a current standing only slightly above 100, which makes it definitely an item that doesn't seem to be overpriced like some of the premiere growth items around.

A Transformed Enterprise

At the low-priced end of the list Hupp, to some, is a brand new enterprise despite its long-familiar name as an auto maker. The new company built up by something like a dozen mergers in the last five years today is a major supplier of heating, cooling and air control appartus, along with parts for missile, aircraft and auto firms. Its largest division is Gibson Refrigerator; with Typhoon Air Conditioning and Perfection are the other big ones. Perfection's special product of promise at the moment is a gas-fired infra-red heater which is useful in supplying heat in large, enclosed areas without the necessity of heating all the air they contain since infra-red heats the solid objects such as machinery and workmen only.

Like business generally, Hupp felt the recession and reported a rather sharp dip in 1960 from 50 cents a share profit to 18 cents. So the stock has been restrained and held last year and this in a range of only a bit more than six points, lately available in the upper half of the range as prospects favor a sharp rebound in profit this year. Some sales projections of the company indicate that its volume should hit $100 million this year, well ahead of the high of $76 million reported in 1959.

Building issues should normally reflect the spring upturn in construction in advance, plus the fact that much of the new Administration's pump priming is aimed at aiding the construction industry. No such demand has yet been apparent in Flintkote, which has held in a 15-point range through last year and this despite adverse dividend action. Late last year the 45-cent quarterly was omitted with a 1½% stock payment substituted. For this year the company has resumed cash payments with a 30-cent declaration. The stock, as a result, is well shaken-out to reflect the uncertainties but not the brighter prospects of this year.

Volatile Issue

The volatile issue, with little in the way of a floating supply of stock, has been Interstate Department Stores which has scored multipoint runups without much volume. Interest in the issue undoubtedly is due in large part to its expansion into the discount field which has given it increased sales and earnings to where it is a candidate for dividend improvement and a stock split. The issue more than doubled from last year's low in the recent runup, giving it a below-average yield of well under 2% so it is not any income item. Some earnings estimates for this year, however, give it a reasonable 10-times profit ratio which is not excessive in markets where the norm seems to run around 20% for other than the leading glamour issues that have been showing startling growth. Interstate has been able to more than double its own earnings since 1958 by its participation in the discount field which now has been built up to where it supplies about half of the sales volume and no sign of the growth ending.

[*The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.*]

W. R. Tucker With Rowles, Winston

HOUSTON, Tex. — Rowles, Winston & Co., Bank of the Southwest Building, members of the Midwest Stock Exchange, have announced the election of W. Roy Tucker, Jr. as Assistant Vice-President of the firm. The announcement was made by Russell R. Rowles, President, following the Company's Annual Meeting.

Mr. Tucker has been in the investment banking business for 13 years and associated with Rowles, Winston & Co. for the past year ond one-half. He is presently serving as a member of the Municipal Securities Committee of the Texas Group, Investment Bankers Association of America.

Mr. Tucker will continue in Municipal Bond underwriting and syndicate activities. Rowles, Winston & Co. is one of the leading firms in this important field of finance.

Phila. Mun. Club Names Officers

PHILADELPHIA, Pa. — Edward B. Stokes of Elkins, Morris, Stokes & Co. has been elected President of the Municipal Bond Club of Philadelphia. Mr. Stokes succeeds Donald W. Poole of Poole & Co. whose term expired.

Other officers elected at the annual meeting were: B. Newton Barber of W. H. Newbold's Son & Co., Vice-President; Robert T. Arnold of Suplee, Yeatman, Moseley Co., Inc., Secretary and Frank J. Murray, Jr. of Woodcock, Moyer, Fricke & French, Inc., Treasurer.

Mr. Poole was elected to the Board of Governors to serve one year and John H. Derickson, Jr. of Blair & Co., Inc. and C. Carroll Seward of Yarnall, Biddle & Co. were elected Governors to serve for two-year terms.

Mutual Funds Inv. Bureau

SILVER SPRING, Md. — Paul I. Ishimoto is engaging in a securities business from offices at 10424 Huntley Avenue under the firm name of Mutual Funds Investment Bureau.

Two With Ohio Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — William J. Bonn and William A. Clark have joined the staff of the Ohio Company, 51 North High Street, members of the Midwest Stock Exchange.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Of all the talk about tax revision, there is very likely to come at this session of Congress legislation for quick amortization of taxes on new projects. Everybody in the Administration seems to favor it. Two bills providing for quick amortization have already been introduced and a third is to be introduced soon by Senator Capehart, Republican of Indiana, who has been pressing the idea for three years.

It is designed to encourage plants to modernize, get rid of their obsolete equipment and be in a position to better compete with goods from abroad. European plants are nearly all modernized, thanks to American assistance in building them. Capehart's bill will provide for complete amortization within 10 years or less, the manufacturer electing at the outset whether he wants the short or longer period.

Quick amortization was allowed up until a few years ago but was hastily repealed under a wave of agitation that the government was paying for utility plants all over the country. There was a big fight on between public power and private utility interests for a dam in Colorado. When the public power lobbyists saw they were losing their fight to build the plant, they set up the howl that the government was practically building the plant for the private utility interests.

If private enterprise is permitted to write off its taxes on new enterprises in a 10-year period it helps employment of men who build the plant and helps employment when the plant is built. The government, of course, gets taxes on the new completed plant.

Even Senator Byrd of Virginia, who is usually conservative in most matters went along with the contention that the government was losing money under the quick amortization method. Senator Capehart would make the new system available to farmers who want to buy a new tractor or build a new barn.

* * *

The New Frontier program is experiencing a lull on Capitol Hill but the Administration is not as dismayed as you might expect. All the proposals so far sent up are in the pipeline of committees and it will probably be at least two weeks before any of them get out.

There doesn't seem to be any signs of urgency developing in Congress, however. In the lull, the Administration is doing a lot of spade work. Mr. Kennedy is busy cultivating the chairmen of the committees. It is not unusual at all for a member hitherto neglected to get a personal call from Mr. Kennedy and asked to drop by the White House at his convenience. Such calls have been received by Senator Hayden, the venerable chairman of the Senate Appropriations Committee, and by Senator Chavez, Chairman of the Senate Public Works Committee. Although both hold important positions in the Senate, neither one of them usually receives a courtesy call from the President. On the House side, Chairman Carl Vinson of the House Armed Forces Committee, and Representative Olin E. Teague, Chairman of the House Veterans Committee, have received similar calls.

* * *

House Speaker Sam Rayburn is losing no time in punishing those who voted against him on a proposal to enlarge the membership of the House Rules Committee. Two delegates to interparliamentary meetings, which include trips to far away places, were named from the Rayburn loyal ranks and two who voted against him were passed over.

One involved a trip to Mexico. The man who had set his heart on going to serve as Vice-Chairman of the United States unit was Representative Armistead Seldon of Alabama. He is Chairman of the House Subcommittee of the Foreign Affairs Committee set up to deal with Inter-American affairs. He voted wrong on the rules vote so Rayburn passed over him in favor of Representative Saund of California, who ranks six points below Seldon on the Foreign Affairs Committee. Also passed over by Rayburn was Representative L. H. Fountain of North Carolina. He tops Saund in seniority but he voted wrong on the rules fight.

Silver, Barry Partner

Silver, Barry & Van Raalte, 39 Broadway, New York City, members of the New York Stock Exchange, on Feb. 9 admitted John A. Barry to partnership. Mr. Barry became a member of the Exchange on the same date.

Hill Richards Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John W. Clem has been added to the staff of Hill Richards & Co., Incorporated, 621 South Spring Street, members of the Pacific Coast Stock Exchange. Mr. Clem was formerly with Paine, Webber, Jackson & Curtis.

MUTUAL FUNDS

BY ROBERT E. RICH

A Bit of History

Mutual funds are looked upon by our affluent society as something new. Actually, the industry was a valuable partner in drafting and in urging passage of the Investment Company Act of 1940. And it was a sizable business long before enactment of the law, as we were reminded the other day when Incorporated Investors, a Boston-based fund, came along with its 35th annual report.

Like many another fund, Incorporated Investors had the painful duty on this occasion to tell stockholders that the net asset value of their shares had declined in 1960, "a decline reflecting the general drop in stock prices during the year." The company, which ended the year with total assets of nearly $300 million, recalled other annual reports it had dispatched to stockholders, some downright dour.

Thus, back in 1930, when the country was in the depths of a depression, shareholders read "securities prices have been falling almost daily." In 1935, with the nation on the road to recovery, stockholders of Incorporated Investors were told: "The policy of management has been to turn from companies dependent on consumer's goods trade toward those industries on which the depression has laid its heaviest hand, and into companies in this category which have come through the depression strong enough to take advantage of the more active business ahead."

In the annual report for 1940, with World War II already underway, stockholders were told: "Although it is true that corporate earnings and dividends have been stimulated by the rearmament effort, securities prices in general have been in a downward trend."

Then there was the annual report for 1945, which said ". . . it is difficult to believe that the nation which has achieved an economic and financial eminence perhaps never equaled can fail to enjoy prosperity while the pent-up demand for goods is so vast and the reservoir of accumulated purchasing power so great."

Inflation was the big domestic issue as the 25th annual report rolled off the presses and the company stated: "We believe that further inflation is inevitable and have therefore maintained a fully invested position in common stock." Five years later Incorporated Investors was able to say: "Your management believes that 1956 will prove to be an excellent year for the American economy."

In this latest annual report, which was written on the day John F. Kennedy took office, William A. Parker, Chairman, and Charles Devens, its President, said: "In our opinion . . . buying reserve may be advantageously put to work for the long term in the months ahead."

And what was Incorporated Investors, managed by oldline Parker Corp., doing with its portfolio as the country approached the New Frontier? Well, for one thing it was taking a stronger position in the field of consumer goods and services. Campbell Soup, Coca-Cola, General Foods, Procter & Gamble, R. J. Reynolds Tobacco, Borden, Tampax and National Biscuit were added to the list in the second half of 1960. By the end of the year nearly 7% of this rich portfolio was invested in consumer products.

Public utility holdings were increased to 7.9% from 4.4% a year earlier. At the same time there were slashes in coal, from 7% to 4%; in steel, from 13.2% to 9%, and in metal holdings, from nearly 11% to 2.3%.

On balance, sales outweighed purchases, giving point to the remark about "buying reserve" being put to work. While Incorporated Investors admitted to a propensity for consumer goods and utilities, the fact is that it was extremely selective. Thus, in the last three months of 1960 it eliminated 50,000 shares of British Columbia Telephone Co. and 64,800 Montgomery Ward.

While Parker and Devens say this "could prove an excellent year," it is plain that the foreign lure is stronger than ever. They have been adding to their investments in companies abroad. At latest report, 10.5% of the portfolio was invested in European companies. This compares with 7.8% a year earlier.

The biggest holding of Incorporated Investors is that daddy of the growth stocks: International Business Machines, whose 38,600 shares tote up to 7.6% of the total fund.

That one holding alone tops its total investment (7.3%) in railroads. Second to I. B. M. is that other sterling growth equity, Minnesota Mining & Manufacturing, accounting for 3% of the portfolio.

Over and beyond the 67,808 stockholders, the report of this long-lived mutual fund makes a valuable contribution to the lore and legend of the industry. It has known good times and lean ones, too. Back in 1928, just before The Crash, it had net asset value of $6.62 a share. By the end of 1932 it was down to $1.82. The figure got up as high as $10.11 in 1959 and slipped back to $8.41 by the end of 1960.

Of course, there are funds which can boast swifter growth, but few have endured so many calamities, national and international, as Incorporated Investors.

With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—David M. Burney has become affiliated with Shearson, Hammill & Co., 3224 Wilshire Boulevard. He was formerly with Hayden, Stone & Co.

The Funds Report

Sales of shares of the $440 million **Broad Street Group of Mutual Funds** for January were highest for any month on record, according to Robert H. Brown, Jr., President of Broad Street Sales Corp., general distributor of shares for the group. Sales at net asset value for the three mtuual funds—Broad Street Investing Corp., National Investors Corp. and Whitehall Fund, Inc. — were $6,515,102, up 55% from January, 1960. This was 18% more than the previous record month high of $5,509,021 in September, 1960.

Redemptions of the three funds for January totaled $1,541,591, equivalent to 37/100 of 1% of average net assets, down from about ½ of 1% in January, 1960.

* * *

Centennial Fund, Inc. reported a 20.7% rise in per-share value for the quarter ended Jan. 31 and a 5.9% gain during the 5½ months after the fund began operations on Aug. 15. Centennial Fund is an open-end investment company formed through, simultaneous non-taxable exchange of investors' securities for fund shares.

In the first semi-annual report to shareholders, President William M. B. Berger disclosed net assets per share of $13.24 at last month's close, compared with $10.97 on Oct. 31, and the original value of $12.50 a share on Aug. 15. On the same dates, the fund's total net assets amounted to $27,233,027 and $22,642,443, and $25,784,875 respectively, he added.

Aside from the elimination of some small holdings, the principal changes in the fund's portfolio during the Jan. 31 quarter were the sale of 3,000 shares of Itek Corp. and the purchase of 4,000 shares of Eldon Industries, Inc.

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Chemical Bank New York Trust Co. has been appointed transfer agent for the capital stock of **Cambridge Growth Fund.**

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Diversified Growth Stock Fund, Inc. reports net asset value per share of $9.78 on Dec. 31. This compares with $9.65 on the same date in 1959. The annual report to shareholders for the year ended Dec. 31, 1960, lists total net assets of $106,327,015 at the year-end, or 47.4% higher than at the end of 1959. During the year, the number of shareholders rose from 28,532 to 44,461 and shares outstanding from 7,477,797 to 10,871,647.

Appearing in the fund's list of holdings for the first time are the common stock of Bobbie Brooks, Jim Walter Corp., Western Publishing Co., Papercraft Corp., Chicago Musical Instrument Co., Hammond Organ Co. and Kawecki Chemical Co.

* * *

Drexel & Co. is offering publicly a new issue of 500,000 shares of **Drexel Equity Fund, Inc.** 10-cent par value common stock at an initial offering price of $10.20 per share. It was organized under the laws of Delaware in October, 1960. The fund will become a diversified open-end management investment company upon completion of the initial public offering of shares. In the selection of investments, the fund will emphasize "possible long-term capital appreciation."

Paul F. Miller, Jr., President of the new fund, has been associated with Drexel & Co. since 1953 and has been a general partner since October, 1956.

* * *

In its annual report to stockholders, **Eurofund, Inc.** announced net asset value has appreciated from $18.91 to $22.11 per share during the period ending Dec. 31, 1960. During the period total assets of this closed-end fund, which seeks capital appreciation through investment in European securities, rose 16.9%. During 1960 total net assets appreciated from $20,844,742 to $24,370,878, reflecting $4,466,377 of unrealized gain on foregn securities over acquisition cost.

* * *

Combined sales of shares to the investing public of **Fidelity Capital Fund, Fidelity Fund** and **Puritan Fund** reached record highs in December and January, the Fidelity Management Group of Mutual Funds reported. Sales in December were $12,361,453, up 165% from sales of $4,640,000 in December, 1959. January, 1961, sales were $14,355,000, an increase of 200% from January, 1960, sales of $4,780,000.

* * *

Institutional Income Fund has declared a dividend of eight cents per share from investment income, payable April 3 to shareowners of record March 1. This is the 31st consecutive distribution for the fund.

* * *

Keystone Discount Bond Fund, Series B-4 and **Keystone High-Grade Common Stock Fund, Series S-1,** have declared regular distributions from Net Investment Income of 29¢ and 21¢ respectively. Both distributions are payable March 15 to holders of record Feb. 28.

* * *

Lexington Income Trust, one of the Templeton, Damroth group of funds, recorded an 11% increase in the value of its shares in its first fiscal quarter ended Jan. 31. The increase boosted net asset value to $11.50 per share from $10.34 at the close of its fiscal year on Oct. 31, 1960.

The fund, according to the report, has continued to store up substantial purchasing power in senior securities "in order to be able to take advantage of buying opportunities in stocks when and as they may occur in the future."

At the close of the period the fund had total assets of $6,281,-

754, of which 18% was invested in preferreds, 13% in bonds, 8% in governments and 61% in commons.

* * *

January sales of $8,264,488, up 11% from January, 1960, sales of $7,435,300, were announced at the annual meeting of stockholders of **National Securities & Research Corp.** The corporation, which sponsors and manages the National Securities Series of mutual funds, reported 1960 earnings of 73¢ per share, compared to 78¢ in 1959.

A dividend of 15¢ per share, payable March 31 to shareholders of record March 15, was voted by the board of directors at the organizational meeting following the stockholders' meeting.

* * *

Trustees of **The George Putnam Fund** of Boston, declared a quarterly dividend of 10 cents per share from investment income, payable March 23 to shareholders of record Feb. 28. This dividend is the same as the amount paid last year at this time and is the fund's 94th consecutive cash distribution.

* * *

The securities of leading Canadian banks, mining companies and utilities were among the first purchased by the new **UBS Fund of Canada, Ltd.** with proceeds received during the initial offering period, it was disclosed by H. Nelson Conant, President, in the first annual report to stockholders. Proceeds amounted to about $3,500,000 (U. S.) during the period ended Dec. 31. "Since early 1960, Canadian markets have acted somewhat better than their American counterparts, and we believe that business in Canada is on the uptrend," he said. "Thus, with Canadian stock prices and business activities at relatively low levels, we feel that our investment program has been started at an advantageous time," he added.

* * *

Net asset value per share of **Wellington Equity Fund** rose from $12.17 on Oct. 31 to $14.57 on Feb. 1, Walter L. Morgan, President, stated in a quarterly report to stockholders. Net assets currently total about $54,700,000, an increase of about $11,000,000 in the three-month period.

In the past three months, purchases of Wellington Equity Fund shares totaled $2,824,000, an increase of 77% from the same period a year ago.

THE SECURITY I LIKE BEST...

Continued from page 2

for 21% of sales, but will hold a larger portion of future revenue due to their repeat business. Rich Plan's foods have a Grade "A" Fancy rating by the U. S. Dept. of Agriculture, but are marketed at prices competitive with supermarkets. Rich Plan is the largest in its industry and is considering expansion into Canadian markets. Diversa projects sales of Rich Plan at $12,500,000 for 1960 and earnings of $800,000. This compares to sales of $11,500,000 and earnings of $700,000 last year.

American Acceptance Corporation (wholly-owned) is a small finance company serving North Central Texas. It has a book value of about $100,000 and contributes earnings of about $10,000 annually to Diversa.

Diversa Electronics, Inc. (wholly-owned) was acquired in May 1960 and specializes in the design of automated devices in the field of quality control. Among its products is a machine to test welding work now being used by General Motors and an automatic quality control computer. This division is small, but Diversa intends to introduce some rather exciting products of this subsidiary this Fall.

Tidelands Drilling Company (wholly-owned) is the predecessor company to Diversa. At present its properties consist of eight rigs including a giant offshore rig named "Mr. Gus II." The latter is rented to major oil companies for drilling in waters up to 150 feet deep in the Gulf of Mexico at prices from $7,500 to $8,000 per day. Despite the profitability of Mr. Gus II, Tidelands Drilling is not expected to operate at a profit. Oil production of Diversa is currently running at 1,000 barrels daily while gas production is 6,400,000 c. f. per day. Reserves are stated at about 5,890,726 barrels of oil and 88,513,000,000 c. f. of natural gas. Cash flow of oil and gas operations and contract drilling will bring about $8,000,000 to Diversa; but the depreciation and depletion costs of $2,000,000 are expected to result in a net loss of this subsidiary of $1,200,000 in current year. Appraising the oil at prices from $7,500 to $8,000 per cents per thousand c. f. and adding the book value of Diversa's rigs of $7,000,000 the estimated oil and gas interest of Diversa's long-term debt, the oil and gas interests alone could amount to $20 for each share of preferred.

Merritt Gas of Morton, Texas liquefied petroleum gas distribution) was acquired in October, 1960.

The $1.25 Preferred Stock

This issue was originated by the former company in 1956 when 350,000 shares were issued at $25. The stock is callable at $26 plus accumulated dividends. Entitled to payments of 31¼ cents quarterly, the corporation is currently behind back dividends totalling $3.75. Dividends must be resumed by Oct. 1, 1961; otherwise, the holders of preferred stock have the right to elect a majority of the board of directors until all accrued and unpaid dividends on each preferred share are paid in full.

Management

Responsible for the progress of Diversa is Chairman of the Board and President Gerald C. Mann. At S. M. U. he was an "All-American" quarterback and was honored by his classmates as "probably among the top five S. M. U. student leaders scholastically of all time." Also a graduate of the Harvard Law School, Mr. Mann served as Secretary of State and Attorney General for Texas. He later organized the Murmanill Corporation which made possible the organization of Diversa in April 1959. Murmanill is the corporation which received Diversa common stock in exchange for its properties.

Summary

Distinct forces at work in Diversa, Inc. could motivate a substantial advance for the $1.25 preferred stock. (1) The present market level whereby shares can be acquired at only about 60% of their call price plus accumulated dividends. (2) Increased earnings which will enable resumption of dividends. (3) Conversion at 1¾ shares of common for each share of preferred which enhances its growth potential. (4) Management which is motivated by a large stake in the common stock and is making great strides in advancing the financial stature of the company. The projected earnings of $2,100,000 for 1960 could result in per share net of $5 for the preferred and 80 cents for each of the common after allowance for preferred dividends. The securities are traded in the Over-the-Counter Market, with the preferred qouted at about 15 and the common stock at 5¼.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD

On a calendar year price performance, the market price for National Fire declined 12% in 1960; it thereby contrasted sharply with the 1960 appreciation trend for most fire-casualty stocks. Nonetheless, National Fire was among the best performers during 1959 and thus far in 1961 the price of this issue has become firm along with other leading insurance stocks. The recently reported 1960 operating results showed National was able to register a slight underwriting profit even though a 12% gain in investment income was unable to offset the drop from excellent 1959 underwriting profits. Adjusted earnings declined to $9.38 per share from the $12.72 figure for 1959. An underwriting loss was prevented largely due to the small gain in premiums written relative to the increase in premiums earned.

After several consolidation steps during the past decade, National Fire presently has one wholly-owned subsidiary, Transcontinental Insurance Company. The business of National is treated as a unit and pooled on a stipulated percentage basis—85% to National and 15% to Transcontinental. Late in 1956 Continental Casualty of Chicago acquired a 67% interest in National Fire through a 1¼-shares offer for each share of National and the company presently operates as a member of the Continental-National Group. Early in 1957 National stopped writing auto liability and all casualty lines, and since then Continental has shifted its fire and marine business to National. Present stock ownership by Continental approximates 70% of the National's 500,000 shares outstanding.

Since becoming affiliated with Continental, National's business and operating results have undergone drastic changes. The withdrawal from the casualty business, the suspension of Canadian operations and the successful elimination of unprofitable agencies during 1957 and 1958 returned the company to a strong earning power base. Although a sizable cutback in premium volume growth was one of the sacrifices made, this situation can be considered temporary due to the sizable resources of Continental available for vigorous expansion during the periods ahead.

Selected Statistics — Growth and Underwriting Control

Year—	—Net Premiums— Written*	Earned*	Admitted Assets*	Loss Ratio†	Expense Ratio‡	Profit Margin
1960	$66.4	$66.2	$163.0	58.8%	41.0%	0.2%
1959	65.3	60.9	155.6	54.4	41.4	4.2
1958	55.1	56.4	144.4	53.9	45.0	1.1
1957	58.1	69.9	134.7	64.2	46.3	—10.5
1956	79.0	79.6	157.8	71.3	43.2	—14.5
1955	81.0	77.9	156.3	57.7	43.2	— 0.1

*In millions of dollars. †Losses incurred to premiums earned. ‡Expenses incurred to premiums written.

Through approximately 10,000 agents premium writings are widely distributed with important states including New York, California, Ohio, Michigan and Illinois. Enterprising management and close planning with the other Continental-National companies rather than rate deviations are relied upon mainly for profit enhancement. The centralized underwriting practices based in Hartford and Chicago provide substantial control over the quality of business written. Of the property insurance lines written, Fire is by far the largest—followed by Extended Coverage, Multiple Peril and Inland Marine. Hurricane Donna losses had an adverse impact on 1960 underwriting results.

Per Share Statistics

Year—	Approximate Price Range	Investment Income	Total Earnings	Dividend	Average P/E Ratio	Approximate Book Value
1961	138 - 121	---	---	$2.00	---	-----
1960	149 - 102	$9.44	$9.38	2.00	13.5	$197.85
1959	144 - 114	8.44	12.72	2.00	10.1	183.85
1958	117 - 66	8.07	9.55	1.60	9.6	166.78
1957	92 - 56	8.04	—4.01	1.60	---	135.29
1956	139 - 82	7.92	—14.17	3.00	---	144.46
1955	150 - 91	7.34	5.40	3.00	22.2	160.16

Investment policy followed generally is conservative. At the end of 1960 bonds represented 57% of total investments while common stocks were 37% of the $146 million total. An increasing position has been taken in tax exempt bonds to compensate for the previous sizable tax loss carried forward position. The annual dividend rate of $1.60 has been supplemented by a 40c extra in 1959 and 1960, and an annual payout of $2.00 is the minimum expectation this year. At the recent mean price of 142, a yield of 1.4% is obtained. The stock still sells considerably below book value.

The stock of National Fire has considerable leverage and profit potential due to the small common share base and the ability to concentrate on classes of insurance for which the company best qualifies. National Fire stock represents one of the few remaining leading fire or property insurance equities where specialization is desired by investors. Continental Casualty, on the other hand, appears in a position to outperform National as a long-term holding due to its multiple line insurance strength; thus an indirect position in National is obtained through this top quality growth issue.

Geochron Labs. Stock Offered

Pursuant to a Feb. 21 offering circular, Globus Inc., and Ross, Lyon & Co. Inc., both of New York City, publicly offered at $1 per share, 150,000 shares of the 1c par common stock of Geochron Laboratories Inc.

The company is in the process of establishing a geochronology laboratory in Cambridge, Mass. As its initial business, the company proposes to perform age determinations on rock and mineral samples for others on a commercial basis. The company will derive its income from charges made for performing such determinations. The method of determination will be potassium-argon isotope analysis.

The proceeds will be used to establish the laboratory, for advertising and promotion and for working capital.

Named Directors

Three new directors were elected to the Board of Russ Togs, Inc., at a meeting of its directors here, according to announcement by Eli Rousso, President. They are: H. Stanley Krusen, senior partner at Shearson, Hammill & Co., Irving Tropp, Vice-President of Manufacturers Trust Co., and Emanuel Klimpl, a partner in the law firm of Parker, Chapin and Flatteau.

Mr. Krusen is the senior partner in charge of the Underwriting and Institutional Departments at Shearson, Hammill & Co. He has been in the investment banking business since 1928 and is an authority on fiscal management and corporate financing, specializing in the problems of medium size growth companies.

Kerr & Bell Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Kenneth H. Bays has been added to the staff of Kerr & Bell, 210 West Seventh Street, members of the Pacific Coast Stock Exchange. He was formerly with Lile & Co.

Named Director

Louis Hubshman, Jr., has been elected a director of the Virginia Iron, Coal & Coke Co. of Roanoke, Va., Mr. Hubshman is affiliated with Burnham and Company, investment bankers, and is also a director of National Equipment Rental, Ltd. He was previously an officer and director of Hubshman Factors Corp.

NEWS ABOUT BANKS AND BANKERS

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

Harry Javits, formerly Assistant Vice-President, has been elected a

Harry Javits

Vice-President of the **Commercial Bank of North America, New York** it was announced by Jacob Leichtman, President. Mr. Javits joined the Bank, in 1925.

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Richard E. Nelson and Robert Simpson have been appointed Assistant Vice Presidents of the International Division of **Chemical Bank New York Trust Company, New York.**

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John Farrar McIlwain, a Vice-President since 1950 of the **Irving Trust Company, New York** died Feb. 19 at the age of 59.

Mr. McIlwain joined the Bank in 1920 and entered the personal Trust division.

* * *

The Meadow Brook National Bank, New York City, New York, has increased its common capital stock from $13,926,155 to $14,204,-675 by a stock dividend, effective Feb. 9. (Number of shares outstanding 2,840,935 shares, par value $5.)

* * *

The Sterling National Bank & Trust Company of New York, New York, has increased its common capital stock from $4,-590,000 to $4,681,800 by a stock dividend, effective Feb. 8. (Number of shares outstanding 312,120 shares, par value $15.)

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The American Trust Company, New York, has announced the election of Spyros S. Skouras and Frank M. Smith Directors.

* * *

Appointment of Gordon V. Adams as an Assistant General Manager of the **Bank of Montreal, Montreal, Canada,** has been announced by G. Arnold Hart, President and Chief Executive Officer. Mr. Adams, who has been in charge of the bank's New York agency since 1958, will continue as chief agent in New York, but, as an Assistant General Manager of the bank he will become a member of the bank's Senior Executive Group.

In addition, John H. F. Turner, O. B. E., Senior Assistant General Manager of the Bank of Montreal, has been appointed to a newly-created post as Assistant General Manager in charge of the bank's European division and as Manager of the main office in London, England, where he will have his headquarters.

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The Royal Bank of Canada, Montreal, Canada, has named J. F. Smith and R. M. Cattell as agents at the New York office.

* * *

The Framingham National Bank, Framingham, Mass., has increased its common capital stock from $450,000 to $600,000 by the sale of new stock, effective Feb. 7. (Number of shares outstanding 60,000 shares, par value $10.)

* * *

C. Malcolm Davis, President of **Fidelity Union Trust Company, N. J.** announced that the Bank has transfered from its undivided profits $500,000 to the capital account and $2,500,000 to the surplus account, bringing the total of these accounts to $40,000,000.

Davis also announced that the Bank is distributing to its over 2,500 shareholders the stock dividend declared on Jan. 17. The stock dividend is in the ratio of two shares for each 23 shares held as of Jan. 23.

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The National Bank of Palisades Park, Palisades Park, New Jersey, has increased its common capital stock from $150,000 to $300,000 by a stock dividend, effective Feb. 1. (Number of shares outstanding 15,000 shares, par value $20.)

* * *

The Haddonfield National Bank, Haddonfield, New Jersey, has increased its common capital stock from $500,000 to $600,000 by a stock dividend, effective Feb. 1. (Number of shares outstanding 120,000 shares, par value $5.)

* * *

Louis J. Knodel, Senior Trust Officer of the **Provident Tradesmens Bank & Trust Company, Philadelphia, Pa.** has retired after 45 years of service, as of Feb. 1.

Mr. Knodel began his banking career on Jan. 2, 1916 with the **Commonwealth Title Insurance and Trust Company.** At the time of its merger with the Provident Trust Company in 1928, he was appointed Assistant Trust Officer. He was made Trust Officer on Oct. 1, 1941 and Senior Trust officer on Jan. 25, 1945.

* * *

William H. Latimer, Jr. has been elected Vice-President in the Trust Department of **Mellon National Bank and Trust Company, Pittsburgh, Pa.**

* * *

Directors of the **Fidelity and Deposit Company of Maryland, Baltimore, Md.** declared a stock dividend at the rate of one share for each nine shares presently held, payable April 20, to holders of record March 15.

The distribution of the stock dividend declared will increase the outstanding capital stock of the company from 900,000 shares to 1,000,000.

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The State Bank and Trust Company, Ann Arbor, Mich., has converted into a national bank under the title of **National Bank and Trust Company of Ann Arbor,** effective Feb. 10.

* * *

The Union Planters National Bank of Memphis, Memphis, Tenn., has increased its common capital stock from $9,000,000 to $9,200,000 by a stock dividend, effective Feb. 6. (Number of shares outstanding 920,000 shares, par value $10).

* * *

The National Bank of Fitzgerald, Fitzgerald, Ga., has increased its common capital stock from $100,-000 to $200,000 by a stock dividend, effective Feb. 1. (Number of shares outstanding 20,000 shares, par value $10).

* * *

The State National Bank of Decatur, Decatur, Ala., has increased its common capital stock from $1,500,000 to $1.650,000 by a stock dividend, and from $1.650,-000 to $1,800,000 by the sale of new stock, effective Feb. 6. (Number of shares outstanding 180,000 shares, par value $10).

* * *

Charles C. Whittelsey has been elected a Director of the **Ouachita National Bank, Monroe, La.**

* * *

The Valley National Bank of Phoenix, Phoenix, Ariz., has increased its common capital stock from $11,199,065 to $11,535,035 by a stock dividend, effective Feb. 1. (Number of shares outstanding 2,307,007 shares, par value $5).

* * *

The Security First National Bank, Los Angeles, Calif., has increased its common capital stock from $81,430,250 to $89,573,275 by a stock dividend, effective Feb. 10. (Number of shares outstanding 7,165,862 shares, par value $12.50).

* * *

The National Bank of Commerce of Seattle, Seattle, Wash., has increased its common capital stock from $10,000,000 to $12,000,000 by a stock dividend, effective Jan. 30. (Number of shares outstanding 400,000 shares, par value $30.)

* * *

The Peoples National Bank of Washington in Seattle, Seattle, Wash., has increased its common capital stock from $5,110,000 to $6,132,000 by a stock dividend, effective Feb. 3. (Number of shares outstanding 306,600 shares, par value $20.)

* * *

The Pacific National Bank of Seattle, Seattle, Wash., has increased its common capital stock from $5,500,000 to $6,000,000 by a stock dividend, effective Jan. 31. (Number of shares outstanding 600,000 shares, par value $10.)

* * *

The Puget Sound National Bank of Tacoma, Tacoma, Wash., has increased its common capital stock from $2,000,000 to $2,500,000 by a stock dividend, effective Feb. 8. (Number of shares outstanding 250,000 shares, par value $10).

* * *

The Security Bank, Washington 1, D. C., has increased its common capital stock from $1,100,000 to $1,210,000 by a stock dividend, effective Jan. 31. (Number of shares outstanding 48,400 shares, par value $25.)

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A merger certificate has been issued approving and making effective as of Dec. 21, the merger of **Citizens Bank of Kirkland, Kirkland, Wash.,** with common stock of $100,000, into **Peoples National Bank of Washington in Seattle, Seattle, Wash.,** with common stock of $5,000,000. It was effected under the title of the Peoples National Bank of Washington in Seattle, with capital stock of $5,110,000 divided into 255.500 shares of common stock of the par value of $20.00 each.

* * *

The Guaranty National Bank of White Center, White Center, Wash., has increased its common capital stock from $100,000 to $200,000 by a stock dividend, effective Jan. 27. (Number of shares outstanding 2,000 shares, par value $100.)

* * *

Shareholders of **The Toronto-Dominion Bank** are being offered the right to subscribe for one additional share of the Bank's capital stock at $37 a share for each four shares held.

The offering is being made to shareholders of record at the close of business on Feb. 10.

A. T. Lambert, President, informed shareholders that $4,000,-000 has been transferred tax-paid reserves to Rest Account and $800,000 from Undivided Profits, bringing the latter to $64,800,000.

The 600,000 shares which are now to be issued will increase capital account by $6,000,000 and Rest Account by $16,200 000, bringing capital account to $30,-000,000 and Rest Account to $81,-000.000.

The offer is not being made to shareholders whose recorded address is in the United States. However, subscription rights will be provided for these shareholders which may be sold and transferred.

Any shares not taken up by shareholders under the offer have been underwritten by a syndicate of investment dealers headed by A. E. Ames & Co. Ltd.

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The Royal Bank of Canada, Montreal, Canada announced the appointment of J. W. Ganann, since 1952 head of its New York Agency, as an Assistant General Manager at Head Office. H. M. Grindell, has been named Chief Agent of the bank's New York Agency.

The appointment of R. F. Garrard as General Supervisor (International Division) and B. J. McGill as Supervisor (International Division) has been announced by **The Royal Bank of Canada, Montreal, Canada.** Mr. Garrard has been Supervisor of Non-Domestic Branches since 1951.

Mr. Garrard joined the bank at Winona, Ont. in 1922. He served his banking apprenticeship at a number of branches in Ontario, and in 1939 he was transferred to the Supervisor's Department, Toronto. He became Assistant Manager of the bank's main branch in Winnipeg in 1941 and two years later assumed a similar post at Ottawa branch. He was appointed Inspector, Foreign Department at Head Office in 1946. He was appointed Supervisor of Non-Domestic Branches in 1951.

The Royal Bank of Canada, Montreal, Canada, announces the appointment of T. H. Cummings as Supervisor of Securities Departments with headquarters in Montreal.

The election of A. F. Mayne, General Manager, as a Director and Executive Vice-President is announced by **The Royal Bank of Canada, Montreal, Canada.**

* * *

J. Bartlett Morgan, Chairman of the Board of Henry Morgan & Co., Ltd., has been appointed a Director of the **Bank of Montreal, Canada.**

Mr. Morgan is also President of **Morgan Trust Co., & the Canada Trust Co.**

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The Chartered Bank, London, E. C. England, announces that Mr. John Shewan, an Assistant General Manager, has been appointed a Joint General Manager and that Mr. Ronald Anthony Stuart Lane has been appointed an Assistant General Manager.

Both appointments became effective on Jan. 1.

* * *

The directors' proposals of the **Swiss Bank Corporation, Switzerland,** to be submitted to the general meeting of the stockholders to be held on March 3, would result in the payment of a dividend of 10%, unchanged from last year, and an increase of the Reserve Accounts by 14,000,000 Swiss francs, thus bringing the Bank's total capital and reserves to 314,-000,000 Swiss francs.

The Directors, acting in accordance with the previous authority vested in them by the stockholders, have decided to increase the share capital from 180,000,000 Swiss francs to 200,000,000 Swiss francs by the issuance of 40,000 new bearer shares of Fcs. 500 par value, at the price of Fcs. 500 per share, with the right to participate in dividend distributions as from Jan. 1, 1961.

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The First National City Trust Company (Bahamas) Ltd. was opened Feb. 7, in Nassau, Bahamas, as a wholly owned affiliate of **First National City Bank.** It is the first United States owned trust company to be organized in the Bahamas.

The company has a board of five consisting of: James S. Rockefeller, Chairman First National City Bank; Eben W. Pyne, President First National City Trust Company, New York; Sir Roland T. Symonette, Kt., M.E.C., M.H.A.; Montague P. Maura; and Bascom H. Torrance, who will be managing director of the affiliate.

Mr. Torrance retired as a Senior Vice-President from **First National City Trust Company, New York,** in October, 1959, after 40 years service.

Town Photolab Stock Offered

Public offering of 150,000 shares of the common stock of Town Photolab, Inc. was made on Feb. 17 at a price of $4 per share by a group headed by Michael Kletz & Co., Inc.

Town Photolab, Inc., with headquarters in New York City, is engaged n the business of processing and printing of black and white and color photographic film. It also sells film, photographic equipment, accessories and supplies.

Net proceeds from the sale of the shares will be used by the company for additional advertising for direct mail processing; for expanding and training sales personnel for the school portrait field; for the purchase of Kodachrome processing facilities; and for the purchase of equipment to develop Ektachrome and Anscochrome transparencies. Balance of funds will be added to working capital and used for general corporate purposes.

For the year ended Dec. 31, 1960, the company reported net sales of $1,492,430 and net income of $158,024, equal to 37 cents per common share.

Upon completion of the current financing, sole capitalization of the company will consist of 576,-000 shares of common stock.

Financial Analysts Annual Convention

The annual convention of the National Federation of Financial Analysts Societies, to be held in Richmond, Va., April 29-May 3, 1961, for the first time in the South, will attract the largest group of America's top business executives ever to assemble in Virginia for any meeting.

The delegates will include high ranking officers of large insurance companies, banks, and other institutional investors. Approximately 1,000 delegates, and some 500 wives, are expected to attend. They will come from all parts of the U. S., and from Canada.

In addition, more than 60 executive officers of well known big business firms (see list below) will participate in the forums, management conferences, and other features of the program.

The individual analysts are chiefly concerned with the study of securities and other investments. They are involved in the management of investment portfolios for banks, insurance companies, institutions, trusts, foundations, investment bankers and brokers. They also include economists, consultants, and related specialists.

The federation is composed of 25 autonomous regional societies in Baltimore, Boston, Chicago, Cincinnati, Cleveland, Dallas, Denver, Detroit, Houston, Indianapolis, Kansas City, Los Angeles, Montreal, New York, Omaha-Lincoln, Philadelphia, Phoenix, Providence, Richmond, Rochester, St. Louis, San Francisco, Toronto, Minneapolis-St. Paul, and Washington, D. C.

Individual members total approximately 7,000.

Officers of the National Federation are: Jeremy C. Jenks, New York, President; Joseph A. Jennings, Richmond (Vice-President, State-Planters Bank of Commerce and Trusts), Executive Vice-President; George M. Hansen, Boston, Executive Secretary and Treasurer. Other Vice-Presidents include John B. Purcell of Richmond (Vice-President, First and Merchants National Bank).

Mr. Jennings is the general convention chairman. George S. Kemp, Jr., (partner, Abbott Proctor & Paine) is vice-chairman. Walter W. Craigie, (partner, F. W. Craigie & Co.) is program chairman. Clifton M. Miller, Jr., (Vice-President, Atlantic Life Insurance Co.) is arrangements chairman. B. Walton Turnbull, (trust officer, State-Planters Bank of Commerce and Trusts) is finance chairman. (All of Richmond.)

Headquarters of the convention will be the John Marshall Hotel.

There will be field trips featuring tours and management conferences at American Tobacco, Philip Morris, West Virginia Pulp & Paper (Virginia Folding Box Company, and Hinde & Dauch), DuPont, and Reynolds Metals plants at Richmond; Allied Chemical and Hercules Powder Plants near Hopewell, Union Bag-Camp Paper Corporation plant at Franklin; Vepco Generating Station at Yorktown; Newport News Shipbuilding and Drydock Company, and Chesapeake and Ohio Facilities at Newport News; Norfolk & Western's Hampton Roads Terminals, and the Chesapeake Bay Bridge & Tunnel Authority at Norfolk, and the National Aeronautics and Space Administration, and Tactical Air Command Headquarters, at Langley Field.

Activities scheduled for the ladies include a James River Plantation tour (Shirley, Berkeley, and Westover); a Williamsburg tour; and a historic Richmond tour (Capitol Square, St. John's Church, Wickham-Valentine House, Virginia Museum of Fine Arts, Wilton, Nordley, Canterbury, Virginia House).

Industries which will be covered in the various convention sessions include: aluminum, space and missiles, petroleum, paper, railroads, electronic data processing and controls, chemicals, insurance, and textiles.

This is the 14th annual convention of the federation. Last year's convention was at the Waldorf-Astoria in New York; Montreal was the city in 1959, and Los Angeles in 1958.

Raney Securities Co., Inc.

LITTLE ROCK, Ark.—Raney Securities Co., Inc., has been formed with offices at 411 Commercial National Bank Building. Officers are Dallas P. Raney, President; Frank R. Thurmond, Clay H. Raney and Thomas D. Raney, Vice Presidents; Robert W. Raney Secretary, and Alton B. Raney, Treasurer.

T. R. Buczkowski With Ball, Burge & Kraus

(Special to THE FINANCIAL CHRONICLE)

PITTSBURGH, Pa.—Theodore R. Buczkowski has become associated with Ball, Burge & Kraus of Cleveland. He was formerly Pittsburgh manager for Van Alstyne, Noel & Co. and prior thereto was with Arthurs, Lestrange & Co.

* * *

Two With Hutton

CHICAGO, Ill—William B. Cafferata and Richard W. Erkes are now with E. F. Hutton & Company, Board of Trade Building. Mr. Cafferata in the past was with Goodbody & Co.

Joins Baird Staff

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE Wis.—Col. Charles E. Lancaster, Jr. is now associated with Robert W. Baird & Co., Incorporated, 110 East Wisconsin Avenue. He was formerly with Emch and Company.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Don't Argue With Inflation!

There are probably millions of citizens of this country who are not convinced that the economic and related policies of our Federal Government are unsound, and, if continued, will eventually bring about a financial crisis at some future date. Among the people who cannot be convinced that a continued policy of increasing the Federal debt, and adding more bureaucratic rules to the already overburdened business community will bring stultification instead of growth in our economy, are no doubt a number of individuals who have been engaged in channeling the savings of the people into industry for many years. Regardless of whether those of us who do not believe in the Roosevelt New Deal, or the continuation and additions to it up to the present Kennedy regime, there is nothing we can do in the present circumstances other than to "swim with the tide."

Some Guide Rules to Follow If You Are A Realist

(1) If people want to speculate and follow the crowd, it's almost impossible to convince them that their thinking is unsound. This is a speculator's market today. It is based upon mob greed and selfishness. Many people who are now buying stocks don't know a balance sheet from a bed sheet and they care less. All they want is to latch on to as many stocks as possible at a time when a move is going on, and hold them until they have such a large profit that they think they can't afford to sell since their friends in Washington will hit them too hard when it comes tax time. If they want to hold, and take the risk of losing some of their paper profits, let them do it. You may be wrong. The very stock you agree should be sold may take off again, double and split. Then it could even start over for another free ride and where will you be with your fundamentals about earnings, balance sheets, and high priced executives who ride in company paid for yachts.

(2) There are some people who are not interested in whether or not the United States Government has a big deficit or a little one. All they want is to keep as much of their money as possible (whether they make it gambling in the market, running an illicit business, or just plain working for it —a few still do). There are places in this world where you can set up corporations and also hold numbered accounts that have exceptional possibilities for tax avoidance and the protection of ill-gotten loot.

Just recently I visited the Bahamas. There were buildings on Bay Street that had their entire front (with the exception of the windows) covered with the names of all sorts of corporations. They were all set up to keep wealth from being confiscated by high taxes in this country. I talked with several people over there who knew the ropes and they told me that millions have been pouring into the Bahamas not alone from Americans who have had it tax-wise, but also from many Latins who don't wish their governments to know they have a few pesetas tucked away for a rainy day of their own.

Then don't forget Switzerland. The intelligent, hardworking, honest Swiss, who never had a rich country, who have toiled and tilled the mountains and raised goats on the hills, have been laughing at rich, fat nations such as ours for centuries. They have a Constitution, they stay neutral, they mind their own business, they pay their bills, they don't have bread lines on every corner everytime a little recession comes along, they save their money, put it into gold, and then they tell us: "O. K., suckers, if you want your lifetime earnings and savings to be safeguarded, send it over to us. We'll convert it (if you desire) into good money backed by gold, that has been good for 500 years. We'll put it in an account that is yours and nobody else's business. We'll put a number on it and if any snooping government official from your country or any other wants to know what you have deposited in one of our good sound banks we'll tell them the same as they hear it in Alcatraz — you're number XY200 and that's that."

Yes, there are a few places still left where sensible people who have read some books about history, and who don't believe that the politicians know what they are doing, can still find some protection against eventual devaluation of their money, or confiscation through usurious taxes.

But Don't Fight It

These are the days in which we live, more deficits; more taxes; more bureaus; more newspaper headlines that mean nothing in actual performance; higher and higher stock markets; lower interest rates; politically aggravated social unrest throughout the South and the entire country; business that is thriving wherever leisure, loafing, and easy credit can be exploited; railroads deteriorating but may be temporarily stimulated by merger talk. Also, Federal bureaus and commissions increasing their strangle hold on business enterprise; more billions dumped into a chaotic agricultural situation and billions more for school houses which we don't need (surveys show there are ample classrooms); free rides on scholarships paid by the taxpayers through the Federal Government when every student who obtains such aid should borrow it and have to repay it later after graduation. And how many more trillions will the great brains in Washington dump into Europe, Asia, the Communist bloc, possibly China and Africa? Remember, we now have "Soapy" Williams down in Africa attending to that "give-away."

If you can still count and will look at this scorecard and you can see anything ahead but inflation in prices, wages, stock prices and taxes, then you are a better man than I am. But this column isn't supposed to be concerned with prognostications about such things. Possibly we will have a period of sound finance, stability, and great progress in the next four to eight years. I hope we do!

In Securities Business

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—Belle Haven Realty Co. is engaging in a securities business from offices at 1420 East Third Street. Officers are Joseph Greenbach, Sr., President; William Greenbach, Vice-President; and Joseph Greenbach, Jr., Secretary and Treasurer.

Hill Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Ralph A. Heinlein has been added to the staff of Hill & Co., Carew Tower, members of the New York and Cincinnati Stock Exchanges.

Ohio Inv. Dealers Elect Officers

COLUMBUS, Ohio—At a recent meeting of the Investment Dealers of Ohio, Inc., the following were elected officers to serve during 1961:

President: Dennis E. Murphy, The Ohio Company, Columbus; Vice-President: T. A. Gaskell, Hayden, Miller & Co., Cleveland;

Dennis E. Murphy — Joseph J. Van Heyde — Fred Korros — Ralph G. Elam

Vice-President: Fred Korros, Westheimer & Company, Cincinnati; Secretary-Treasurer: Ralph G. Elam, Sweney Cartwright & Co., Columbus; Executive Secretary: Joseph J. Van Heyde, Columbus, former Assistant to the Chief of the Division of Securities, State of Ohio.

Trustees: in addition to Messrs. Murphy, Gaskell, Korros and Elam are: Frederick M. Asbeck, Wm. J. Mericka & Co., Cleveland; E. M. Bancroft, Stranahan, Harris & Company, Toledo; W. Robert Hunter, Hunter, Prugh, Ball & Davidson, Dayton; Russell E. Keier, Collin, Norton & Co., Toledo; Edgar E. LeGros, First Cleveland Corp., Cleveland; Joseph A. Magnus, Magnus & Company, Cincinnati; Thomas H. Roulston, Gunn, Carey & Roulston, Cleveland; and Earl Shaffer, Chas A. Hinsch & Co., Cincinnati.

Joins Blankenship, Gould

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Edward J. Singer has joined the staff of Blankenship, Gould & Blakely, Inc., Equitable Building. He was formerly with Shiels Securities Inc.

With Walston & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Armand J. Santilli is now connected with Walston & Co., 901 Southwest Washington Street. He was formerly with May & Co. and Foster & Marshall.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

General Public Utilities Corporation

General Public Utilities is an integrated holding company, owning all the common stock of Pennsylvania Electric, Metropolitan Edison, New Jersey Power & Light and Jersey Central Power & Light. It also controls Manila Electric, operating in the Philippines. About 92% of 1959 net earnings were obtained from domestic business.

U. S. subsidiaries serve more than 1,000,000 customers in a 24,000 square mile area in New Jersey and Pennsylvania, with an estimated population of 2,800,000. Revenues in 1959 were 44% residential, 22% commercial and 28% industrial. Generating capacity is about 2,303,000 kw. The GPU domestic subsidiaries generate somewhat more than their needs, selling about 7% to other utilities.

During 1950-60 domestic subsidiaries increased the efficiency of their generating units by about one-third — the amount of coal used to generate one kwh. declining from 1.2 pounds to a little over .8 pounds. This was a greater increase in efficiency than the electric utility industry as a whole achieved. Total production cost per kwh. was reduced from 5.7 mills in 1950 to 3.9 mills in 1960 (based on the 12 months ended Nov. 30).

The system is also pioneering with respect to use of high voltage transmission which, if successful, will favor the location of generating units near coal mines and further from markets, thus in effect "sending coal by wire." By eliminating nearly all the transportation cost in fuel expense, net earnings may be increased, assuming that line losses and operating difficulties with the high tension lines are not offsetting factors. Pennsylvania Electric placed a 450,000 volt electric transmission line in service last September between Claysburg and Saxton, Pennsylvania (spanning the Allegheny Mountains)—the first power line in the world to operate at this voltage.

The GPU system is promoting electric heating and in Electric City, a new community being located in the territory of Jersey Central Power & Light, the homes will be all-electric. The city will cover 2,500 acres and have an estimated 30,000 population on completion in about five years.

GPU spent about $70 million on new facilities last year and raised $41,760,000 new capital. The system expects to spend $84 million in 1961, requiring some $44 million of new capital.

General Public Utilities has been earning about 6.6% on net plant account (year-end basis), earnings having ranged between this figure and 7.4% during the past decade. (Standard & Poor's figures). While Pennsylvania is considered a "fair value" state, Pennsylvania Electric was ordered by the Pennsylvania Commission to reduce rates 3.6% effective Nov. 1, 1960, reducing annual revenues by $2,200,000, equivalent to about 5c per share on GPU stock. The reduction resulted from the Commission's state-wide investigation of utility earnings. The company was found to be earning about 6.5% compared with a 6% maximum (on fair value) set by the courts.

Manila Electric supplies electricity in the city of Manila and adjacent areas, comprising some 800 square miles with a population of about 1.5 million. It is a modern integrated system comparable with U. S. companies. It generates about 55% of its requirements in oil-fired steam generating stations and buys 45% from the National Power Corp., a Government agency producing hydro power. A seventh unit of 60,000 mw. capacity will be installed at the Rockwell station around the end of this year.

While the company's reserve capacity is inadequate, there have been no equipment failures or breakdowns—although on a few occasions it was necessary to drop loads by rotation during the period of maximum peak, such as in the last quarter of 1959. The reason for the capacity shortage is reported to be the inability to secure favorable action by government agencies, and obtain adequate foreign exchange, to purchase the necessary generating equipment.

Manila Electric has shown excellent growth, kwh. output increasing from 153 million kwh. in 1946 (the plant had been heavily damaged during the Japanese wartime occupation) and 459 million kwh. in 1950 to 1,685 million kwh. in the 12 months ended Nov. 30, 1960. Despite this rapid growth and a relatively high rate of return, the financial results have been severely affected by the Philippine inflation and the changing value of the peso. The company's receipts from the Philippines are directly affected by Philippine dollar reserves and by Philippine regulations with respect to the withdrawal of funds. There are various fees and taxes incident to getting dollars out of Manila, and in the past currency regulations have been too complicated and subject to erratic changes. However in April 1960, under the terms of a Foreign Exchange Decontrol program of the Philippine Government, permission was granted to convert pesos into dollars at the free market rate.

Thus, GPU's earnings record merely includes net receipts from Manila Electric rather than the earnings or dividends per share. Net receipts increased from 3c a share in 1950 to 13c in the following year, but declined in later years to 6c, with a sharp recovery to 13c in 1960. Early last year GPU made preliminary arrangements to sell 40% of its interest in Manila Electric to a group of Filipino investors, with the proceeds to be paid in dollars, subject to authorization of the Central Bank. However the Exchange Decontrol Program has delayed this plan.

The company's earnings record (all figures are on a per share basis) have been as follows in the past decade:

Year	Domestic Net Income	Net $ Receipts from Manila	Domestic Net Inc. plus Manila Receipts	Common Div. Paid
1950	$ .80	$ .03	$ .83	$ .55
1951	.78	.13	.91	.625
1952	.91	.11	1.02	.725
1953	1.01	.11	1.12	.80
1954	1.05	.10	1.15	.85
1955	1.19	.11	1.30	.8625
1956	1.25	.06	1.31	.9125
1957	1.34	.09	1.43	.9875
1958	1.42	.06	1.48	1.015
1959	1.52	.07	1.59	1.09
1960 Est.	1.54	.13	1.67	1.13

President Tegen expects 1961 earnings of domestic properties to be better than $1.54 a share, despite the rate cut of Pennsylvania Electric. The company does not expect to do any equity financing until perhaps the middle of 1962, when there might be a 1-for-20 offering. Earnings include tax savings resulting from the use of accelerated depreciation for Federal income tax purposes, which amounted to about 20c a share in 1959.

The stock has been selling recently around 29½ to yield nearly 4%. The price-earnings ratio is about 17.7 compared with the U. S. average around 19.6.

Reynolds Appoints Potter in Boston

BOSTON, Mass.—Reynolds & Co. has appointed G. Glen Potter Resident Manager of their Boston office, 125 High Street.

Van Alstyne, Noel Branch

PASSAIC, N. J. — Van Alstyne, Noel & Co. has opened an office in Passaic, N. J. to render comprehensive investment service and advice to individuals, corporations and institutions. The new office is located at 10 Broadway and is under the direction of R. Kern, manager, and B. W. Surgent, associate manager.

The new office will be open on Monday and Friday evenings from 7 to 9 p.m. in addition to the usual day hours.

Chandler Co. Branch

LONG BEACH, Calif.—Chandler & Company has opened a branch office at 4130 Atlantic Boulevard under the management of Sterling E. Gilmore.

Internat'l Secs. Branch

SANTA BARBARA, Calif.—International Securities Corp. has opened a branch office at 3007 De La Vina Street, under the management of Charles J. Nagel.

Westamerica Branch

SALINA, Kans. — Westamerica Securities Inc. has opened a branch office at 1016 United Building under the direction of Emet G. Stewart.

Join Hutton Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Gilbert L. Davies and Richard R. Dempster have joined the staff of E. F. Hutton & Company, 623 South Spring Street. Mr. Davies was previously with Walston & Co., Inc. Mr. Dempster was with Mitchum, Jones & Templeton.

NSTA NOTES

ALABAMA SECURITY DEALERS ASSOCIATION

At the Annual Meeting of the Alabama Security Dealers Association the following officers were elected for 1961:


Thomas K. Yardley


Ogden Shropshire


Sam Malone

President: Thomas K. Yardley, Hendrix & Mayes, Inc., Birmingham.

Vice-Presidents: Ogden Shropshire, Shropshire, Frazer & Co., Mobile, and Elbert Martin, Odess, Martin, Sellers, Doe & Bonham, Inc., Birmingham.

Secretary: William K. McHenry, Sterne, Agee & Leach, Birmingham.

Treasurer: Sam F. Malone, First National Bank of Birmingham.

Executive Committee: Ernest Armstrong, Sterne, Agee & Leach, Montgomery; Marion E. Baxley, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Montgomery; V. Hugo Marx, Jr., Hugo Marx & Co., Birmingham; Tundtall B. Perry, III, Berney Perry & Company, Inc., Birmingham; Edwin A. Gentyr, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Birmingham; Clyde Ulmer, Courts & Co., Birmingham; C. Blythe Brown, Cumberland Securities Corporation, Birmingham, and Frank Thomas, Stubbs, Watkins & Lombardo, Inc., Birmingham.

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York will hold its silver anniversary dinner and reception at the Waldorf-Astoria Hotel on April 21.

Frank J. Ronon, New York Hanseatic Corporation, is Chairman of the Arrangements Committee; Robert M. Topol, Greene & Company, is in charge of dinner reservations; and Casper A. Rogers, Casper Rogers Co., is in charge of hotel reservations.

MEMBERS OF

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THE BOSTON SECURITIES TRADERS ASSOCIATION

37th ANNUAL DINNER

At The Statler-Hilton Hotel February 10, 1961

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F. L. Putnam & Company, Inc.

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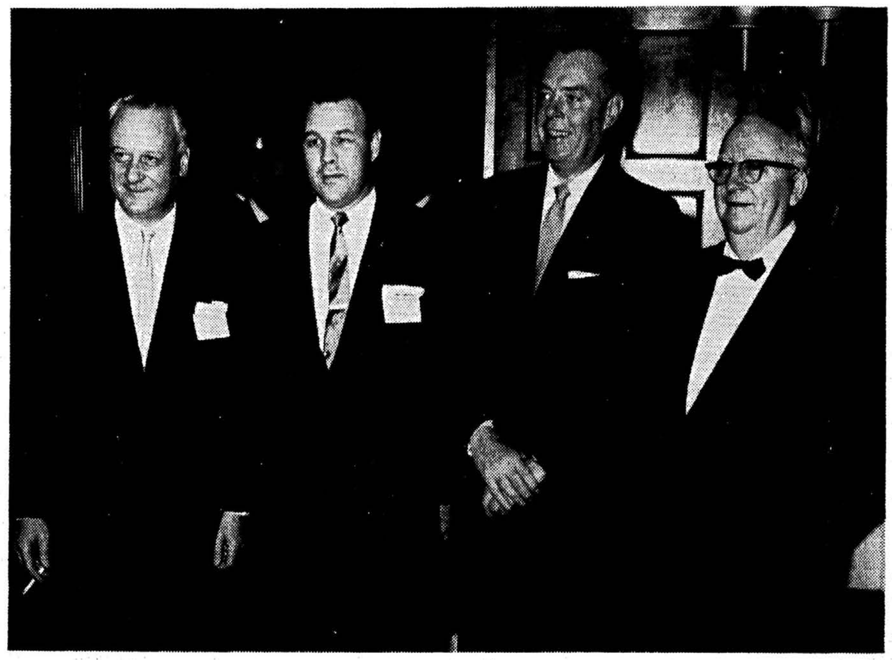

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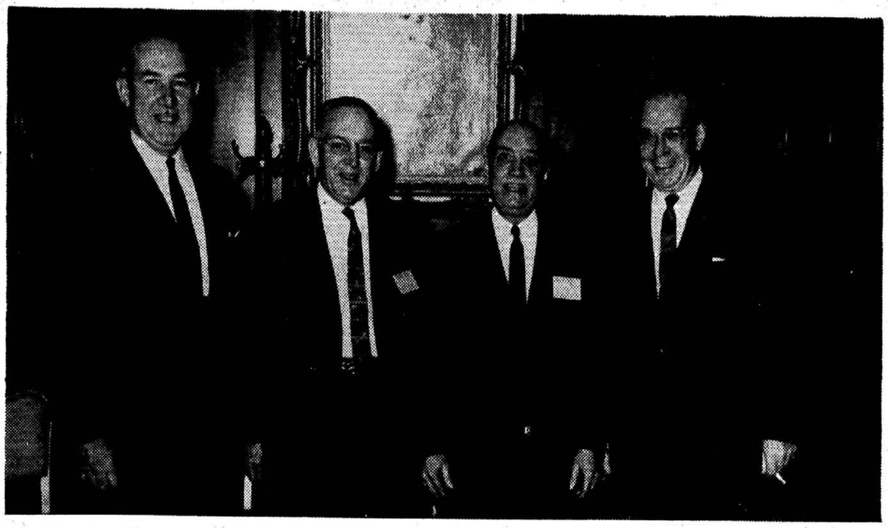

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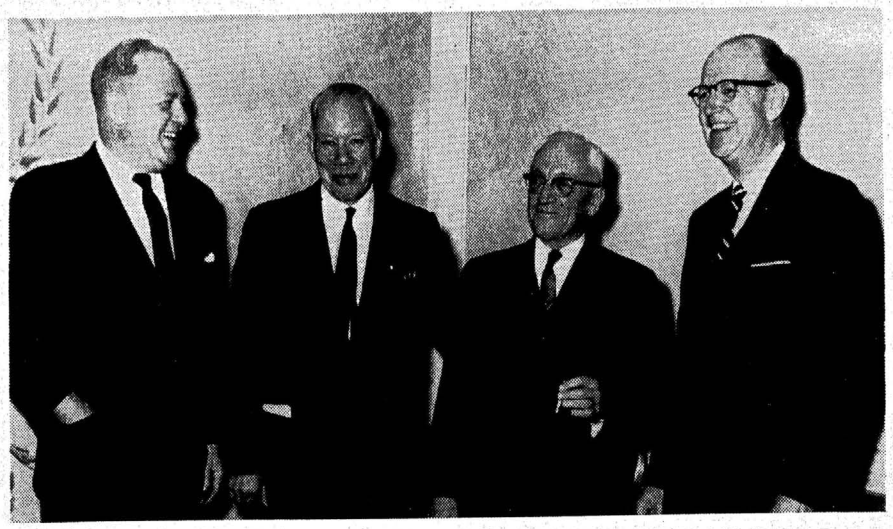

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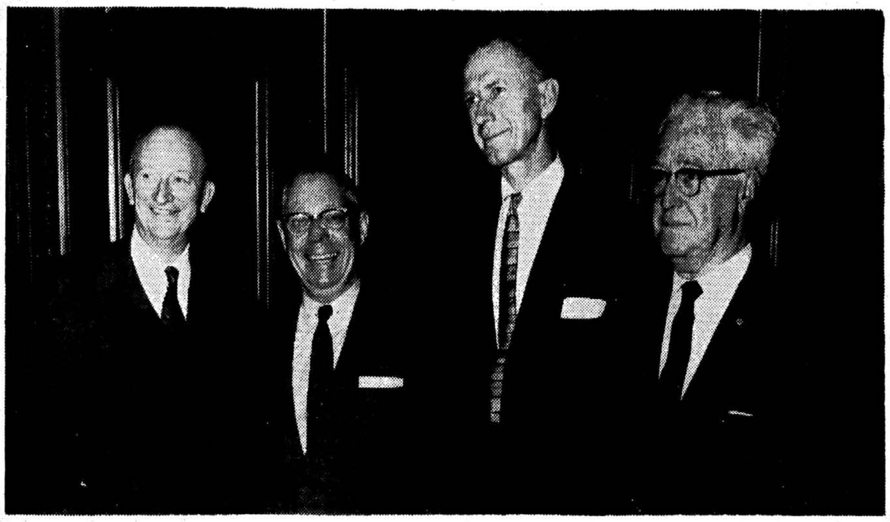

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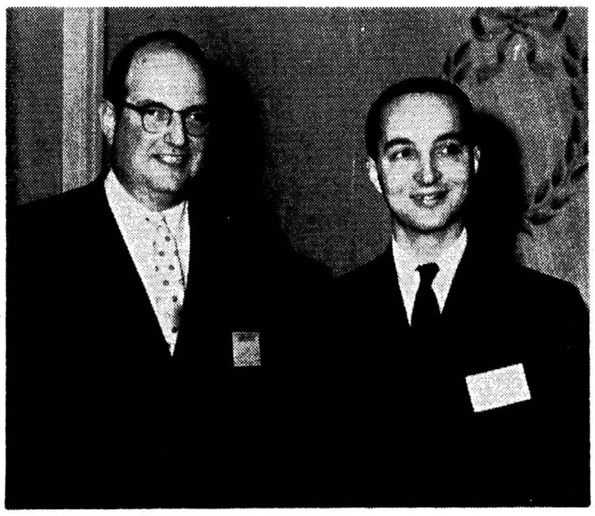

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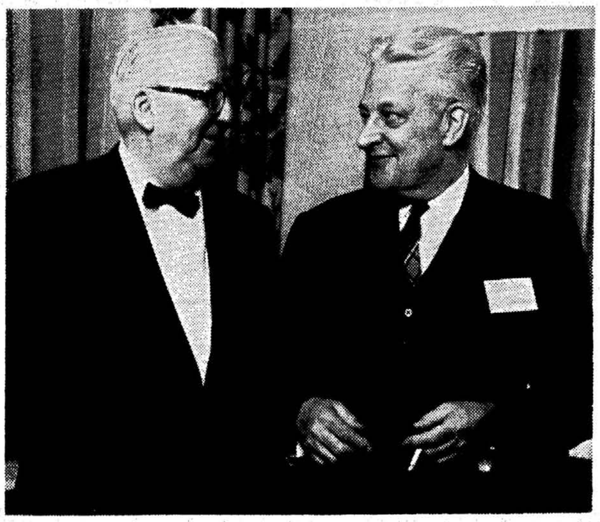

Phillip Kendrick, *Securities & Exchange Commission*, Boston; Edward N. Gadsby, *Securities & Exchange Commission*, Washington, D. C.

Fred Parent, *Lee Higginson Corporation*, Boston; Irvin Hood, *Lee Higginson Corporation*, New York; James Browne, *Lee Higginson Corporation*, Boston

Gil Silva, *H. Hentz & Co.*, Boston; Dick Lynch, *Townsend, Dabney & Tyson*, Boston; Clem Diamond, *Townsend, Dabney & Tyson*, Boston

Claims and Facts Regarding Investments Abroad

Continued from page 13

300 million people have an annual income of $10, about 3¢ a day, enough to buy one bowl of rice. Millions of these people never have enough to eat, many starve, most are illiterate, millions have no home. This is then, in fact the social and economic condition of the most populous part of the world. This is not an ideal climate for the investment of private capital. You can't have good business any more than you can have a good world with half the people free, half slaves, half fed, half starved. And the gap between the haves and have nots is not diminishing, it is increasing.

The job to improve the standard of living, even a little, for hundreds of millions of people is tremendous. It can only be done if all the have countries cooperate. It requires food and medicine, education and training and capital and knowhow. Even more important it also requires that our culture, our art and our education inspire respect and trust.

Role Direct Investments Should Play

Now what role should direct American investments overseas play? In terms of the national interest, and more specifically the increasing threat of communist penetration, more funds must be devoted to increasing the productive capacity of the developing nations. There is a desperate need for increased capacity to enable these countries to counterbalance the rapid growth in their population. The governments in these areas are making great efforts to raise living standards. In this tremendous undertaking, they need all possible external assistance. With the rare combination of capital and know-how, the American enterpriser would seem to have a golden opportunity to share the development efforts of these countries on a larger scale than at present. Undoubtedly the risk factor is considerable in many of these countries; but this element of risk can be exaggerated. There are certainly many opportunities for profitable investment, although frequently the pay-off may not be realized for several years. The point I am making is that, considering the very impressive long-range opportunities which these underdeveloped countries offer, we would be promoting the vital cause of world peace and freedom if we show a greater readiness to develop productive facilities there.

What is urgently needed, if we are to resist the spread of communism, is a greater willingness on the part of American enterprise to apply its ingenuity and resourcefulness in the less developed countries. From the point of view of global strategy, too large a percentage of our capital is going into the developed countries. Having already established a substantial base for further expansion in these countries, would it not be more statesmanlike on our part to channel a larger percentage of available venture capital into the less developed areas?

To bring this shift to pass, it is certainly desirable that appropriate action be taken by the developing countries to attract more private capital. In many instances such a policy is being followed and the response of American enterprise has been encouraging. There are other instances, however, in which the governments overseas have not done all within their power to encourage an inflow of private capital. Frequently there exists a nationalistic spirit which seems to serve no useful public interest. What is urgently required in these countries is a rapid increase in productive capacity, to provide more employment and income. Under these circumstances the national interests of the country would be best served by a policy designed to encourage the inflow of capital and know-how.

There would, however, still remain a large element of risk in such countries. Accordingly, in order to provide sufficient inducement, the American Government should considerably reduce or even eliminate, for a period of years, taxation on income earned in the developing countries. This proposition has been up for consideration in Congress but as yet no really effective action has been taken. Considering the urgent need of the underdeveloped world for capital, it should be possible for our government to join with other governments in developing a tax program designed to encourage the inflow of private capital and know-how.

Calls for Venturesome Capital

In proposing that American firms increase their investment in the less developed countries, I am not suggesting that funds be placed abroad regardless of risk. Management, after all, has a responsibility to protect the stockholders' captial; but management also has a responsibility to be venturesome in developing new opportunities. It has, moreover, a responsibility to promote the national interest. It is not enough for private enterprise to depend entirely on our government in resisting communist penetration and possible eventual control of the developing areas. There is much that we can and should do, consistent with protection of the stockholders' interest, to invest funds productively in the developing areas. If we examine the record of say the last 10 years, what we find is that there have not been many instances, excluding of course Cuba under Castro, in which American capital has sustained considerable losses. In the main, our substantial investments in underdeveloped countries have more or less successfully weathered the political and other crises to which they have been exposed. Our position is, generally speaking, a strong one; American private investment has made a considerable contribution to economic development. In the future it can make an even larger contribution and, with the assistance of the governments concerned, it can demonstrate an increasing capacity to accept the risks of overseas investment.

If we are to achieve a steady expansion in the volume of commerce between the free nations, it is imperative that more of our investment resources and industrial know-how be made available to the developing countries. With their rapidly growing populations and their relatively untapped resources, they constitute a very considerable challenge and opportunity for profitable expansion of both trade and investment. It is true that they are beset with many difficulties in their efforts to lift living standards. Thus for example there is the problem of unending inflation, fluctuating exchange rates, unstable governments and other elements of risk and uncertainty for outside investors. But these problems reflect the effort of these countries to improve their living standards. They are indicative of the widespread insistent demand for economic growth.

It is perhaps to be expected that, in a number of these countries, the government should be committed to varying degrees of state intervention in the economy, including programs which in some instances would seem to us to be outright socialism. It is not for us however to demand that these governments adopt an economic philosophy which exactly coincides with our own. We, in the private business world, serve no useful purpose in demanding that other countries develop too exact a reproduction of our economic institutions. There are indeed certain preconditions which must be met before the private enterprise economy can function effectively. In the absence of these, we accomplish little by criticizing the governments concerned when usually it is only too apparent that they are struggling to meet the desperate needs of their people. Our approach should be on an individual basis, wherein the management of each company, having explored the overseas market, decides for itself whether it can invest its capital and know-how with a reasonable prospect for a fair return.

There is every reason to expect a more favorable climate for our investment activities, since without the inflow of modern industrial technology, the developing countries cannot possibly expect to improve their economic position. What I am saying is that, in the end, economic reason will of necessity prevail; and in the meantime there exists a tremendous challenge for the American businessman to make the most of the many opportunities which now exist abroad and which, when they have been developed, will create more or less automatically, a more favorable climate for subsequent investments.

More Than Investments Required

But it is not enough for us to make direct investments and say that this represents the whole of our contribution to the problem of economic development in the backward areas. American capital should accept more responsibility for promoting general education in the field of management and industrial engineering in the underdeveloped countries. I believe leading American firms should make substantial contributions to financing the establishment and operation of major industrial and management training centers at appropriate locations. This would obviously be done with the approval and cooperation of the governments concerned and possibly through already established educational institutions. Its purpose would be to provide adequate training in management and industrial engineering. Some of the instructors might very well come from leading local businesses and educational institutions, as well as from the staffs of American colleges and companies. The objective would be to provide adequate training facilities for literally tens of thousands of students.

Such an educational program would provide industry in these countries with the type of trained young men that are so urgently needed. How many American businesses operating in the underdeveloped countries are able to secure enough adequately trained nationals? The result is that far too many of the managerial, professional and technical jobs are filled by Americans rather than by nationals. I don't think I have to convince many of how much more preferable it is to have nationals in all or most top positions.

The whole educational project should be conducted on an imaginative scale. It must and would make an important contribution to the system of private enterprise. It is not necessary to set forth all of the details; my point is simply that American private business could be doing much more through practical education and training than it is to promote the cause of free enterprise in the less developed areas. We need positive programs rather than pious assertions that the less developed countries are perversely practicing statism and socialism. We are not going to save the day for free enterprise in these areas unless we see to it that the coming generations of young people have had an opportunity to learn our system. We know only too well that the communists are educating and propagandizing youth everywhere; they are seeking to bind the coming generations to their philosophy.

Many governments have neither the initiative nor the resources to carry through a project such as I have outlined above on an adequate scale. Here then is the type of acivity that the American private enterpriser could and must conduct if we are going to achieve our objectives.

Summary

Let me sum up what I see as the essentials in the role of American direct investments overseas.

(1) The flow of capital must be directed more and more to the underdeveloped areas.

(2) American investment should be for the long pull—not solely looking for a quick profit. It should be understanding, resourceful and willing to take risks in promoting long-term corporate and national objectives.

(3) Much more emphasis must be placed and more financial support given to large-scale educational and training programs.

(4) Nationals should be employed to the greatest extent possible, and our best managerial and technological know-how should be transferred to nationals.

(5) The highest possible standards of employment, wages, working conditions and benefits must be practiced.

(6) Even with all the help of private capital, the underdeveloped countries are still going to have a great challenge in paying for their essential imports. American capital can assist greatly by providing for a program not only to manufacture for local needs, but wherever possible to provide a substantial export, particularly in the more populous countries where an increase in the standard of living must come predominantly from industrialization.

The record of American overseas direct investment is truly impressive. It shows a phenomenal increase especially in the industrially developed countries. In the struggle of the free world against hunger and disease and illiteracy, the American enterpriser must give more attention to the populous areas where so many hundreds of millions of people are struggling for a minimum living. The American businessman through the use of his resources and talents in these countries can make a major contribution to the cause of prosperity and freedom and world peace. The decisive decade is the sixties. The great challenge of this decade for everyone in the free world, and particularly for the American private businessman, will be what we do in the have not countries—how we respond to this challenge may well determine the fate of civilization.

*An address by Mr. Brent at the Foreign Investment Session of the 47th National Foreign Trade Convention, New York City.

With C. C. Collings

PHILADELPHIA, Pa.—The investment banking firm of C. C. Collings and Company, Inc., Fidelity Philadelphia Trust Building, members of the Philadelphia-Baltimore Stock Exchange, announce that Neil Dempsey is now associated with them as a registered representative in South Jersey, specializing in municipal financing and corporate securities.

Southern Co. Com. Stock Is Marketed

An underwriting group headed by Eastman Dillon, Union Securities & Co., Blyth & Co. Inc. and Equitable Securities Corp. offered for public sale on Feb. 15, 750,000 shares of Southern Co. common stock priced at $50 per share. The group purchased the stock from the company on Feb. 14, bidding $49.31 per share.

Southern is a holding company whose operating subsidiaries are Alabama Power Co., Georgia Power Co., Gulf Power Co., Mississippi Power Co. and Southern Electric Generating Co.

The proceeds from this sale of additional common stock will be applied to the payment of $22,000,000 of bank loans and to construction or acquisition of property by the affiliated companies. Any remaining proceeds will be used for general corporate purposes including additional investments in operating affiliates.

Total construction expenditures of the operating affiliates for 1961, 1962 and 1963 are estimated at $515,000,000. Of this aggregate an estimated $173,000,000 will be expended in 1961. Annual dividends on Southern's common stock have increased from 20 cents per share in 1954 to 35 cents per share in 1960. A dividend of 37½ cents per share is payable March 6, 1961, to holders of record Feb. 6, 1961. Shares purchased in this offering will not receive this dividend.

Giving effect to this sale, Southern will have outstanding 23,302,250 shares of common stock of $5 par value.

Heads New York Inv. in America

Melville P. Dickenson, Senior Vice-President, Equitable Life Assurance Society of the United States, has accepted appointment as General Chairman for 1961 of the New York City Invest-in-America Committee.

Invest-in-America is a nationwide organization which stresses the importance of individual investment and savings to America's continued economic growth. The 1961 program, which again emphasizes the theme, "money at work means men at work," will be highlighted as in former years by the observance of Invest-in-America Week, April 30-May 6.

The New York City Invest-in-America Committee is sponsored by the Institute of Life Insurance, the Savings Banks Association of the State of New York, the Real Estate Board of New York, the New York Board of Trade, the Young Men's Board of Trade, the Edison Electric Institute, the National Association of Investment Companies, the Security Traders Association of New York, the Association of Stock Exchange Firms, the Investment Bankers Association, the American Stock Exchange, the New York Stock Exchange, and the U. S. Savings Bonds Division, Treasury Department.

J. A. Hogle Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — John Karony has been added to the staff of J. A. Hogle & Co., 428 North Camden Drive. He was formerly with Daniel Reeves & Co.

With Holton, Henderson

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Gerald S. Haims has joined the staff of Holton, Henderson & Co., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. He was previously with Hayden, Stone & Co.

AS WE SEE IT

Continued from page 1

under compulsion—moral if not legal—to do as they are told. We can not believe that either this Administration or any that preceded it really want anything of this sort in the United States even if some of the proposals would be steps in that direction. This leaves the question open as to what really is expected or can reasonably be expected of business.

No one would deny that it is encumbent upon business as well as other elements in the community to obey the laws of the land, and of course, it is the duty of government to see that such laws are obeyed. It also appears to us that we—or our government—can rightfully expect that the businessman take an enlightened and longer term look at his own interests. We must add, lest misunderstanding arise, that financial considerations ordinarily place a limit upon the degree in which the practical man of business may look to his longer term as distinct from his immediate welfare. Government can rest assured that a maximum of imagination and initiative exists in the business world regardless of any appeals by government —maximum, that is, under the conditions in which business is expected to operate and must operate.

How Far?

How much further can government—or the rest of us for that matter—go in expecting or demanding cooperation from business? The President the other day at the Conference Board meeting cited "three areas of common concern to which that alliance (hoped for between government and business) must devote its full attention in the next few years: economic growth, plant modernization and price stability." The President then cites a number of figures—which we are not always prepared to endorse —purporting to show that such countries as Japan, Germany, Italy, the Netherlands, Canada, and Sweden have in recent years been putting a larger share of their current output into "capital formation" than have we, and, in consequence, have been showing a substantially higher rate of annual growth.

"I think we can do better," the President then remarks, adding that "working together business and government must do better—putting people back to work, using plants to capacity and spurring savings and investments with at least a large part of our economic gains beginning not when our economy is back at the top, but beginning now. Secondly, new plant investment not only means expansion of capacity—it means modernization as well. Gleaming new factories and headlines about automation have diverted our attention from an aging industrial plant. Obsolescence is slowing down our growth, handicapping our productivity and worsening our competitive position abroad."

Here the President is dealing with exceedingly complex economic phenomena represented — or reputedly represented—by very technical statistical measures which are unfortunately widely un-understood and misunderstood. For our part, we are at this moment far from prepared to accept some of these statements of the President and still more reluctant to accept some of the interpretations he places upon them. There is nothing in this world that is capable of leading the unwary so far astray as many of the current crop of figures (many of them of necessity no better at best than guestimates) and the jargon commonly employed in their presentation. There is every indication that the President is not fully aware of the pitfalls of such figures as those currently compiled to show the "rates of growth" in the various countries, including our own. The term "capital formation" smoothly employed by the President may or may not be fully understood by him, either.

What Is Expected?

But the question here is this: Just what does the President think and expect business to do to increase the rate of "capital formation" and the "rate of growth"? He apparently is not aware that the rate of capital formation (if as we must suppose, he uses what is listed in the figures as "gross private domestic investment" as the measure) is very markedly influenced—we had almost said controlled—by the rate of residential construction which hardly has some of the characteristics which the President appears to attribute to "capital formation." In any event, the part played by private business in the President's "capital formation" is governed by very practical considerations mostly beyond the control of business. We shall have to wait to see what the President intends to do to give this sort of activity a fillip. He says some sort of tax change is being formulated for the purpose.

As to price stability, he says that the Government is almost wholly without power in the premises. May we suggest that business is more or less in the same predicament, and will continue to be so as long as wage earners and their organizations enjoy their immunity to the anti-trust laws.

Special Situations Are Key To Stock Market Success

Continued from page 3

they liquidate. When they are not, they don't. It is as simple as that.

In each of the previous postwar recessions businessmen have become worried enough to liquidate enough to put their companies in an oversold position. Consumer demand has remained stable and has therefore quickly taken up the slack, forcing companies to restock on inventory within a few months after they had allowed it to run down. If there is not overliquidation of inventory this time, I fail to see on what basis industry can rebound later this year, unless there is some *deus ex machina* to boost the whole economy to a new plateau of activity.

Our Problem Is Profits, Not Inventory

With all due respect to Mr. Kennedy I do not believe it is his present intention to act as such a *deus ex machina* in 1961. If, as the economists think, it is an inventory recession such action is uncalled for and our nation's fiscal efforts would be better spent solving some of our international balance of trade problems. If, as it seems to me, the present recession proceeds from more fundamental causes than too much inventory, the effects must become plain enough to be recognized by economists before politicians can be expected to take measures to counteract them. Moreover, I don't see any easy cure for what I would consider the most serious problem faced by American industry: i.e., falling profit margins.

Profit margins of companies can be adversely affected by at least four basic causes.

Domestic Competition

(1) If a company cannot make the same profit as other companies in its industry, it must be assumed to have been poorly run. Sometimes it can be the fault of earlier management which overexpanded, got too far into debt, failed to assure a continuing cheap source of raw materials or made other mistakes in judgment committing the company to a future unprofitable course of action. any managements today are also inexperienced in the sort of cutthroat competition that characterized the prewar period in many industries. Theirs has been the experience of maximizing production to meet the requirements of war and replacement demand, quite a different skill from keeping alive in a market where demand is 50% of productive capacity. There is no question that many industries are today seriously overexpanded and it is hard to see how profit margins in this area can become significantly attractive until the marginal companies have been forced to withdraw. This can be a long painful process and I don't see how it can be helped much by external economic stimuli.

(2) The second factor hurting profit margins are rising labor costs, to the extent these increases are not offset by improved efficiency of marking up or finished product prices. Many companies, notably in the steel and nonferrous metals industry, have reached a point where they simply cannot raise prices, cannot improve their efficiency enough to achieve satisfactory profit margins, and cannot avoid giving the labor unions sizable wage increases every time these gentlemen come to the end of a contract and decide to go out on strike. The ultimate effect of organized labor's insistence on an undue share of the profits will be to force industries to find substitutes for workers in the form of automatic machinery. Where this cannot be found the industries will contract and suffer from the third profit margin disease.

Foreign Competition

(3) Foreign competition is, in my opinion, frequently overrated and serves as a scapegoat for managerial inefficiency at home. But with a European recession of sorts in prospect, it must be borne in mind that certain basic industries overseas will have unused productive capacity, which with costs well below our own, can become a ready source of supplying our market. In the steel industry it has been found that with a free importable supply amounting to about 5% of total output, a drop in the import price will tend to be quickly matched by a corresponding drop in the domestic price level. In copper the freely traded custom smelter market accounts for less than 10% of total volume, but in general tends to set the price at which all sales are eventually made. We must face the fact that our money has gone overseas by the tens of billions in the postwar period, largely to build new, modern plants, which today are a good deal more efficient than most of ours. In additional wages abroad are 50% to 90% lower for commensurate skills.

The recent administration chose to bury its head in the sand on the subject of foreign trade, and since emotional feeling pro and con tariff protection still tends to obscure rational debate on the subject, my guess would be that foreign competition will have to hurt one or more of our major industries badly before it is considered to be a vital economic problem. At present the brass industry (in which up to 50% of our market has been taken by imports) is the only area of acute distress, but in other areas foreign competition must be considered as the potential restraining influence that prevents many companies from raising prices to their customers.

(4) The fourth profit margin disease is negatively related to what we have just discussed. It is obsolescence. Today our plant capacity is estimated to be worth about $300 billion as it stands. Despite the huge sums spent on modernizing facilities in recent years, it is still estimated that as much as a third of the total is antiquated and unprofitable. It would be easy for some political genius to solve the problem of recession by simply rebuilding and replacing the obsolete plants, but in practice it doesn't work that way.

In all probability improved depreciation allowances would be used by the companies which had taken advantage of earlier similar provisions to become the most modern, while the obsolete plants would be kept in operation either because they were written down to nothing on balance sheets or because their presence in certain towns or cities is necessary for the local livelihood. It stands to reason that the penalties for operating obsolete or obsolescent plants will become more severe as pressure on profit margins from other sources continues.

I said earlier that I disagreed with the economists and with popular opinion looking for a strong improvement in business activity later this year. It may be that I ought to hedge myself a little at this point. As an investment analyst I am not the slightest concerned with the GNP or the myriad of subsidiary figures that go to make it up except as they affect the outlook for investments. Our job is to analyze public sentiment as it reacts to present events and forms its expectations of those to come. Since I am not an economist I wouldn't think of saying that business will continue to get worse, because I don't have the slightest idea whether or not business is aware of the risks inherent in the present economic situation or interested in taking steps to reduce them.

I do feel that business will probably not improve this spring because inventory liquidation has been inhibited by too much optimistic forecasting by economists this winter. Following the spring we go into a dull summer period. If there is disappointment this summer because business did not pick up this spring, then I think it is quite likely that sentiment will be depressed in the fall and recovery will be postponed into the winter or spring of 1962. This is, of course, a completely undocumented opinion depending on a sequence of events, which may be logical enough as we discuss it here, but which in the last analysis depends on irrational reactions in public sentiment to a whole barrage of specific events and political stimuli we have no possible way of knowing in advance.

What Happens to Blue Chip Holders?

Even so, the opinion has the advantage of being contrary to presently held belief and it is consistent with the now known facts. If we return to our consideration of profit margins for a moment, I think we shall shortly find we have made quite a bit of progress in outlining a rational, conservative investment policy. Assume that business activity does not pick up as expected this spring or summer and that investors, disappointed in their anticipations, begin to have second thoughts about the validity of their progress. By sheer dint of size most investors probably have a good portion of their capital invested in the big industrial companies that are considered the "standard blue chips": General Motors, du Pont, General Electric, Alcoa, International Paper, Bethlehem Steel, and stocks of this sort.

These stocks don't look particularly cheap today, but their performance record has been excellent. They were the backbone of the bull markets of the Twenties, the Thirties, and the Forties, and in the tremendous bull market of the Fifties their performance is well reflected in the advance of the Dow-Jones Industrial Averages from a low of 160 in June, 1949, to a high of 685 in January of last year. These are the stocks investors "put away and forget," the stocks your Aunt Lizzie inherited from your penurious grandfather in 1932, which were worth $15,000 then, which haven't been touched since, and are now worth a cool quarter of a million. Now, remember what we just said about profit margins as you peruse some vital statistics in the accompanying table.

These figures suggest to me that the bull market of the 1950's was in some respects based on a false premise. Investors bought common stocks as a long term hedge against inflation. Partly from habit, partly through lack of confidence in their own judgment and through familiarity with the names, they bought the companies they thought they knew best. They bought them as individuals, as trustees, and indirectly through the collective medium of the investment trust. The tremendous growth in mutual fund sales during the fifties was at least in part a reflection of investors' convictions that common stocks were the best available long term investments. The funds, like individuals, bought the biggest and best known companies. In the first place their shareholders might be suspicious if the fund put all its eggs in exotic corporate baskets and secondly the vast size of the funds limited the number of companies they could buy to those with fairly large capitalizations.

At any rate these blue chip stocks were avidly bought and enjoyed a steady advance in price, justifying the wisdom of those who had bought early. Then starting, perhaps in 1958 (in some instances as early as 1955 in some as late as 1960) these stocks began to lose their forward price momentum, not because investors thought they were too high (as far as I can see a stock is never thought to be too high unless it is going down), but because their earnings were simply not keeping pace with their increasing sales. As an inflation hedge they had been magnificent in their market performance, but decidedly poor with respect to earnings. And as our table shows, many of the most respectable of these were earnings less in 1960 than they were a decade earlier. My tabulation was not artificially selected by the way. I was careful to take one of the two or three most reputable companies from nine different industries. There are plenty of companies of equal and less repute from these and other industries that have done even worse. The problem of profit margins is general, not specific, in its occurrence.

Blue-Chips Fail to Do Their Job

It seems to me that it is about to become common knowledge that these big blue chips under today's conditions are not suitable investment media. They do not provide protection against the kind of cost push inflation we have had during the peacetime years since Korea and they are selling at inflated prices-earnings ratios which imply a future growth potential in earnings that cannot be logically shown to exist. Moreover, if business activity is not to pick up in the rather near future, these companies' earnings are going to fall further. They are already at a level where present dividend rates must in many instances be considered unsafe. One assumes that when Bethlehem Steel earned $0.80 in the last half of 1960 and sticks to a $0.60 quarterly dividend, the management must be looking for an early upturn in business, but if it doesn't come, what then? In my opinion the cutting of dividends by these big companies with inadequate profit margins is a distinct prospect for later this year and could well trigger the public awareness that one should look elsewhere for investment opportunities. This, of course, is conjecture. It is most difficult to forecast when or how the public will come to recognize its mistakes in judgment, but history shows us that investment mistakes are recognized sooner or later and usually with a degree of speculative violence. The important thing is not to be caught yourself when the public decides to change its mind.

If we accept the premise that most "standard blue chips" are not suitable long term investments at today's prices, does it follow that the same should be said of common stocks as a whole? Such we know was certainly the case when the public was disillusioned in its investment theories in 1929, but of course this is not 1929 and we are not looking for a major depression. I see no reason at present why the depression of one group of stocks, even if it is a very large group, should necessarily affect other groups not subject to the same internal weaknesses. Today's investor believes too strongly in the inevitability of long term inflation to switch his capital from stocks to bonds.

We had our first really good example of an important shift in investor psychology in 1957 when the stock market had a sudden violent break, centering in the more cyclical issues. Even while the break itself was in progress the non-cyclical stocks started to turn strong, and by early 1958, utilities, tobaccos, chain grocery stores and other defensive groups, together with aircraft and missile stocks, had shown good rises while most other stocks had fallen substantially. Last year under similar conditions investment money again went into defensive groups, but a new element was also added. The electronic issues, which had hitherto enjoyed the reputation of being moderately well situated for future growth prospects, suddenly caught the public fancy and went completely wild. A few million dollars liquidated from steel and motor stocks found their way into a handful of electronic issues with small capitalizations and price advances of 50% to 60% in a matter of a few weeks became common.

I thought at the time and still think that the kind of buying that went on in electronics issues last year was exceedingly dangerous and would eventually ruin a good many investors who thought they were being conservative and knew they couldn't afford to speculate. Nonetheless the principle illustrated by that phenomenal rise in last year's market remains valid: if you can find a stock or group of stocks whose business is fundamentally sound and whose earnings are improving, you have the basis of a good investment. If your stock or group catches the public fancy, your investment will become highly profitable. If other large sections of the market are suffering from unfavorable news or publicity, the chances of success for your stock or group are helped rather than hindered.

Special Situation to Eye

These are the basic thoughts in the back of my mind regarding the function of special situations. As I see it the term special situations is really a catch-all for one of the two categories of common stocks suitable for purchase in today's market. The other category includes the conservative stocks: the utilities, natural gas, food producers, tobaccos, finance companies, high quality consumer goods producers, *et al.* Stocks like this don't require much comment other than to observe that under today's conditions each stock must be examined carefully to see if it passes tests of present day defensive competence. By our way of figuring, for example, Spiegel shows better investment quality right now than Sears Roebuck, while Montgomery Ward, considered a blue chip only a year ago by highly informed investors, has in my opinion practically no present investment quality.

Among special situations, then, we can expect to find quite a variety, and a range of quality and risk from the fairly conservative to the real wild ones. Among industry groups there are those that Bill Swartz of Goodbody & Company would say have a "thesis." Bowling companies, for example, had the thesis of rapid growth in the popularity of the sport, so that it was reasonable to predict annual increases in installations on the order of 30% to 40% for several years. School supply manufacturers and textbook publishers might be said to be enjoying a similar industry "thesis." In a slightly less glamorous terrain the component manufacturers for high precision military and electronic installations have developed a "thesis" which has largely replaced the earlier and not quite so well thought out "thesis" that semiconductors or tunnel diodes would make the fortune of every company that produced them.

This sort of thing is fun. It is high level scientific speculation, full of imagination and surprises. Its success depends in the first analysis on being able to find a basic, revolutionary idea that can be logically defended, and in the last analysis on public acceptance. Successes in this field have been fantastic and should continue to be as long as the public is enthusiastic about the whole idea. There is some risk to my way of thinking in some of these theses that seem to have gone wrong. Polaroid, for example, strikes me as one of the most amazingly overrated situations in existence. The company has had a phenomenal earnings growth from the virtual monopoly of a camera which produces developed photographs in seconds. The concept is of course ingenious, but what happens when competitors enter the field, when growth begins to slow down, when profit margins begin to deteriorate, and all this when the stock is poised at $260 a share with less than $3 a share in current earning power.

There is a degree of risk in this sort of special situation that ought to be fully understood by the buyer. If Polaroid should happen to collapse along with one or two recently bright lights among the electronics, investors might begin to lose confidence in the system itself and special situations in the future might take a lot longer to blossom than they have under the ideal speculative climate of the past year.

In a very much more mundane context, I should point out that there are special situations resulting from specific economic expectations. The building stocks for example have been bought in recent months precisely *because* building activity was down and the business outlook was poor. The theory is that home building is contracyclical. Many of the houses in the country are inadequate, demand is always in excess of supply but is influenced by the availability of money. When business activity slackens, money becomes easier. Mortgage money loosens up, more building is done, and more houses are sold. The theory has a certain esthetic charm to it.

A similar theory obtains with respect to the machine tool stocks. When big business is suffering from a profit margin squeeze, its managers naturally look for ways to cut costs. The machine tool industry up until recently were not too imaginative, but when the notion of automatic controls running assembly lines became accepted, it brought with it a revolution in machine tool purpose and design. Today many big companies are forced to buy modern machinery or perish. The more the general economic situation threatens, the more urgently they must buy.

Liquidation Situations

Many of us are too young to have lived through the hey-day of the "liquidating" special situations. It was in the early Forties that one could buy railroad bonds in reorganization at five and 10 cents on the dollar or utility holding preferred stocks with huge arrears for $10 and $15 a share. These situations were fantastically profitable and had the further interesting feature that the aficionado could calculate under various published plans what his investment might ultimately be worth to the nearest cent. These are, unfortunately, no longer with us, but there are occasional companies which give every appearance of intending eventually to go out of business—at sizable profits to their stockholders.

One we have followed for a few months is American Viscose. A few months ago this company agreed to sell its 50% interest in Chemstrand to Monsanto Chemical, which already owned 50%. Chemstrand was Viscose's principal earning asset, in return for this property Viscose received not cash, but Monsanto stock with a value amounting to $33 for each share of American Viscose. Viscose stock now sells at around $46 per share and has around $14 a share in working capital, plus other assets with earning power of perhaps $1.25. The question arises: "What is this company now"? It is not an investment company but close to 70% of its market value is invested in the stock of another company over which it exercises no control. Its basic line of business is poor and its future projects seem to be on a rather modest scale considering the company has close to 5,000,000 shares outstanding. The immediate consensus was that the company would liquidate, and on this basis the stock ought to be worth between $60 and $70 a share. The company denied this, but the stock continued to rise.

Now the rumor mill says Viscose will spin off its Monsanto as a dividend and will sell the remaining assets to Allied Chemical. This may be denied too, but as long as the company adheres to its present peculiar financial structure and the stock sells at an attractive discount from hypothetical value, Viscose will remain a special situation. There are others of this sort in the market and they are among my favorite investment vehicles.

[Editor's Note: Mr. Thurlow concluded his address with a discussion of the speculative prospects for General-Plywood such as that given in our issue of Dec. 8, 1960, page 2].

*An address by Mr. Thurlow before the Bull and Bear Club of Harvard Law School, Cambridge, Mass., Feb. 3, 1961.

Company—	Earnings	Dividends	Price†
Aluminum Co. of America	1950 - $2.27	$0.50	16
	1960 - 1.75*	1.20	70
Bethlehem Steel	1950 - 3.04	1.02	10
	1960 - 2.52	2.40	43
duPont	1950 - 6.59	5.35	73
	1960 - 8.25*	6.75	202
General Electric	1950 - 2.00	1.27	15
	1960 - 2.20*	2.00	68
General Motors	1950 - 3.13	2.00	15
	1960 - 3.35	2.00	42
Goodrich	1950 - 4.03	1.09	17
	1960 - 3.75*	2.20	55
International Paper	1950 - 1.81	0.61	10
	1960 - 1.80*	1.00	33
Owens-Illinois Glass	1950 - 3.98	1.63	34
	1960 - 4.25*	2.50	94
Sears, Roebuck	1950 - 2.01	0.91	16
	1960 - 2.43*	1.40	55

†1950 prices are mean between high and low for the year. 1960 prices are approximately closing prices Jan. 19, 1961. *Estimated.

With Robinson-Humphrey

(Special to The Financial Chronicle)

ATLANTA, Ga.—Brannon B. Lesesne, Jr. is now affiliated with The Robinson-Humphrey Company, Inc., Rhodes-Haverty Bldg.

Rosenthal Partner

Peter J. Rosenthal has been admitted to general partnership in the New York Stock Exchange member firm of Rosenthal & Co., 40 Wall Street, New York City.

Businessman's BOOKSHELF

Atomic Energy Research in the Life and Physical Sciences 1960—Special Report of Atomic Energy Commission — Superintendent of Documents, U. S. Government Printing Office Washington 25, D. C. (paper), $1.25.

Central African Republic—Illustrated Brochure—Press & Information Service, French Embassy, 972 Fifth Avenue, New York, N. Y. (paper).

Community Builders Handbook—Revised Edition—Guide to planning, financing, building and operating new residential developments and suburban shopping centers—Urban Land Institute, 1200 Eighteenth Street, N. W., Washington 6, D. C., $15.

Customer Analysis: A Profit Building Tool—Country Bank Operations Committee and Research Committee, American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper), $3.

Economic Development of Libya—Johns Hopkins Press, Baltimore 18, Md., $7.50.

Examination of Various Aspects of the Defense Market—Marketing Services Division, Smith, Winters, Mabuchi, Inc., 130 West 57th Street, New York 19, N. Y. (paper), on request.

Federal Reserve — Reprints of Regulations G (Collection of Noncash Items); H (Membership of State Banking Institutions); J (Check Clearing and Collection); Y (Bank Holding Companies) and P (Holding Company Affiliates—Voting Permits)—Federal Reserve Bank of New York, New York 15, New York.

Federal Reserve System: Purposes and Functions — Board of Governors of the Federal Reserve System, Washington, D. C. (paper).

Forging a United Europe — The Story of the European Community — Robert L. Heilbroner — Public Affairs Committee, Inc., 22 East 38th Street, New York 16, N. Y. (paper), 25¢.

Great Swindle: The Story of the South Sea Bubble — Virginia Cowles—Harper & Brothers, New York, N. Y. (cloth), $3.95.

Growth Stocks—A Bibliography—Business Literature, Public Library of Newark, N. J. (paper), 40¢.

How Much Government Can Marketing Stand?—A report for marketing executives on current pressures for increased Federal intervention into marketing operations — National Association of Manufacturers, 2 East 48th St., New York 17, N. Y. (paper), $1.

Inside the Soviet Economy: What Does Its Growth Mean to the Free World? — A report and analysis presented with the Committee for Economic Development — Saturday Review, Jan. 21, 1961 issue, 25 cents.

Liberal Arts Press, 1960 - 1961—Catalog of current college texts, essays and monographs on philosophy, history, literature, religion, and Political science — Liberal Arts Press, Inc., 153 West 72nd Street, New York 23, N. Y.

Reconsideration of the Capital Gains Tax — Harold M. Somers—School of Business Administration, University of Buffalo, Buffalo 14, N. Y. (paper).

Treasury of Sure Fire Selling Tips—Charles B. Roth—Pointers by a top-notch sales professional on techniques to crack buyer resistance and mistakes that have caused sales failures — Prentice Hall Inc., Englewood Cliffs, N. J. (cloth), $4.95.

Case for OECD Is Weaker Than Its Advocates Admit

Continued from page 1

inflation at home, increased its discount rate to 5% in June. The Bank of England promptly followed suit and upped its rate to 6%.

"These actions brought about a sharp imbalance in short-term interest rates. The results were bad for all concerned. A flood of short-term funds left New York seeking the higher return in Frankfurt and London. This sharply increased our balance-of-payments deficit from an annual rate of $2.9 billion in the first six months to a rate of $4.7 billion in the second six months. This sudden and sharp increase shook confidence in the dollar and the result was a substantial increase in the outflow of gold. This in turn brought on the speculative outbreak in the private gold market in London last October when, for a day or two, gold sold at $40 an ounce. Meanwhile the large inflow of American funds frustrated the efforts of the German authorities to tighten up on investment in Germany. When this became clear the German and British authorities cut back their discount rates, the flow of short-term capital slowed and confidence was gradually restored.

"The lesson to be learned by all this is that in these days of convertible currencies there must be close cooperation and coordination between our financial and monetary authorities and those of the major industrialized countries of Western Europe. This is now recognized on all sides. The OECD is the forum in which this coordination can be worked out and through which we can avoid similar episodes in the future. As such it is a vitally important element in our drive to right our payments deficit without infringing on the actions that must be taken to reinvigorate our economy at home."

Unconvincing Argument

There may be other and persuasive reasons why the U. S. should join the OECD, but the argument of the Secretary's just quoted does not sound convincing. In effect the Secretary is saying that, had the OECD existed a year ago, the October gold "episode" could have been avoided. That episode had its roots in our payments deficit, long in the making. It is not self-evident that, had there been more consultation among the central banks of the U. S., U. K. and Germany through an OECD forum in 1960, there would not have occurred the short-term capital and gold outflow from the U. S.

In this connection we must remember that 1960 was a U. S. election campaign year. During the campaign the opinion was widespread abroad and also here that Candidate Kennedy's statements about making money cheaper and his apparent threats to the independence of the Federal Reserve system did much to weaken world confidence in the external value of the dollar. This was made clear to the present writer *inter alia* in correspondence from London. Only on Oct. 30, some days after the price of gold had touched $41 in London, did Senator Kennedy make public a formal and detailed statement at Philadelphia, his strong pledge to defend the dollar. Still confidence was not fully restored and gold continued at a premium in London, despite the sale of U. S. Treasury metal through the Bank of England. Not until after Mr. Kennedy had become President did the premium price disappear.

In a letter to this writer, a well-known British financial expert wrote last month:

"It seems that Kennedy will not devalue the dollar; at any rate it does not seem to be his present intention. Why in the sacred name of reason and common sense did he not make this plain at an early stage of his campaign, instead of leaving it to the last moment? He is advised by the best brains, yet they seem to have overlooked such an elementary matter. Had he declared himself against devaluation from the very outset we might have avoided the October gold rush."

Had an OECD forum existed in 1960, what could the Eisenhower Administration's or the Federal Reserve Board's representatives at the round table have told the other 19 countries by way of allaying the alarm of the "hot money," fleeing into foreign banks and securities and into hoarded gold abroad?

The above-quoted Treasury statement validly argues that interest rates in Europe considerably higher than those here caused an outflow of hot money. But that was not the whole story. It is well known that Switzerland kept its interest rates lower than ours; that Swiss banks later were ordered to pay no interest on hot money, but rather to make a charge for such deposits; and that Germany took other measures—offsetting the high interest rate—to discourage the capital inflow from the U. S. — and yet hot money moved out of this country into Switzerland and Germany. Clearly, something more than equalization of interest rates was needed. Chiefly what was needed was reassuring news from the United States.

Senator Byrd Inquires

The Administration's argument for the OECD leaves the implication that consultation in that forum will have the result of producing more harmonious discount rates among the 20 member countries. It is implied that the Federal Reserve Board's policies, as well as the policies of the Bank of England, the German central bank, etc., will hereafter be attuned more closely to the needs of the OECD community as a whole than to strictly national requirements. But, at the same time, Secretary Dillon has testified that there will be no coercion on the Fed from OECD. The transcript seems a bit fuzzy. Thus:

Chairman Byrd: "How will this help in the balance of payments problem?"

Secretary Dillon: "It will most immediately help . . . in this problem of short-term flows.

"This is the problem which complicated our balance of payments last year when, because of the disparity in interest rates . . . the United States lost some $2 billion . . . in the second half of last year, an increase of $2 billion over the going basic rate of deficit. . . .

"Now, through the OECD we will have a forum. There has to be some forum if we are going to have better coordination between rates in Europe and the rate here in the United States.

"It became obvious last year that as business eased here, our money should be eased, that our Federal Reserve should lower its rediscount rate. That was in the interest of easing the recession here, and that was in the interest of all the countries of Europe.

"It was not in their interest to see a recession in the United States.

"Conversely, at that time there was a boom going on in Europe and . . . the Germans in particular . . . to try to hold that within bounds sharply increased their rediscount rate.

"Now this would have been fine if they had been operating in a vacuum, but it did not work because they were not, and the flow of funds that was started by that from the United States frustrated their own efforts and made it clear that their action in raising the rediscount rate last June was an unwise action.

"When they discovered that, they, promptly in the fall—it was about December — cut this rate back again to where it had been in the first place. Now if we had a forum where we had been talking together at that time, this sort of thing would have been discussed.

"Naturally, there would have been no binding commitments, nobody would have to obtain permission of anybody else to act, but you, then, at least would have had this opportunity to point out what the results of action would be, and you could have taken into account the international effect, and I think certainly this is needed in the future. . . . OECD will provide that forum. Therefore we consider it of vital importance in the Treasury Department to handle this problem of short-term flow of funds, which is going to be much more serious from now on because . . . all the major currencies are fully convertible."

Reassurance on Fed's Independence

Chairman Byrd: "Well, is it clear that the OECD does not have the power to fix discount rates?"

Secretary Dillon: "Absolutely clear. It has no power to do anything except make recommendations to countries, which they accept or do not accept, if it has been unanimously approved, in accordance with their constitutional processes, and it is certainly not the intention, and it will not be used, to try to fix uniform rates, although there will be an opportunity for the authorities in each country, which is very necessary, a necessary thing, to discuss these matters . . . with each other on a continuing basis."

Chairman Byrd: "Then it is clear that this will not affect the power of the Federal Reserve Board to alter our discount rates?"

Secretary Dillon: "Completely clear; yes sir."

The Case of Germany

Since the Fed is not to be subjected to OECD orders, what about other nations' central banks; Germany's, for example? Senator Byrd asked about this, too. The Secretary replied that, had OECD existed last year, the German boom need not have gone unchecked. As collective reasons dictated against a rise in the German discount rate, the German boom could have been tempered by fiscal policy or other means. What these fiscal and other controls would have been, the testimony does not specify. However, a question that suggests itself is this: If other means than discount policy would have done the job in Germany, could not the Germans argue that the same applies to U. S.?

We again quote from the hearings:

Chairman Byrd: "One other problem occurs. If Germany needed to increase its rates . . . to handle its economy, its domestic economy, and you persuade them to lower them, what happens; does the boom then become released in all its fury, or how do you insulate the problem that occurred there, from our problem or the international problem?"

Secretary Dillon: "Well, one can handle these problems by different ways; not just by monetary means. You can handle them by fiscal policy, and so forth.

"Now what has happened in the case of Germany was that they chose to use monetary means to restrain their tendency toward inflation. These monetary means did not work, because all they did was to cause a great flow of funds from the outside, principally from the United States, into Germany. So the boom went on at an even greater rate than it probably would have otherwise. . . . If there had been a chance to consult and confer and take into account the international repercussions, I do not think they would have ever taken this action.

Now the situation is such that this is really the first time that such a situation has arisen since currencies have been fully convertible . . . so that anything that one of us does is bound to affect the others and, in turn, that would react on us. So this sort of matter has to be considered in that framework now.

Chairman Byrd: "This sounds as if this is primarily an educational venture to inform the authorities of each country what the status of the world is, and to educate them on the consequences of their contemplated action; is that right?"

Secretary Dillon: "I would think in this economic policy committee where we discuss general monetary and financial policies, that is exactly what it is. It is a place for an exchange of information, a continuing exchange . . ., between the people who are responsible for policy in each of these important countries."

Senator Byrd brings out that the OECD is primarily an educational venture; "that is exactly what it is," says Mr. Dillon. Both in the Secretary's prepared statement and his oral testimony one is given to understand that, had the heads of the British and German central banks only been better informed last year, they would have abstained from the monetary policies they actually followed. But that assumption it is unsafe to make. It is doubtful that our arguments would have prevailed upon the British and Germans last year not to use monetary policy to dampen their booms, any more than that our Federal Reserve would have maintained a tight money policy here on the advice of the Bank of England or the Bundesbank.

Indeed, one expert in this field argues that it would have been very unfair in 1960 for the U. S. to have pressed London to refrain from tightening credit in the regulation of the domestic economy. Also, it may not be fair to imply that the European central bankers are ill informed on world economic conditions and need education from us. While consultation is desirable and in fact has been taking place all along, it takes more than consultation to solve some problems.

One More Forum

The International Monetary Fund was endorsed by the Congress in 1945 in important part precisely because it would provide a continuous forum for the discussion of international monetary matters. Among these matters is the balance of international payments. The Fund is well aware of the monetary and credit policies of its members and their central banks. The Fund maintains a balance-of-payments division. All the major financial powers are represented on its board of executive directors, which sits in Washington in continuous session. There should be ample opportunity there for consultation. The U. S. Executive Director has offices in both the Treasury Building and the Fund Building. He sits in on meetings of the U. S. Government's National Advisory Council. The British and the Germans have executive directors in the Fund. The British Treasury, moreover, maintains a Washington office of its own.

Nor are other contacts between the financial officials of the various countries negligible. Central bankers are always exchanging visits, even though on an irregular basis. Officials of the New York Federal Reserve Bank and members and employees of the Federal Reserve Board often visit other central banks; and foreign central bankers and finance officials visit in New York and Washington. The annual meetings of the IMF bring together the governors and other officials of all the member nations; and at recent annual meetings the U. S. balance-of-payments and interest rate differentials were discussed at length, formally and informally. The IMF consults with members in Washington and through missions sent abroad.

European central bankers also enjoy the meeting ground long provided by the Bank for International Settlements at Basel. That bank, created 30 years ago for reparations purposes, boasts as its chief **raison d'etre** that it provides a place for the frequent and regular interchange of ideas among European central bankers; and it is visited by Federal Reserve officials from time to time. The BIS in turn regularly attends as observer the annual meetings of the IMF, while the latter attends the BBIS' annual meetings and visits the Basel institution frequently between those meetings.

For European central banks another channel for consultation is the machinery of the European Monetary Agreement, successor to the recent European Payments Union.

Asked why another international consultative financial body is now needed, a U. S. Treasury spokesman explains that OECD will provide frequent contacts between the officials who execute policy in the 20 countries. That still another organization is needed is not clear. Bureaucracy is known to reach out for new fields and one may wonder whether this particular aspect of the OECD is not a case in point.

How Big the U. S. Voice in OECD?

Secretary Dillon, in reply to other questions of Senator Byrd, explained that the OECD would not do what the European Payments Union did in the OEEC days; nor would it lead to a common currency for the 20 OECD countries. "Monetary operations, anything that would be substantive, is the duty of the International Monetary. . . ."

Another Administration witness gave the Senate committee to understand that the U. S. will have pretty much its own way in the OECD. We are left to infer that, in a situation such as that of last year, if our economy calls for easy money and Germany's for tight money, we shall have easy money and Germany will adjust its policies to our needs. This seems to be expecting a great deal from OECD.

Senator Morse, quizzing Under Secretary of State for Economic Affairs George Ball and Secretary Dillon, probed for information on how the OECD would reach its decisions. "You get unanimous agreements in international diplomacy by give and take," Morse observed. Then occurred this exchange:

Mr. Ball: "Senator, I should say this, that the bargaining power of the United States, as the most important, powerful member of the OECD, will be such that I see no reason why we should compromise any of our policies."[2]

Sen. Morse: "If I had not had three months' experience at the United Nations, you might sell me that argument, Mr. Secretary, but you cannot sell it to me because I have seen it time and again in a position of great power on the basis of trying to please some dictatorships, and that is why I am raising this question. . . ."

2 Each OECD member country will have one vote.

Whereas Secretary Dillon believes that, had the OECD been in existence a year ago, the Fed's easier money policy would not have been compromised by inconsistent discount rate policy on Germany's part, Senator Morse leaves us in doubt that the U. S. position will always prevail.

Sen. Morse posed a hypothetical problem: "OECD unanimously makes a recommendation that would affect the United States, let us say, in regard to some monetary policy. It is adopted unanimously.[3] Tell me what happens to it then."

Mr. Ball explained.

"To the extent that the exercise of this monetary policy were something which was clearly within the Executive authority in any event, then the Executive would carry out the monetary policy along the lines of the recommendation."

We quote further from the transcript:

Sen. Morse: "Suppose the U. S. delegate reached an agreement with the German and British and other members on discount rates. Would that fall within the power of the Executive, in your opinion?"

Secretary Dillon: ". . . The Executive, as such, cannot tell the Federal Reserve Board what to do, so he could not make that sort of an agreement that was a flat agreement as to what would be done on interest rates in the United States, even if it so desired, because it would not be binding on the Federal Reserve Board. . . ."

Sen. Morse: "But could it reach a recommendation to be transmitted to the Federal Reserve Board?"

Secretary Dillon: "That would be possible. But that would not be binding on the Board, and the Board has not been noted in the past for taking recommendations that they did not feel were—that they did not agree with, and I think that they are fully independent, and that would continue.

"Now we would expect, as a practical matter, which is different from this theoretical approach, that the Federal Reserve representatives would take part in this sort of economic consultation."

Senator Morse asked the Secretary whether, if this "claimed advantage" had been in existence at the time, the financial trouble of 1960 might have been avoided, by "working out something" with Germany and Britain. Mr. Dillon answered:

"I think we would have, because I think we could have been able to point out to them that the action that they took would have very serious effects on the dollar. They are very interested in the dollar. That sort of an effect hurts them, too, and we would also have been able to show them it would have been ineffective for the purposes for which they wanted to put it into effect, so in their own free will they would have, I think, acted differently than they did act.

"But there would have been no binding thing in this agreement that would have required them to do so."

Senator Morse explored with the Secretary the Fed's authority to enter into agreements with other countries with regard to discount rates. Mr. Dillon did not think the Fed has that right; nor would the OECD treaty give it to the Board. Morse wished to make sure that the treaty was not "enlarging the jurisdiction of the Federal Reserve Board and I do not know how many other institutions that we may have. . . ." The Secretary reassured the Oregon Senator on this point.

Mr. Dillon suggests that just pointing out to the Germans that the action they take would have very serious effects on the dollar would suffice to get the Germans to follow a different course. But the sad story of the Anderson-Dillon mission to Bonn last fall and the persistent German effort to saddle us with part of the obligation which they undertook in lieu of paying reparations to the U. S. after World War II lend little support to such optimism. Subordination of national monetary policies to the common good of the 20 OECD countries may be a worthwhile *desideratum*, but it seems to be as far away as a single international currency, issued by a single supranational monetary authority.

Federal Reserve Unheard

Considering the importance given by the Administration to the monetary aspect of OECD's functions, it is surprising that the Senate committee did not seek testimony from the Federal Reserve System. In the light of the fact that the OECD has unqualified Administration backing, such testimony might have thrown light on the Board's independence under the new government.

As indicated above, the Federal Reserve believes in cooperation and consultation with other central banks. What we do not know is how the System feels about the type of consultation outlined in the Dillon testimony. Whether in practice consultation within the OECD will be formal or informal we do not know yet. Even if it is informal, the "forum" is intended to develop into something stronger, leading to a cartelization of interest rates and supranational control of policies heretofore the sole prerogative of independent countries. Heretofore, when we have mentioned the Fed's independence, we have had reference to its relations to the Treasury and the Administration. Once OECD starts functioning, we shall need to watch for any subordination of that independence to the interests of the Atlantic Community. And the same will be true of central banking in each of the other 19 nations. Not merely central banking, but also fiscal and economic policies, for as pointed out by Mr. Dillon, these are alternatives to monetary policy.

It might be interesting to speculate on the consequences if some member government abstains from a monetary policy it desires to execute and instead, following our urging and leadership in OECD, adopts one that is unpopular in its country or has harmful political consequences. We might be charged with interfering in other peoples' affairs and even with responsibility for changes in governments. Or, if a unanimous OECD causes the Fed to follow an unpopular policy here, one can conceive of the Bank of England being charged with dictating to us. If on the other hand we go our own way willy nilly, ignoring an OECD "unanimous" recommendation to us, shall we not be charged with scuttling international cooperation?

The Fed's Independence

Our representative in the OECD, presumably, will be an Ambassador representing the State Department. Because monetary and fiscal policies will be on OECD's agenda, our Ambassador will have at his elbow representatives of the Treasury and Federal Reserve System. Secretary Dillon, as quoted above, considers OECD's functions in respect to financial and balance-of-payments matters "of vital importance in the Treasury Department." The Federal Reserve therefore may be put under considerable pressure to discuss its future policies in advance and perhaps even to form those policies in cooperation with the Treasury and State Department. This suggests something more than the constant consultation between Treasury and Fed which has been the practice in Washington. By the 1951 "accord" the Fed recovered its independence from the Treasury. The time may come when it will want an accord with the State Department. The latter naturally seeks to use all the resources of the nation it can tap for the purposes of foreign policy. When General Marshall became Secretary of State, for example, he thought it only natural that he should request the Export-Import Bank to make loans for political purposes; and it was William McChesney Martin, then Eximbank's head, who got President Truman to settle the issue in Eximbank's favor.

It is not hard to imagine circumstances under which the Fed will be subjected to strong moral pressures in OECD to act against its convictions for the sake of foreign policy.

Effects on Central Bank Privacy

It is something new for us to think of the Federal Reserve, having reached a decision to make a major change in policy at a turn in the business cycle, first submitting to the discussion and debate of the outlined OECD procedure. Until now, when the Fed has undertaken such a change it has not telegraphed its decision. The latter usually is detected only in the changes it brings about. Once a Fed decision is made, it is promptly put into effect. To debate the matter around the table at OECD would involve delay and the chance of leaks. Consequent speculation might compound the Fed's problems.

By the same token, it is not easy to imagine the Old Lady of Threadneedle Street submitting to the gauntlet of OECD interrogation and advice on such an occasion.

Least Common Denominator Impracticable

The "monetary policy" argument for the OECD boils down to a policy of compromising differences in interest rates among different nations. If our interest rates and those of Europe had been closer together, it is argued, we should not have had the hot money outflow. But there is no reason to suppose that when a nation's economy calls for a certain interest-rate policy on the part of the central bank, some rate short of the necessary one will be adequate. Admittedly, national economies are not immune to what is going on elsewhere in the world; but they do not all run in unison. Last year the U. S. had a recession while Europe and Japan were booming. A uniform interest rate policy, a least common denominator of the needs of all, most likely would satisfy no one.

Moreover, even if we had not had a hot money outflow in 1960, increased by higher interest rates abroad, we still would have had an adverse payments balance. Such a deficit, long enough continued, tends to bring a capital outflow regardless of interest-rate differentials.

More Deliberation Needed

There are some who argue that, considering the deterioration of UN affairs, the Atlantic Community needs something like OECD as an economic supplement to NATO, as something to fall back on in an emergency. Protectionist interests have voiced loud alarm over the OECD's possible role in influencing U. S. commercial policy. Indeed, but for this alarm the OECD convention might have slipped through the Senate with little more than perfunctory attention.

The OECD's potential role in the field of monetary policy and central banking has been little advertised, until brought to the fore by the Treasury's testimony. The Senate hearings have now been closed, without testimony from the Federal Reserve; and there will be no House hearings under the Administration's legislative plan.

Since, as revealed above, the OECD's monetary and economic influence could have far-reaching domestic effects, it would seem regrettable to rush the convention through the Senate without more thorough exploration of the potentialities and, particularly, open testimony by spokesmen of the Federal Reserve System. The arguments which have been made on this aspect during the hearings lack a convincing ring. Some outside experts consulted by the writer think the arguments do not make much sense; that we should be "kidding ourselves" to accept them fully.

The case is not made that we need another international monetary forum; that the IMF, in which we have made so heavy an investment, is not adequate in the field for which it was created; that the major Federal Reserve decisions should be arrived at in Paris; that still another international bureaucracy should be added to an already overlong list of financial institutions. The OECD may be worth while, but, if so, it needs to be better understood.

3 Although one or more members may abstain from voting, an OECD recommendation may still be "unanimous."

General Bowling Common All Sold

Pursuant to a Feb. 16 offering circular, an underwriting group headed by P. J. Gruber & Co. Inc., 1 Broadway, New York 5, N. Y., publicly offered and sold at $5 per share 100,000 shares of the 10c par common stock of General Bowling Corp.

General Bowling Corp. was incorporated in the State of New York on April 7, 1960, and is engaged, with wholly owned subsidiaries, in the operation of ten-pin bowling establishments. At the present time the company has two operating facilities located, respectively, in Aberdeen, Md., and Babylon, Long Island, with a total of 52 lanes. In addition, it owns a tract of undeveloped land on which it expects to construct a new establishment with 32 lanes in Indiana County, Pa.

The proceeds will be used for debt reduction, additional bowling lanes, and general corporate purposes.

Now With Walter Gorey

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Marvin D. Wadley is now with Walter C. Gorey Co., Russ Building. He was formerly with Homer Fahrner & Co. of Sacramento and prior thereto with Reynolds & Co.

Three With Miller, Smith

(Special to The Financial Chronicle)

DENVER, Colo.—Louis Wagner, Tully W. Waner and Thomas B. Wells have joined the staff of Miller, Smith & Co., Inc., Farmers Union Building.

With Peters, Writer

(Special to The Financial Chronicle)

COLORADO SPRINGS, Colo.—Paul R. Cochran has joined the staff of Peters, Writer & Christensen, Inc., 24 East Kiowa Street. He was formerly with the Pueblo office of Edward D. Jones & Co.

Amos Sudler Adds

(Special to The Financial Chronicle)

DENVER, Colo.—Robert E. Hollowell has been added to the staff of Amos C. Sudler & Co., 818 Seventeenth Street.

Marcus Partner

Marcus & Co., 61 Broadway, New York City, members of the New York and American Stock Exchanges, has admitted Walter N. Frank, Jr. to general partnership. Mr. Frank is a member of the New York Stock Exchange.

Ilikon Corp. Stock Offered

Ilikon Corp. of Natick, Mass., is offering 75,000 shares of common stock (par value 10 cents per share) at $5 per share, through Myron A. Lomasney & Co., underwriters.

The net proceeds of this sale, together with funds possessed by Ilikon at the present time and such other funds as may be generated by contract research, will be used for six projects now in the laboratory stage and the remainder of such proceeds for general corporate purposes.

Ilikon Corp. is undertaking research and development in the field of "material engineering and science." This field involves the development of new materials, new methods of materials fabrication and devices based on new materials developed. The requirements which advanced technology places on material to meet functional stresses, temperatures and operational demands is so severe that materials scientists cannot always satisfy today's requirements by improving upon existing conventional materials. New classes of materials, new methods of fabrication, new principles of alloying, etc., must be found to meet these requirements.

Stein Bros., Boyce Branch

BALTIMORE, Md.—Stein Bros. & Boyce has opened an office at 6609 Reisterstown Road, under the management of Norman H. Jacobson.

In Securities Business

JACKSONVILLE, Fla.—Diversified Locations, Inc. is conducting a securities business from offices at 5050 Edgewood Court. Officers are A. D. Davis, President W. R. Anchors, Secretary; and W. R. Anchors, Treasurer.

Joins Norman Roberts

(Special to The Financial Chronicle)

SAN DIEGO, Calif.—D. A. Bonet has become associated with Norman C. Roberts Company, 625 Broadway, members of the New York Stock Exchange. He was formerly cashier for Lester, Ryons & Co.

Frank Trotta Opens

Frank Trotta Jr. is conducting a securities business from offices at 8 Stuyvesant Oval, New York City.

Vinson Co. Opens

ALBANY, Ga.—William E. Vinson is engaging in a securities business from offices at 1010 Edgewater Drive under the firm name of Vinson and Company.

Dempsey-Tegeler Branch

GRANITE CITY, Ill.—Dempsey-Tegeler & Co. has opened a branch office at 2001 State Street under the direction of George J. Frangoulis.

Deno Co. Branch

BAKERSFIELD, Calif. — Deno & Co. Incorporated has opened a branch office at 730 Chester Ave. under the management of William J. McCall.

New Deno Office

LOS ANGELES, Calif. — Deno & Co. Incorporated has opened a branch office at 301 South Harvard under the management of James Kyle.

Mitchell Hutchins Office

CHICAGO HEIGHTS, Ill.—Mitchell Hutchins & Co. has opened a branch office at 99 East 15th Street under the direction of Ralph L. Kennedy.

STATE OF TRADE AND INDUSTRY

Continued from page 5

Auto Production at Lowest Level Since 1952

February car production is hovering at its lowest level since 1952, *Ward's Automotive Reports* said.

With some 66,000 auto plant workers idled this week as General Motors, Ford and Chrysler acted to keep record inventories in line, the resultant decline in U. S. passenger car completions, according to *Ward's* bodes the lowest level for the month in nine years, following a similar low in January.

The statistical service set this week's output at 75,356 cars as against 88,006 assemblies in the previous week—a decline of 14.3% —and contrasting sharply with 158,898 in the same week of 1960.

Among the car makers, *Ward's* said, General Motors made the greatest adjustment in closing Buick, Oldsmobile and Pontiac main plants along with five of six affiliated assembly sites in the combination B-O-P network. Chevrolet closed its Norwood, Ohio plant and restricted work to four days at Janesville, Wis. and St. Louis. Five Fisher Body facilities were affected by the cutback.

Ford effected closedowns in four plants producing standard-size cars; at Atlanta, Chester, Pa., Louisville and St. Paul. The Wayne, Mich. Mercury factory also remained closed. Four Ford Motor Co. passenger car assembly plants are not scheduled to work next week. They are Dallas, Dearborn, Metuchen, N. J., and Kansas City. Some 7,800 workers will be affected.

Chrysler shutdowns cancelled out Detroit area operations for the second week this year, and the company also closed its Newark, Del. plant.

American Motors resumed a five-day schedule after an idle week, but recalled only 80% of production workers sent home the previous week. Studebaker-Packard went back to work at South Bend, but on an abbreviated four-day basis.

Of the week's car production, General Motors, despite making the most extensive cutbacks, accounted for 48.1%, Ford Motor Co. 38.1, American Motors 7.2%, Chrysler 5%, and Studebaker-Packard took 1.6%.

Electric Output 0.1% Lower Than in 1960 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 18, was estimated at 14,315,000,000 kwh., according to the Edison Electric Institute. Output was 429,000,000 kwh. below that of the previous week's total of 14,744,000,000 kwh. and showed a loss of 18,000,000 kwh., or 0.1% below that of the comparable 1960 week.

Freight Car Loadings for Week Ended Feb. 11, 16.2% Below Same 1960 Week

Loading of revenue freight in the week ended Feb. 11, 1961, totaled 486,347 cars, the Association of American Railroads announced. This was a decrease of 93,803 cars or 16.2% below the corresponding week in 1960, and a decrease of 80,841 cars or 14.3% below the corresponding week in 1959.

Loadings in the week of Feb. 11 were 11,283 cars or 2.3% below the preceding week.

There were 10,318 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Feb. 4, 1961 (which were included in that week's over-all total). This was a decrease of 378 cars or 3.5% below the corresponding week of 1960 but an increase of 3,177 cars or 44.5% above the 1959 week.

Cumulative piggyback loadings for the first five weeks of 1961 totaled 48,470 for a decrease of 470 cars or 1% below the corresponding period of 1960, but 15,269 cars or 46% above the corresponding period in 1959. There were 55 class 1 U. S. railroad systems originating this type traffic in the current week compared with 50 one year ago and 44 in the corresponding week in 1959.

Weekly Lumber Figures Discontinued

The National Lumber Manufacturers Association discontinued effective Feb. 10, issuing the weekly report on the volume of lumber shipments.

Intercity Truck Tonnage for Week Ended Feb. 11 Down 7.3% From Same 1960 Week

Intercity truck tonnage in the week ended Feb. 11, was 7.3% behind that of the corresponding week of 1960, the American Trucking Associations, Inc., announced. Truck tonnage was 3.2% behind the volume for the previous week.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Department of Research and Transport Economics. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

The terminal survey for last week showed increased tonnage over a year ago in only 10 localities. Twenty-four points reflected decreased tonnage from the 1960 level. Denver, Charlotte, and Albuquerque terminals showed year-to-year gains of more than 9% from last year's volume. For the third successive week, truck terminals at Detroit and Cleveland trailed last year's mark by more than 20%. Sizeable year-to-year decreases were also registered by terminals at Pittsburgh, Louisville and Philadelphia. Severe ice and snow at many eastern trucking centers has contributed to decreased tonnage during recent weeks.

Compared to the preceding week, 14 metropolitan areas registered tonnage gains while 19 registered tonnage decreases. Detroit terminals showed no over-all change from last week.

Slight Dip in Business Failures For Week Ended Feb. 16

Commercial and industrial failures dipped to 374 in the week ended Feb. 16 from 376 in the preceding week, reported Dun & Bradstreet, Inc. However, casualties remained markedly higher than in the similar week last year when 289 occurred and also exceeded the 310 in 1959. The toll ran 28% above the prewar level of 293 in 1939.

Failures with liabilities of $5,000 or more declined to 329 from 348 in the previous week, but exceeded considerably the 241 of this size a year ago. A contrasting increase among small casualties, those with losses under $5,000, lifted their toll to 45 from 28. Forty-five of the failing businesses had liabilities in excess of $100,000 as against 51 in the preceding week.

The week's downturn was concentrated in construction where casualties fell to 60 from 77 and in commercial service, off to 18 from 43. On the other hand, tolls increased noticeably among retailers, up to 184 from 160, and among manufacturers, up to 66 from 54, while wholesaling mortality edged to 46 from 42. In all functions except service, more concerns succumbed than a year ago, with the steepest climbs from 1960 in the trades.

Forty-two Canadian failures were recorded as compared with 47 in the preceding week and 33 in the corresponding week of last year.

Wholesale Commodity Price Index Moves Up From Prior Week

Reflecting higher prices on wheat, flour, lard, coffee, sugar, and lambs, the general commodity price level moved moderately higher this week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 269.28 (1930-1932 = 100) on Feb. 20, compared with 268.63 a week earlier and 272.48 on the corresponding date a year ago.

Despite reports of generally favorable weather conditions in growing areas, the buying of wheat matched that of a week earlier and prices finished fractionally higher. Reflecting sluggish rye flour business, rye prices remained unchanged from the preceding week.

Trading in corn slackened appreciably during the week and prices were down moderately. There was a fractional dip in oats prices, reflecting lagging volume. In contrast, soybeans prices rose from the prior week as purchases expanded on limited supplies in many markets.

A slight rise occurred in flour prices during the week and trading equaled that of a week earlier. Export purchases of flour lagged, but sizable shipments are expected to be sent to the United Arab Republic and Vietnam next week.

With distributors stocking up for the Lenten season, domestic buying of rice moved up holding prices close to a week earlier. Large purchases of rice were made by countries in Europe, Africa, South America, and Asia.

There was an appreciable rise in the buying of coffee helping prices move up somewhat from the preceding week. Cocoa prices declined noticeably on a marked dip in volume.

Although the buying of lambs showed little change from a week earlier, supplies were down and prices edged up. Hog prices declined fractionally in most markets as transactions sagged somewhat. There was a slight decrease in prices on steers, and trading slipped at the end of the week. In contrast to the dip in hog prices, lard prices showed a good advance during the week.

Cotton futures prices on the New York Cotton Exchange weakened at the end of the week and finished moderately below a week earlier. Domestic consumption of all cottons during the four-week period ended Jan. 28 came to 637,000 bales, compared with 735,000 in the similar period last year.

Wholesale Food Price Index Climbs Fractionally in Latest Week

Following two consecutive weeks of declines, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., edged up fractionally in the latest week. On Feb. 14 it stood at $6.13, for an increase of 0.3% from the $6.11 of a week earlier, and an advance of 6.2% over the $5.77 of the corresponding date a year ago.

Higher in wholesale price this week were lard, cocoa, beans, eggs and hogs. Commodities quoted lower were flour, wheat, corn, rye, oats, peas, steers 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.

Better Weather and Promotions Help Retail Trade

Warmer weather in many areas and Lincoln's Birthday and Valentine's Day sales promotions helped over-all retail trade rise appreciably over the prior week in the week ended last Wednesday, but volume remained moderately below a year ago. There was a marked improvement from a week earlier in major appliances, but sales were down moderately from last year. Year-to-year declines in men's and women's apparel, furniture, and linens were slight, while noticeable dips occurred in new and used passenger cars, draperies, and children's apparel.

The total dollar volume of retail trade in the week ended last Wednesday was 2% to 6% below a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1960 levels by the following percentages: Middle Atlantic —6 to —10; Pacific Coast —4 to —8; South Atlantic —2 to —6; East North Central, East South Central, and Mountain 0 to —4; New England, West North Central, and West South Central +1 to —3.

Nationwide Department Store Sales Down 3% From 1960 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Feb. 11, 1961, showed a decrease of 3% below like period last year. For the week ended Feb. 4 a decrease of 5% was reported. For the four weeks ended Feb. 11, 1961 a 5% loss was reported.

According to the Federal Reserve System, department store sales in New York City for the week ended Feb. 11 showed 11% decrease over the same period last year. In the preceding week ended Feb. 4 sales showed a decrease of 16% from the same week in 1960. For the four weeks ended Feb. 11 a 13% decrease was reported below the 1960 period.

Alkon Industries Common All Sold

Pursuant to a Feb. 14 offering circular, Meade & Co., 27 William St., New York City, publicly offered and sold 50,000 of the 10c par common shares of Alkon Industries Inc. at $5 per share.

Alkon, of 400 Morris Ave., Long Branch, N. J., will devote itself chiefly to the manufacture and sale of a tobacco curing unit known as the Hassler Curing Unit, to which it owns the rights.

The net proceeds, estimated at $217,500, will be used for debt reduction, advertising and promotion of the Unit and of the firm's other steel units, and for working capital.

Now Summit Inv.

WASHINGTON, D. C.—The firm name of ESA Distributors, Inc., 1329 E Street, N. W., has been changed to Summit Investment Corporation.

L. I. Plastics Common Offered

An offering of 300,000 shares of common stock of Long Island Plastics Corp. at $1 per share was made on Feb. 21, 1961, through the James Co., New York City.

The operations which the company proposes to exploit are believed to be novel and to the knowledge of the company are not now being conducted on a commercial basis by any other person or firm.

The company will use the proceeds for the retirement of outstanding indebtedness; the acquisition of additional equipment to permit commercial production including its installation and hook-up with existing equipment; the purchase of initial stocks of raw material inventories consisting of chemicals, nylon, scrap, etc. The balance will be applied to working capital.

Blizzard in Ocean City

OCEAN CITY, N. J.—Col. Herbert H. Blizzard is now with Boenning & Co. in their Ocean City office, 506 Eighth Street.

Continues Inv. Business

Samuel Gomberg is continuing his business as an individual put and call broker from offices at 42 Broadway, New York City. He was formerly a partner in Samuel Gomberg & Co.

Form Inv. Fund Services

CHARLOTTE, N. C.—Investment Fund Services, Inc. has been formed with offices at 2427 Cornell Avenue to engage in a securities business. Officers are Ralph R. Petersen, President, and F. L. Petersen, Vice-President and Secretary. Both were formerly with Fund Investments Inc. of North Carolina.

Forms J. M. Programs

Jerome O. Markowitz is conducting a securities business from offices at 2 West 45th Street, New York City (c/o Helfand & Lesser) under the firm name of J. M. Programs. Mr. Markowitz was formerly with Fleetwood Securities Corp.

Form Paragon Investors

JAMAICA, N. Y. — Paragon Investors Corp. has been formed with offices at 164-09 Hillside Avenue to engage in a securities business. Officers are William H. Flax, President; Burton Flax, Vice-President; Edward Flax, Secretary, and David A. Kaplan Treasurer.

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.

Accesso Corp.
Jan. 30, 1961 filed 40,000 shares of common stock and 40,000 shares of preferred stock (par $10) to be offered for public sale in units consisting of one share of common and one share of preferred stock. **Price**—$15 per unit. **Business**—The company is engaged in the design, manufacture and sale of fluorescent lighting systems, acoustical tile hangers, metal tiles and other types of acoustical ceiling systems. **Proceeds**—For the repayment of loans and general corporate purposes. **Office** — 3425 Bagley Avenue, Seattle, Wash. **Underwriter**—Ralph B. Leonard & Sons, Inc., New York City (managing).

• Acme Missiles & Construction Corp. (3/15)
Jan. 6, 1961 filed 30,000 outstanding shares of class A common stock. **Price** — To be supplied by amendment. **Business**—The construction and installation of missile launching platforms. **Proceeds**—To selling stockholders. **Office** — 43 North Village Avenue, Rockville Centre, N. Y. **Underwriter**—None.

ACK 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**—Robert Edelstein Co., Inc., New York City. **Offering**—Expected in late March.

A-Drive Auto Leasing System Inc. (3/6-10)
Jan. 19, 1961 filed 100,000 shares of class A stock, of which 75,000 are to be offered for public sale by the company and 25,000 shares, being outstanding stock, by the present holders thereof. **Price**—$10 per share. **Business**—The company is engaged in the business of leasing automobiles and trucks for periods of over one year. **Proceeds**—To repay loans; open new offices in Philadelphia, Pa., and New Haven, Conn.; lease and equip a large garage in New York City and lease additional trucks. **Office**—1616 Northern Boulevard, Manhasset, N. Y. **Underwriter**—Hill, Darlington & Grimm, New York City (managing).

★ Adler Electronics, Inc.
Feb. 20, 1961 filed 160,000 shares of common stock, of which 110,000 shares will be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, will be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — For working capital. **Office**—New Rochelle, N. Y. **Underwriter** — Carl M. Loeb, Rhoades & Co., New York City (managing).

Advanced Investment Management Corp.
Jan. 13,1961 filed 300,000 shares of common stock. **Price**—$3.50 per share. **Business**—The company was organized in October, 1960 to operate an insurance home office service and management company with the related secondary purpose of owning investments in entities engaged in the insurance business. **Proceeds**—The company will use the proceeds estimated at $851,895 as a reserve for the acquisition of interests in life insurance; for furniture and fixtures; for the establishment of a sales organization and for working capital. **Office**—The Rector Building, Little Rock, Ark. **Underwriter**—Advanced Underwriters, Inc., Little Rock, Ark.

• Aerosol Techniques, Inc.
Dec. 28, 1960 filed 130,000 shares of common stock. **Price**—$4 per share. **Business** — The company manufactures and packages cosmetic, household, industrial, pharmaceutical, medicinal, dental and veterinary aerosol products for other concerns for sale by them under their own brand names. **Proceeds**—For working capital. **Office**—111 Stilliman Ave., Bridgeport, Conn. **Underwriter** — Michael G. Kletz & Co., Inc., New York City (managing). **Offering**—Imminent.

• Air Metal Industries, Inc.
Jan. 27, 1961 (letter of notification) 75,000 shares of common stock (par 10 cents) of which 12,500 shares are to be offered by stockholders, 12,500 shares to the underwriters and the balance by the company. **Price**—$4 per share. **Business**—The firm makes and sells steel metal ducts utilized in heating systems. **Proceeds**—To increase inventory, for research and development and working capital. **Office** — Miami Beach Federal Bldg., Miami Beach, Fla. **Underwriter**—Vickers, Christy & Co., Inc., New York, N. Y.

Air-X Industries, Inc.
Jan. 31, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For purchase of machinery and equipment and for furniture and fixtures and leasehold improvements, including electrical plumbing and heating work. **Office**—1210 Randall Avenue, Bronx, N. Y. **Underwriter**—Lewis Wolf Associates, New York, N. Y.

• Alabama Power Co. (3/23)
Feb. 13, 1961 this subsidiary of the Southern Co., filed $13,000,000 of first mortgage bonds due 1991 and 80,000 shares of cumulative preferred stock (par $100). **Proceeds**—For expansion. **Office**—600 North 18th St., Birmingham 2, Ala. **Underwriters**—To be determined by competitive bidding. Previous bidders on bonds included Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co., Equitable Securities Corp. and Drexel & Co. (jointly); Lehman Brothers; Halsey, Stuart & Co. Inc. **Bids**—To be received up to 11:00 a.m. for the preferred stock and up to 12 noon for the bonds on March 23 at Southern Services, Inc., Room 1600, 250 Park Ave., New York City. **Information Meeting**—Scheduled for March 20 at 2:30 p.m. at the Chemical Bank New York Trust Co., 10th floor.

Alaska Creamery Products, Inc.
Dec. 19, 1960 (letter of notification) 130,000 shares of common stock (par $1). **Price**—$2.25 per share. **Proceeds**—To purchase equipment, and other necessary materials for distribution of dairy products. **Address**—Anchorage, Alaska. **Underwriter**—Paul Nichols Co., Inc., Anchorage, Alaska.

Albee Homes, Inc. (3/6-10)
Jan. 24, 1961 filed 172,500 shares of common stock. **Price**—To be supplied by amendment. **Business**—The sale of pre-cut packaged home building materials. **Proceeds**—To be used by the company's wholly-owned subsidiary to finance future credit sales. **Office**—931 Summit St., Niles O. **Underwriter**—G. H. Walker & Co., Inc., New York City (managing).

★ Alberto-Culver Co.
Feb. 15, 1961 filed 155,000 shares of common stock, of which 25,000 shares are to be offered for public sale by the company and 130,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business** — The manufacture and sale of cosmetic and toiletry preparations, particularly in the hair care field. **Proceeds**—For additional working capital. **Office**—2525 Armitage Ave., Melrose Park, Ill. **Underwriter**—Shields & Co., New York City (managing).

Allen & Steen Acceptance Co.
Jan. 17, 1961 (letter of notification) $200,000 of 6% sinking fund debentures, 1975 series to be offered in denominations of $1,000 and $500 each. **Price**—At face value. **Proceeds** — For working capital. **Office**—28 S. 8th St., Terre Haute, Ind. **Underwriter** — City Securities Corp., Indianapolis, Ind.

★ Allied Petro-Products, Inc.
Feb. 3, 1961 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For increasing inventory, development of new products and working capital. **Office** — 41 Edgewood Ave., Jacksonville, Fla. **Underwriter**—Darius Inc., New York, N. Y.

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 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 Machine & Foundry Co. (2/28)
Jan. 17, 1961 filed $40,500,000 of convertible subordinated debentures, to be offered to common stockholders on the basis of one $100 debenture for each 20 shares of common held of record Feb. 28. Rights expire March 16. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term loans and furnish additional working capital for domestic and foreign expansion. **Office**—261 Madison Avenue, New York 16, N. Y. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

• American Molded Fiberglass Co. (3/8)
Dec. 27, 1960 (letter of notification) 37,043 shares of common stock (par 40 cents). **Price**—$4 per share. **Business** — Manufacturers of fiberglass swimming pools, canoes and small trailer bodies and other custom molded fiberglass products. **Proceeds** — For general corporate purposes. **Office** — 40 Lane St., Paterson, N. J. **Underwriter**—Vestal Securities Corp., New York, N. Y.

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**

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NEW ISSUE CALENDAR

February 27 (Monday)

American & St. Lawrence Seaway Land Co., Inc. ____ Common
(No underwriting) $300,000
Automation Laboratories, Inc. ____ Common
(Sandkuhl & Co.) $266,800
Bowling & Construction Corp. ____ Common
(Arnold Malkan & Co., Inc.) $600,000
Canaveral International Corp. ____ Common
(Robert A. Martin Associates) $1,000,000
Colorite Plastics, Inc. ____ Common
(P. W. Brooks & Co., Inc.) 100,000 shares
Colorite Plastics, Inc. ____ Bonds
(P. W. Brooks & Co., Inc.) $900,000
Grayway Precision, Inc. ____ Common
(Harrison & Co. and Marron, Sloss & Co. Inc.) $300,000
Gulf Guaranty Land & Title Co. ____ Units
(Street & Co.) $1,500,000
Honey Dew Food Stores, Inc. ____ Common
(Capital Investment Co.) $290,000
Leaseway Transportation Corp. ____ Common
(Hayden, Stone & Co.) 150,000 shares
Milo Electronics Corp. ____ Common
(Myron A. Lomasney & Co.) $750,000
Modern Materials Corp. ____ Common
(Smith, Hague & Co.) 150,000 shares
Mortgage Guaranty Insurance Corp. ____ Common
(Bache & Co.) 155,000 shares
Northfield Precision Instrument Corp. ____ Common
(Robert Edelstein Co., Inc.) 24,428 shares
Rixon Electronics, Inc. ____ Capital
(Auchincloss, Parker & Redpath) 115,000 shares
Shepherd Electronic Industries, Inc. ____ Preferred
(D. Klapper Associates, Inc.) $156,000
Techmation Corp. ____ Common
(First Philadelphia Corp.) $175,000
Telephone & Electronics Corp. ____ Common
(Equity Securities Co.) $264,900
Tensor Electric Development Co., Inc. ____ Common
(Dresner Co., Michael & Co. and Satnick & Co., Inc.) $300,000
Torque Controls Corp. ____ Common
(Russell & Saxe, Inc.) $225,000
United Telecontrol Electronics, Inc. ____ Common
(Richard Bruce & Co., Inc.) $300,000
Whippany Paper Board Co., Inc. ____ Common
(Van Alstyne, Noel & Co.) 250,000 shares

February 28 (Tuesday)

American Machine & Foundry Co. ____ Debentures
(Offering to stockholders—underwritten by Eastman Dillon, Union Securities & Co.) $40,500,000
Berkey Photo Service, Inc. ____ Common
(Paine, Webber, Jackson & Curtis) 360,000 shares
Dob Corp. ____ Common
(Morgan & Co.) $300,000
Eastern Bowling Corp. ____ Class A
(Schirmer, Atherton & Co.) 150,000 shares
Great Northern Ry. ____ Equip. Trust Ctfs.
(Bids noon EST) $5,100,000
Simplex Wire & Cable Co. ____ Capital
(Paine, Webber, Jackson & Curtis) 118,000 shares
Wometco Enterprises, Inc. ____ Stock
(Lee Higginson Corp. and A. C. Allyn & Co., Inc.) 100,000 shares

March 1 (Wednesday)

Jonker Business Machines, Inc. ____ Units
(Hodgdon & Co., Inc.) 50,000 units
Jouet, Inc. ____ Common
(Edward H. Stern & Co.) $300,000
Minitone Electronics, Inc. ____ Common
(No underwriting) $555,000
Mohawk Insurance Co. ____ Common
(R. F. Dowd & Co., Inc.) $900,000
Search Investments Corp. ____ Common
(No underwriting) $1,000,000
States Steamship Co. ____ Bonds
(Blyth & Co., Inc.) $9,500,000
Thermo Dynamics, Inc. ____ Common
(Lowell, Murphy & Co., Inc.) $1,101,811.50
United Boatbuilders, Inc. ____ Common
(Birr & Co., Inc. and Marron, Sloss & Co., Inc.) 100,000 shares

March 6 (Monday)

A-Drive Auto Leasing System, Inc. ____ Class A
(Hill, Darlington & Grimm) $1,000,000
Albee Homes, Inc. ____ Common
(G. H. Walker & Co., Inc.) 172,500 shares
Boonton Electronics Corp. ____ Units
(Ross, Lyon & Co., Inc. and Globus, Inc.) $330,000
Citizens & Southern Capital Corp. ____ Common
(The Johnson, Lane, Space Corp.; Courts & Co. and Robinson-Humphrey Co., Inc.) $1,650,000
Colber Corp. ____ Common
(Richard Bruce & Co., Inc.) $300,000
Eastern Can Co., Inc. ____ Class A Stock
(Milton D. Blauner & Co., Inc.) $1,400,000
Fund of America, Inc. ____ Common
(Ladenburg, Thalmann & Co. and Minis & Co., Inc.) $5,000,000
Gold Medal Packing Corp. ____ Preferred
(Capital Investment Co.) $400,000
Jefferson Lake Asbestos Corp. ____ Units
(A. G. Edwards & Sons) $3,500,000
Klein (S.) Department Stores, Inc. ____ Common
(Emanuel, Deetjen & Co.) 72,000 shares
Lafayette Radio Electronics Corp. ____ Debentures
(C. E. Unterberg, Towbin Co.) $2,500,000
Lafayette Radio Electronics Corp. ____ Common
(C. E. Unterberg, Towbin Co.) 100,000 shares
Mercury Electronics Corp. ____ Common
(S. Schramm & Co. Inc.) $300,000
Municipal Investment Trust Fund, Series A ____ Units
(Ira Haupt & Co.) $20,000,000
Random House, Inc. ____ Common
(Allen & Co.) 121,870 shares
Roblin-Seaway Industries, Inc. ____ Class A
(Brand, Grumet & Seigel, Inc.) $480,000

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Sealander, Inc. ____________________Common
(Robinette & Co., Inc.) $300,000
Shinn Industries Inc. ________________Common
(Myron A. Lomasney & Co.) $900,000
Solite Products Corp. _________________Units
(William, David & Motti, Inc.) $225,000
Standard & Shell Homes Corp. __________Units
(Aetna Securities Corp.; D. Gleich Co. and Roman & Johnson) $612,500
Storer Broadcasting Co. _______________Common
(Reynolds & Co., Inc.) 263,000 shares

March 7 (Tuesday)

Louisville & Nashville RR. ______Equip. Trust Ctfs.
(Bids noon EST) $7,735,000

March 8 (Wednesday)

American Molded Fiberglass Co. ___________Common
(Vestal Securities Corp.) $148,172
Invesco Collateral Corp. __________________Units
(No underwriting) $777,300
Marley Co. ____________________________Common
(White, Weld & Co., Inc.) 100,996 shares

March 10 (Friday)

Sunset Color Laboratories, Inc. ___________Common
(Jacey Securities Co.) $180,000

March 13 (Monday)

Automation Development, Inc. ____________Common
(First Philadelphia Corp.) $150,000
Circle Controls Corp. ___________________Common
(Rodetsky, Kleinzahler, Walker & Co.; L. C. Wegard & Co. and L. D. Sherman & Co.) $285,000
Colonial Mortgage Service Co. ____________Common
(Drexel & Co. and Stroud & Co.) 100,000 shares
Greenfield Real Estate Investment Trust __Ben. Int.
(Drexel & Co.) 500,000 shares
Lake Arrowhead Development Co. _______Common
(Van Alstyne, Noel & Co. and Sutro & Co.) $3,000,000
Palm Developers Limited ________________Common
(David Barnes & Co., Inc.) $300,000
Radar Measurements Corp. ______________Common
(Blaha & Co., Inc.) $299,950
Renwell Electronics Corp. of Delaware ___Common
(William David & Motti, Inc.) $400,000

U. S. Mfg. & Galvanizing Corp. ___________Common
(Armstrong Corp.) $300,000

March 15 (Wednesday)

Acme Missiles & Construction Corp. ______Common
(No underwriting) 30,000 shares
Dixie Natural Gas Corp. _________________Common
(Vestal Securities Corp.) $300,000
Dodge Wire Corp. ______________________Common
(Plymouth Securities Corp.) $600,000
Jensen Industries _______________________Common
(Maltz, Greenwald & Co. and Thomas, Jay Winston & Co.) 75,000 shares
Ram Electronics, Inc. ____________________Common
(Plymouth Securities Corp.) $300,000
Rego Insulated Wire Corp. ________________Common
(Russell & Saxe, Inc.) $900,000

March 20 (Monday)

Atlantic City Electric Co. __________________Bonds
(Bids 11 a.m. EST) $10,000,000
Bristol Dynamics, Inc. ____________________Common
(William, David & Motti, Inc.) $700,000
Nytronics, Inc. _________________________Capital
(Norton, Fox & Co., Inc.) 100,000 shares
Thermogas Co. __________________________Common
(A. C. Allyn & Co.) 100,000 shares

March 21 (Tuesday)

Southern Bell Telephone & Telegraph Co. __Debens.
(Bids to be received) $70,000,000

March 22 (Wednesday)

Southwestern Public Service Co. ____________Bonds
(Dillon, Read & Co.) $15,000,000
Southwestern Public Service Co. ________Preferred
(Dillon, Read & Co.) 120,000 shares

March 23 (Thursday)

Alabama Power Co. ___________________Preferred
(Bids 11 a.m. EST) 800,000 shares
Alabama Power Co. ________________________Bonds
(Bids 12 noon EST) $13,000,000

March 24 (Friday)

Rochester Telephone Corp. ______________Common
(The First Boston Corp.) 273,437 shares

March 27 (Monday)

Mansfield Industries, Inc. _______________Common
(McDonnell & Co., Inc.) 150,000 shares
Progress Webster Electronics Corp. ______Common
(Marron, Sloss & Co., Inc.) $675,000

April 4 (Tuesday)

Southern California Edison Co. ______________Bonds
(Bids 8:30 a.m. PST) $30,000,000

April 20 (Thursday)

Orange & Rockland Utilities, Inc. ___________Bonds
(Bids to be received) $12,000,000

May 4 (Thursday)

Sierra Pacific Power Co. _________________Common
(Offering to stockholders—no underwriting) Approximately 132,570 shares

May 11 (Thursday)

Sierra Pacific Power Co. _____________________Bonds
(Bids to be received) $6,500,000

May 25 (Thursday)

New Orleans Public Service, Inc. ____________Bonds
(Bids to be received) $15,000,000

June 13 (Tuesday)

Virginia Electric & Power Co. ________________Bonds
(Bids 11 a.m. EST) $30,000,000 to $35,000,000

June 15 (Thursday)

Southern Electric Generating Co. ____________Bonds
(Bids 11 a.m. EST) $27,000,000

September 28 (Thursday)

Mississippi Power Co. _______________________Bonds
(Bids to be received) $5,000,000
Mississippi Power Co. ____________________Preferred
(Bids to be received) $5,000,000

October 18 (Wednesday)

Georgia Power Co. ___________________________Bonds
(Bids to be received) $15,500,000
Georgia Power Co. ________________________Preferred
(Bids to be received) $8,000,000

December 7 (Thursday)

Gulf Power Co. _____________________________Bonds
(Bids to be received) $5,000,000

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—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 & St. Lawrence Seaway Land Co., Inc. (2/27-3/3)
Dec. 30, 1960 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—60 E. 42nd Street, New York 17, N. Y. **Underwriter** — None.

• American Telephone & Telegraph Co.
Jan. 27, 1961 filed 11,225,000 shares of capital stock being offered for subscription by stockholders on the basis of one new share for each 20 shares held of record Feb. 23, with rights to expire April 14. **Price**—$86 per share. **Proceeds**—For advances to subsidiaries, for the purchase of stock offered for subscription by such companies, for expansion of its own facilities and for general corporate purposes. **Office**—195 Broadway, New York City. **Underwriter**—None.

★ Amity Corp.
Jan. 17, 1961 filed 88,739 shares of common stock (par $1). **Price**—$3 per share. **Business**—Land development, including the building of an air strip, a marina, and a housing cooperative. This is the issuer's first public financing. **Proceeds**—For general corporate purposes, including $170,000 for construction and $12,000 for debt reduction. **Office**—Equitable Building, Baltimore, Md. **Underwriter**—Karen Securities Corp., New York City.

Apco Oil Corp.
Jan. 13, 1961 filed $10,102,100 of subordinated debentures, due April 1, 1981 and 505,105 shares of common stock to be offered for subscription by holders of class A and class B stock of Union Texas Natural Gas Corp., in units consisting of one $100 debenture and five common shares on the basis of one unit for each 70 shares of class A and/or class B stock of Union Texas. **Price**—To be supplied by amendment. **Business** — The company was organized under Delaware law on Aug. 15, 1960 and later entered into an agreement with Union Texas and others to purchase the properties of Anderson-Prichard Oil Corp., for a total of $25,200,000 plus its share of Anderson-Prichard liabilities. **Proceeds**—The company will use the proceeds, together with $12,000,000 to be borrowed from banks, to purchase the business and properties of Anderson-Prichard. **Office**—811 Rusk Avenue, Houston, Texas. **Underwriters**—Carl M. Loeb, Rhoades & Co., and Smith, Barney & Co., both of New York City. **Offering**—Expected sometime in March.

• 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.

• Atlantic City Electric Co. (3/20)
Feb. 10, 1961 filed $10,000,000 of first mortgage bonds due 1991. **Proceeds**—For the repayment of notes and for construction. **Office**—1600 Pacific Ave., Atlantic City, N. J. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp., and Wood, Struthers & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly); First Boston Corp. and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lee Higginson Corp.; Blyth & Co., Inc. **Bids** — Expected to be received on March 20 up to 11:00 a.m. (EST) at the office of Irving Trust Co., 47th floor, One Wall St., New York City.

• Atlantic Fund for Investment in U. S. Government Securities, Inc.
July 22, 1960, filed 2,000,000 shares of common stock. **Price**—$25 per share. **Business** — A diversified investment company, which will become an open-end company with redeemable shares upon the sale and issuance of the shares being registered. **Proceeds**—For investment in U. S. Government securities. **Office**—50 Broad Street, New York City. **Underwriter**—Capital Counsellors, 50 Broad Street, New York City. **Note**—This company was formerly the Irving Fund for Investment in U. S. Government Securities, Inc. **Offering**—Imminent.

Automatic Canteen Co. of America
Feb. 7, 1961 filed 127,725 outstanding common shares. **Price** — To be supplied by amendment. **Business**—The development, manufacture, sale, lease and servicing of vending machines. **Proceeds**—To the selling stockholders. **Office**—Merchandise Mart Plaza, Chicago, Ill. **Underwriter**—None.

• Automation Development, Inc. (3/13-17)
Jan. 27, 1961 (letter of notification) 40,000 shares of common stock (par 5 cents). **Price**—$3.75 per share. **Proceeds**—For further development of the "Skyjector." **Office**—342 Madison Ave., New York City. **Underwriter**—First Philadelphia Corp., New York, N. Y.

Automation Laboratories, Inc. (2/27-3/3)
Jan. 26, 1961 (letter of notification) 66,700 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company is engaged in the research and development of infra-red devices used for the alignment of ballistic missiles and space vehicles, for automatic positioning of machinery operations and for geodetic surveys. **Offices** — 80 Urban Ave., Westbury, and 179 Liberty Ave., Mineola, N. Y. **Underwriter**—Sandkuhl and Co., Newark, N. J., and New York City.

Baldwin Enclosures, Inc.
Dec. 27, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business** — Manufacturers of elevator cabs for apartment houses and office buildings. **Proceeds**—For general corporate purposes. **Office**—59-33 55th St., Maspeth, N. Y. **Underwriter**—Acme Securities Corp., New York, N. Y.

Bal-Tex Oil Co.
Dec. 22, 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 and gas properties. **Office** — First National Bank Building, Denver, Colo. **Underwriter**—Equity General Investment Corp., First National Bank Building, Denver, Colo.

Baruch (R.) & Co.
Sept. 20, 1960 (letter of notification) 15,000 shares of class A common stock (par $3.75). **Price**—$10 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.

★ Beckman Instruments, Inc.
Feb. 21, 1961 expected to file 70,000 shares of common stock (par $1) to be offered for subscription by common stockholders on the basis of one share for each 20 shares held. **Price**—To be filed by amendment. **Business**—Manufactures electronic instruments, components and systems, including precision analytical instruments, computers, precision potentiometers, radiation and medical instruments. **Office** — 2500 Fullerton Road, Fullerton, Calif. **Underwriter**—Lehman Brothers, New York City (managing).

• Benbow Astronautics, Inc.
Jan. 18, 1961 (letter of notification) 100,000 shares of class A stock (par 5 cents). **Price**—$3 per share. **Business** — The company supplies the missile and aircraft industries with hydraulic valves and regulators and related mechanical components. **Proceeds**—For additional working capital and for research and development in the fields of cryogenics and high temperature pneumatic systems. **Office**—Culver City, Calif. **Underwriters**—Edward Hindley & Co.; T. M. Kirsch & Co.; Cortlandt Investing Co., and H. B. Crandall & Co. (managing). **Offering**—Expected in early March.

• Berkey Photo Service, Inc. (2/28)
Dec. 28, 1960 filed 360,000 shares of common stock of which 80,000 shares will be offered for the account of company and 280,000 shares for the account of selling stockholders. **Price** — To be supplied by amendment. **Business**—Photo-processing. **Proceeds**—For general corporate purposes. **Office**—77 East 13th Street, New York City. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing).

• Bicor Automation Industries, Inc.
Jan. 23, 1961 filed 110,000 shares of class A common stock. **Price**—$4 per share. **Business**—The company was organized in December, 1960, to acquire all the capital stock of four corporations in Fairview, N. J., whose principal business is the importation and sale of embroidery manufacturing machinery. **Proceeds**—For new equipment and working capital. **Office** — 333 Bergen Boulevard, Fairview, N. J. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York City. **Offering** — Expected in early March.

• Boonton Electronics Corp. (3/6-10)
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, Lyon & Co., Inc., and Globus, Inc., both of New York City.

Borman Food Stores, Inc.
Feb. 14, 1961 filed 52,000 outstanding shares of common stock. **Price**—To be related to the current market price on the New York Stock Exchange at the time of the offering. **Business** — Operates a chain of "Food Fair" supermarkets in the Detroit area. **Proceeds** — For the selling stockholders. **Office** — 12300 Mark Twain Ave., Detroit, Mich. **Underwriter** — Shields & Co., New York City.

Bowling & Construction Corp. (2/27-3/3)
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).

• Bristol Dynamics Inc. (3/20-24)
Feb. 7, 1961 filed 100,000 shares of common stock, of which 70,000 shares will be offered for public sale by the company and 30,000 by a selling stockholder. **Price**—$7 per share. **Business**—The designing engineering, producing and selling of electrical and mechanical assemblies, electronic and missile components and special tools. **Proceeds** — The company will use its portion of the proceeds to pay bank loans, expand inventory and purchase raw material, acquire new and larger facilities for business and for research and development and for working capital. **Office** — 219 Alabama Ave., Brooklyn, N. Y. **Underwriter**—William, David & Motti, Inc., New York City.

★ Brooks Instrument Co., Inc.
Feb. 16, 1961 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Formerly known as Brooks Rotameter Co., the firm manufactures variable area flow meters, generally called "rotometers." **Proceeds**—For European expansion, research and development, and working capital. **Office**—407 West Vine St., Hatfield, Pa. **Underwriter**—Andresen & Co., New York City.

Business Finance Corp.
Aug. 5, 1960 (letter of notification) 195,000 shares of common stock (par 20 cents). **Price** — $1.50 per share. **Proceeds**—For business expansion. **Office**—1800 E. 26th St., Little Rock, Ark. **Underwriter**—Cohn Co., Inc., 309 N. Ridge Road, Little Rock, Ark.

★ California General, Inc.
Feb. 3, 1961 (letter of notification) 60,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—To reduce the company's current bank indebtedness. **Office**—798 "F" St., Chula Vista, San Diego, Calif. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Canadian Superior Oil of California, Ltd.
Jan 5, 1961 filed 1,200,000 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each 3.75 shares held. **Price**—$9 (U. S.) and $8.75 (Can.) per share. **Proceeds**—To repay debts. **Office** — 703 Sixth Avenue, South West, Calgary, Alberta. **Underwriter**—None.

• Canaveral International Corp. (2/27-3/3)
Aug. 12, 1960 filed 200,000 shares of common stock (par $1). **Price** — $5 per share. **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**—Robert A. Martin Associates, New York City.

• Canterbury Fund, Inc.
Dec. 29, 1960 filed 150,000 shares of capital stock. **Price**—To be supplied by amendment. **Business** — The fund has been organized to serve principally investment clients of Fiduciary Counsel, Inc., and its subsidiary, The Estate Planning Corp. **Proceeds**—For investment. **Office**—55 Green Village Rd., Madison, N. J. **Underwriter**—Estate Planning Corp.

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.

Central Hadley Corp.
Jan. 27, 1961 filed 41,829 outstanding shares of 5% cumulative convertible preferred stock (par $10), and 481,450 outstanding common shares. **Business**—A holding company with three wholly owned subsidiaries; B. H. Hadley, Inc., which designs, develops, tests and manufactures precision components for fluid control and regulation systems for the missile industry; Stellardyne Laboratories, Inc., which sells testing and cleaning services to the missile industry; and Central Explorers Co., which owns oil leases and develops the leases. **Proceeds**—To the selling stockholders. **Office**—596 North Park Avenue, Pomona, Calif. **Underwriter**—None.

Chalco Engineering Corp.
Jan. 30, 1961 filed 100,000 shares of common stock. **Price**—$6 per share. **Business**—The company is engaged in the business of engineering, research, development, manufacturing and installation of custom communication systems and electronic, electro-mechanical and mechanical systems and devices for ground support facilities for missile and space programs of the U. S. Government. The company also manufactures special purpose products sold for military use. **Proceeds**—For the repayment of loans and for working capital. **Office** — 15126 South Broadway, Gardena, Calif. **Underwriter** — First Broad Street Corp., New York City (managing).

• Chemsol, Inc.
Jan. 16, 1961 filed 200,000 shares of common stock. **Price**—$3 per share. **Business**—The company and its wholly-owned subsidiary, Chemline Corp., buy, sell and refine by-products of the chemical and petrochemical industries, manufacture and sell lime, and reprocess used thermoplastic resins. **Proceeds** — For construction, new equipment and general corporate purposes. **Office**—74 Dod Street, Elizabeth, N. J. **Underwriter** — Godfrey, Hamilton, Magnus & Co., New York City (managing). **Offering**—Expected in early March.

Church Builders, Inc.
Feb. 6, 1961 filed 50,000 shares of common stock, series 2. **Price**—$5.50 per share. **Business**—A closed-end diversified investment company of the management type. **Proceeds**—For investment. **Office**—501 Bailey Avenue, Fort Worth, Texas. **Distributor**—Associates Management, Inc., Fort Worth, Texas.

• Circle Controls Corp. (3/13-17)
Oct. 28, 1960 (letter of notification) 95,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business** — Manufacture and rebuilding of electronic, electro-mechanical and mechanical controls. **Proceeds**—For general corporate purposes and working capital. **Office**—204 S. W. Boulevard, Vineland, N. J. **Underwriters**—Rodetsky, Kleinzahler, Walker & Co., Jersey City, N. J.; L. C. Wegard & Co., Trenton, N. J. and L. D. Sherman & Co., New York, N. Y.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

Citizens Acceptance Corp.
Dec. 29, 1960 filed $500,000 principal amount of series G 6% five year subordinated debentures. **Price** — At 100% of principal or in exchange for outstanding debentures. **Business**—General finance company. **Proceeds**—To increase working capital and to retire outstanding debentures as they mature. **Office**—Georgetown, Del. **Underwriter**—None.

Citizens & Southern Capital Corp. (3/6-10)
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).

★ Clifton Precision Products Co., Inc.
Feb. 16, 1961 filed 60,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business**—The company is engaged in the design, development, production and sale of synchros, instrument servomotors and certain servo-mechanisms for use primarily in aircraft and missiles. **Proceeds**—For the selling stockholder. **Office** — Marple Ave., at Broadway, Clifton Heights, Pa. **Underwriter**—W. C. Langley & Co., New York City.

• Coastal Dynamics Corp.
Jan. 30, 1961 filed 125,000 shares of class A stock. **Price** — $3 per share. **Business** — The company (formerly Coastal Manufacturing Corp.) merged with Wesco Plastic Products, Inc., and is principally engaged in the development, manufacture and sale of edge-lighted instrument and control panels for use in the aircraft, missile and electronic industries. **Proceeds** — For new equipment; payment of debts; to increase inventory of electronic component parts; and for working capital. **Office**—219 Rose Avenue, Venice, Calif. **Underwriter** — V. K. Osborne & Sons, Inc., Beverly Hills, Calif. (managing). **Offering**—Expected sometime in April.

• Colber Corp. (3/6-10)
Jan. 26, 1961 (letter of notification) 100,000 shares of common stock (par 20 cents). **Price**—$3 per share. **Business**—Manufacturers of resistors. **Proceeds**—For purchase of machinery and equipment, leasehold improvements and for working capital. **Office**—26 Buffington St., Irvington, N. J. **Underwriter**—Richard Bruce & Co., Inc., 80 Pine Street, New York 5, N. Y.

• Colonial Mortgage Service Co. (3/13-17)
Jan. 31, 1961 filed 100,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Business**—Originating and servicing mortgage loans for institutional investors. **Office** — 141 Garrett Road, Upper Darby, Pa. **Underwriters**—Drexel & Co., and Stroud & Co., both of Philadelphia, Pa. (jointly).

Colorite Plastics, Inc. (2/27-3/3)
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., Inc., New York City (managing).

Commerce Oil Refining Corp.
Dec. 16, 1958 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price** — To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

★ Commercial Acceptance Corp.
Feb. 1, 1961 (letter of notification) $225,000 of 8%, 9% and 10% renewable subordinated debentures to be offered in denominations of $500, $1,000 and $5,000 each, due Jan. 31, 1964, 1965, and 1966. **Price**—At face amount. **Proceeds**—For additional loans. **Office**—614 Fox Bldg., Detroit, Mich. **Underwriter**—None.

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).

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.

Copter Skyways, Inc.
Jan. 16, 1961 filed 15,000,000 shares of no par common stock. **Price**—3 cents per share. **Proceeds**—To acquire the equipment, real estate and other materials necessary to commence business. **Office**—Penn-Sheraton Hotel, Pittsburgh, Pa. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

★ Coquille Valley Lumber Co.
Feb. 1, 1961 (letter of notification) 5,000 shares of common stock (par $25). **Price**—$50 per share. **Proceeds**—For working capital. **Address**—Route 3, Alsea, Oreg. **Underwriter**—None.

Cortez Life Insurance Co.
Jan. 12, 1961 filed 500,000 shares of common stock. **Price**—$3 per share. **Business**—The company is engaged in the business of writing life insurance, annuity policies and re-insurance. **Proceeds**—For general corporate purposes. **Office**—304 Main St., Grand Junction Colo. **Underwriter**—None.

Cumberland Shoe Corp.
Jan. 3, 1961 (letter of notification) 37,115 shares of common stock (par 50 cents) to be offered for subscription by stockholders of the company with the right to purchase one share for each five shares held. Rights expire in 30 days. **Price**—$3.75 per share. **Office**—North Margin Street, Franklin, Tenn. **Underwriter** — Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.

Custom Components, Inc.
Jan. 24, 1961 filed 165,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The company designs, develops and produces high quality components for microwave and electronic systems. **Proceeds** — For expansion, acquisitions and working capital. **Office**—Passaic Ave., Caldwell, N. J. **Underwriter**—Manufacturers Securities Corp., 511 Fifth Ave., New York, N. Y.

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.

★ Dekcraft Corp.
Feb. 15, 1961 filed 92,000 shares of common stock. **Price** To be supplied by amendment. **Business**—The company, formerly Supreme Ribbon Corp., manufactures, converts and packages gift wrappings. **Proceeds**—For the repayment of bank loans and for woking capital. **Office**—15 Burke Lane, Syosset, New York. **Underwriter**—Carter, Berlind, Potoma & Weill, New York City.

• Delanco Electric Co., Inc.
Jan. 17, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The company operates three retail stores selling sewing machines and electrical appliances. **Proceeds**—For expansion and general corporate purposes. **Office**—111 Delancey Street, New York, N. Y. **Underwriter**—Michael Pariser Corp., New York, N. Y.

Delta Design, Inc.
Sept. 28, 1960 filed 100,000 shares of capital stock. **Price**—$4.50 per share. **Business** — Development of vacuum system components. **Proceeds** — For acquisition of land and construction of a factory; purchase of new machinery and tooling; inventory and working capital. **Office**—3163 Adams Ave., San Diego, Calif. **Underwriter**—None.

Detroit Tractor, Ltd.
May 26, 1960 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. **Price**—Not to exceed $3 per share. **Proceeds**—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. **Office**—1221 E. Keating Avenue, Muskegon, Mich. **Underwriter**—To be supplied by amendment.

• Diversified Finance Corp.
Feb. 9, 1961 the company reported that it had filed with the Florida Securities Commission its first public offering of 300,000 shares of common stock. Each share carries a warrant expiring in December, 1963, entitling the holder thereof to purchase one additional share at $1.25 per share. **Price**—$1.25 per share. **Business**—The company and its subsidiaries are engaged in the small loan, consumer discount and retail instalment sales financing business in southeast Florida. **Proceeds**—For expansion. **Office**—615 W. Broward Blvd., Fort Lauderdale, Fla. **Underwriter**—None.

★ Diversified Real Estate Investment Trust
Feb. 9, 1961 (letter of notification) 30,000 shares of beneficial interests (par $10). **Price** — $10 per share. **Proceeds**—For financing of investment properties. **Office**—7701 Pacific St., Omaha, Neb. **Underwriter**—None.

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● Dixie Natural Gas Corp. (3/15)
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.

● Dob Corp. (2/28)
Jan. 30, 1961 (letter of notification) 75,000 shares of common stock (no par). **Price**—$4 per share. **Proceeds**—For lease improvements, to purchase new machinery and equipment, increase inventory and for working capital. **Office**—3318 La Cienega Place, Los Angeles, Calif. **Underwriter**—Morgan & Co., Los Angeles, Calif.

Dodge Wire Corp. (3/15)
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.

Dolomite Glass Fibres, Inc.
Dec. 27, 1960 filed 200,000 shares of 7% preferred stock (cumulative - convertible); 200,000 class A common shares (voting) and 1,000,000 common shares (non-voting). **Price**—$10 per share for the preferred and $1 per share for the class A and common shares. **Business**—The manufacture and sale of glass fibre for insulation and glass fibre threads, mats and rovings for use in the production of reinforced plastics. **Proceeds**—For working capital and the purchase of additional equipment. **Office**—1037 Jay St., Rochester, N. Y. **Underwriter**—None.

● Dynamic Instrument Corp.
Jan. 27, 1961 filed 150,000 shares of common stock (full registration). **Price**—$2 per share. **Business**—The company is engaged in the design, manufacture and sale of electro-magnetic clutches and brakes and in the machinery of precision instrument components on a sub-contract basis. **Proceeds**—To repay loans, complete and develop new products and for working capital. **Office**—59 New York Ave., Westbury, L. I., N. Y. **Underwriters**—T. W. Lewis & Co., Inc., and Amos Treat & Co., Inc., both of New York City and Bruno-Lenchner, Inc., Pittsburgh. **Offering**—Expected in mid-to-late March.

Dynatronics, Inc.
Feb. 3, 1961 filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company is engaged in the design, manufacture and sale of electronic equipment and systems, including antenna, digital and timing systems. **Proceeds**—For repayment of bank loans, new equipment and working capital. **Address**—P. O. Box 2566, Orlando, Fla. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C.

● Eastern Bowling Corp. (2/28)
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).

Eastern Camera Exchange, Inc.
Dec. 29, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Operating a chain of retail stores and concessions selling cameras, film and photographic supplies and equipment; also processes and prints black and white photographic film. **Proceeds**—To reduce indebtedness incurred by acquisitions, to pay notes due, and for general corporate purposes. **Office**—68 W. Columbia Street, Hempstead, N. Y. **Underwriter**—Casper Rogers & Co. Inc., New York, N. Y.

Eastern Can Co., Inc. (3/6-10)
Jan. 23, 1961 filed 200,000 shares of class A stock. **Price**—$7 per share. **Business**—The company is engaged in the business of manufacturing tin plate cans for the packaging and marketing of different types of food, petrochemicals and other products. **Proceeds**—For new equipment; completion of a new manufacturing plant at Passaic, N. J.; the moving of metal container manufacturing equipment from Brooklyn to Passaic, and for working capital. **Office** — 649 Kent Avenue, Brooklyn, N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., New York City.

Economics Laboratory, Inc.
Feb. 10, 1961 filed $4,000,000 of convertible debentures due April 1, 1976. **Price**—To be supplied by amendment. **Business**—The manufacturing and selling of detergents and cleaning agents for commercial dishwashing and household use. **Proceeds** — For the repayment of notes, for new facilities and for working capital. **Office**—914 Guardian Bldg., St. Paul, Minn. **Underwriters** — W. E. Hutton & Co., Cincinnati, O., and Kalman & Co., Inc., St. Paul, Minn. (managing).

Electro Consolidated Corp.
Jan. 27, 1961 filed 100,000 shares of common stock, of which 50,000 are to be offered for public sale by the issuing company and 50,000 shares, being outstanding stock, by the present holders thereof. **Price** — $6 per share. **Business**—The company and its subsidiaries are engaged in the design, manufacture, distribution and sale of fluorescent and incandescent lighting fixtures for commercial and industrial use, and the manufacture and sale of household appliances including broilers and food-slicers. **Proceeds**—For the repayment of bank loans, new equipment, and working capital. **Office** — Spruce and Water Streets, Reading, Pa. **Underwriters**—Brand, Grumet & Seigel, Inc., and Kesselman & Co., Inc., both of New York City. **Offering**—Expected in late March.

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.

● Elion Instruments, Inc.
Oct. 28, 1960 filed 60,000 outstanding shares of capital stock (par 50 cents), together with five-year warrants for the purchase of 6,000 new capital shares, to be offered for sale in units of one share of stock and one-tenth of a warrant. No sale will be made of less than 10 such units. **Price**—To be related to the price of the company's stock in the over-the-counter market immediately prior to the offering. **Business**—The firm makes and sells instruments and equipment for scientific and industrial measurement and analyses. **Proceeds**—To selling stockholders, who are two company officers who will lend the net proceeds to the company. **Office**—430 Buckley St., Bristol, Pa. **Underwriter** — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa. **Offering**—Expected in early March.

★ Employees Mutual Fund, Inc.
Feb. 16, 1961 filed 200,000 shares of capital stock. **Price**—Net asset value without any sales charge or other distribution charge. **Business**—The company was organized under Maryland law in August 1960 as an open-end diversified management investment company. **Proceeds**—For investment. **Office** — 901 Washington Ave., St. Louis, Mo. **Underwriter**—None.

● 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. **Offering**—Expected in mid-March.

Faradyne Electronics Corp.
Jan. 30, 1961 filed $1,500,000 of 6% convertible subordinated debentures. **Price**—100% of principal amount. **Business**—The company is engaged in the manufacture and distribution of high reliability materials and basic electronic components, including dielectric and electrolytic capacitors and precision tungsten wire forms. **Proceeds**—For the payment of debts and for woorking capital. **Office**—471 Cortlandt Street, Belleville, N. J. **Underwriter**—To be named.

★ Filmways, Inc.
Feb. 15, 1961 filed 17,500 outstanding shares of common stock. **Price** — At the prevailing market price on the American Stock Exchange at the time of the offering. **Business** — Produces filmed television programs and commercials. **Proceeds** — For the selling stockholders **Office**—18 East 50th St., New York City. **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.

Forcite, Inc.
Jan. 26, 1961 filed 150,000 shares of common stock. **Price**—$5 per share. **Business**—The manufacture and sale of a specialized line of furniture, and the operation of a chain of retail furniture stores in New York City, Chicago, Ill., and Los Angeles, Calif. **Proceeds**—To repay loans, discharge outstanding 7% debentures due in March 1962, finance the opening of new retail outlets and for working capital. **Office**—117-20 14th Road, College Point, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York City. **Offering**—Expected in late April.

★ Fulton Industries, Inc.
Feb. 21, 1961 filed 233,955 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Atlanta, Ga. **Underwriters** — Robinson-Humphrey Co., Inc., Atlanta, Ga., and Walston & Co., Inc., New York City (managing).

● Fund of America, Inc. (3/6-10)
Jan. 6, 1961 filed 500,000 shares of common stock. **Price**—$10 per share. **Business** — The company, formerly named Southern Industries Fund, Inc., is an open-end balanced investment trust. **Office**—60 East 42nd Street, New York, N. Y. **Underwriters**—Ladenburg, Thalmann & Co., New York City and Minis & Co., Inc., Savannah, Georgia.

FWD Corp.
Dec. 15, 1960 (letter of notification) $300,000 of 6% 10-year convertible debentures being offered for subscription by holders of common stock of record Jan. 27 in multiples of $100 in unrestricted amounts, and to holders of the convertible debentures, due 1971, on the basis of $100 of new debentures for each $500 held, with rights to expire on Feb. 27. **Price**—At face value. **Proceeds**—To purchase the outstanding stock of Wagner Tractor, Inc. **Address** — Clintonville, Wis. **Underwriter** — A. C. Allyn & Co., Inc., Chicago, Ill.

G-W Ameritronics, Inc.
Jan. 25, 1961 filed 80,000 shares of common stock and 160,000 warrants to purchase a like number of common shares, to be offered for public sale in units, each consisting of one share of common stock and two warrants. Each warrant will entitle the holder thereof to purchase one share of common stock at $2 per share from March to August 1961 and at $3 per share from September 1962 to February 1964. **Price** — $4 per unit. **Business** — The company (formerly Gar Wood Philadelphia Truck Equipment, Inc.), distributes, sells, services and installs Gar Wood truck bodies and equipment in Pennsylvania, Delaware, and New Jersey, under an exclusive franchise. **Proceeds** — For general corporate purposes. **Office**—Kensington and Sedgley Avenues, Philadelphia, Pa. **Underwriter**—Fraser & Co., Inc., Philadelphia, Pa.

● General Supermarkets, Inc.
Jan. 17, 1961 filed 110,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To be used as working capital to expand the number of supermarkets. **Office**—200 Main Ave., Passaic, N. J. **Underwriter** — Godfrey, Hamilton, Magnus & Co., Inc., New York City (managing). **Offering**—Expected in mid-March.

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.

Gold Medal Packing Corp. (3/6-10)
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 specialists. It also sells certain dairy products. **Underwriter**—Capital Investment Co., Newark, N. J.

Grayco Credit Corp.
Jan. 16, 1961 (letter of notification) $150,000 of 10-year 7% sinking fund debentures and 75,000 shares of common stock (par $1) to be offered in units consisting of 50 shares of common and $100 of debentures. **Price**—$200 per unit. **Proceeds** — For working capital. **Office** — 1012 Market St., Johnson City, Tenn. **Underwriter**—Branum Investment Co., Inc., Nashville, Tenn.

● Grayway Precision, Inc. (2/27)
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.

● Greenfield Real Estate Investment Trust (3/13-17)
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).

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 February to early March.

Gulf Guaranty Land & Title Co. (2/27-3/3)
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.

★ Home Lab Supply, Inc.
Feb. 15, 1961 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Busi-**

ness—Manufacturers of educational and scientific equipment for boys and girls. **Proceeds**—For general corporate purposes. **Office**—511 Homestead Avenue, Mount Vernon, N. Y. **Underwriter**—Fontana Securities Inc., New York, N. Y.

● **Honey Dew Food Stores, Inc. (2/27-3/3)**
Jan. 27, 1961 (letter of notification) 116,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—The company operates a chain of 10 supermarkets. **Proceeds**—For general corporate purposes. **Office** — 811 Grange Road, Teaneck, N. J. **Underwriter** — Capital Investment Co., Newark, N. J.

● **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. **Underwriter** — Dewar, Robertson & Pancoast, San Antonio, Tex.

● **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., is no longer underwriting. New underwriter is Amber, Burstein & Co., Inc., 40 Exchange Place, New York City. **Offering**—Expected in mid-March.

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 Building, Denver, Colo. **Underwriters**—Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

● **Income Planning Corp.**
Dec. 29, 1960 (letter of notification) 5,000 shares of cumulative preferred stock (no par) and 10,000 shares of class A common stock (par 10 cents) to be offered in units consisting of one share of preferred and two shares of common. **Price** — $40 per unit. **Proceeds**—To open a new branch office, development of business and for working capital. **Office**—3300 W. Hamilton Boulevard, Allentown, Pa. **Underwriter**—Espy & Wanderer, Inc., Teaneck, N. J. **Offering**—Expected in mid-March.

● **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**—T. M. Kirsch Co., New York City. **Offering**—Expected sometime in March.

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.

International Safflower Corp.
Aug. 3, 1960 filed 60,000 shares of class A common stock (par $2). **Price**—$5 per share. **Proceeds**—To retire outstanding loans, buy seed, buy or lease land, building, and machinery, and for working capital. **Office**—350 Equitable Bldg., Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs, Colo.

● **Invesco Collateral Corp. (3/8)**
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.

★ **Irvington Steel & Iron Works**
Feb. 13, 1961 (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Business** — Fabricators of structural steel. **Proceeds** — For general corporate purposes. **Office** — Somerset Street, New Brunswick, N. J. **Underwriter**—L. L. Fane & Co., Inc., Plainfield, N. J.

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.

Jefferson Lake Asbestos Corp. (3/6-10)
Jan. 9, 1961 filed $2,625,000 of 6½% series A subordinated sinking fund debentures due 1972 (with series A warrants to purchase 262,500 common shares), and 175,000 shares of common stock to be offered for public sale in units consisting of four common shares and a $60 debenture (with a warrant to purchase six common shares initially at $5 per share). **Price**—$80 per unit. **Business**—The production and sale of asbestos. **Proceeds**—For construction and working capital. **Office**—1408 Whitney Building, New Orleans, La. **Underwriter** — A. G. Edwards & Sons, St. Louis, Mo. (managing).

Jensen Industries (3/15)
Feb. 8, 1961 (letter of notification) 75,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—For expansion. **Office**—Los Angeles, Calif. **Underwriters**—Maltz, Greenwald & Co., New York City and Thomas, Jay Winston & Co., Los Angeles, Calif.

★ **Jet-Aero Corp.**
Feb. 10, 1961 (letter of notification) 62,500 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—To purchase new machinery and equipment, increase inventory, research and development and working capital. **Office**—950 S. E. 8th St., Hialeah, Fla. **Underwriter**—Netherlands Securities Co., Inc., New York, N. Y.

● **Jonker Business Machines, Inc. (3/1)**
Sept. 30, 1960 filed approximately 50,000 common stock units, each unit to consist of one share of class A common and 3 shares of class B common. **Price**—To 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.

● **Jouet, Inc. (3/1)**
Nov. 28, 1960 (letter of notification) 150,000 shares of common stock (par five cents). **Price** — $2 per share. **Business** — The manufacture of dolls, toys and similar items. **Proceeds**—For the purchase and installation of machinery and molds and for working capital. **Office** 346 Carroll Street, 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 in early March.

Kavanau 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.

Kings Electronics Co., Inc.
Jan. 27, 1961 filed 295,187 shares of common stock, of which 250,000 are to be offered for public sale by the company and 45,187 shares, being outstanding stock, by the present holders thereof. **Price**—$4 per share for the new stock. The outstanding shares will be offered at the prevailing market price on the over-the-counter market or on any securities exchange upon which they may be listed at any time after 60 days from the date of the company's offering. **Business**—The company is engaged principally in the design, development and manufacture of radio frequency connectors. **Proceeds**—For expansion, the repayment of loans and for working capital. **Office**—40 Marbledale Road, Tuckahoe, N. Y. **Underwriter**—Ross, Lyon & Co., Inc., New York City (managing).

● **(S.) Klein Department Stores, Inc. (3/6-10)**
Jan. 23, 1961 filed 130,000 shares of common stock, of which 72,000 shares are to be offered directly to five persons at the initial offering price and 58,000 shares are to be offered for public sale at a price related to the current market for outstanding shares at the time of the offering. **Business**—The company operates four department stores in the New York City area. **Proceeds** — To purchase from the Prudential Insurance Co. of America, $1,350,000 of the company's 4½% notes due Sept. 1, 1969. The balance of the proceeds will be added to working capital. **Underwriter**—Emanuel, Deetjen & Co., New York City.

● **Knapp & Tubbs, Inc.**
Feb. 13, 1961 filed 150,000 outstanding shares of common stock. **Price**—$4 per share. **Business**—The selling at wholesale of home furniture, interior decorative furnishings and are objects. **Proceeds**—To the selling shareholders. **Office**—Merchandise Mart, Chicago, Ill. **Underwriter**—Roman & Johnson, Fort Lauderdale, Fla. (managing).

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.

★ **Kukatush Mining Corp. (1960) Ltd.**
Feb. 17, 1961 filed 500,000 shares of capital stock, of which 250,000 shares are to be offered for public sale by the company and 250,000 shares, being outstanding stock, by the present holder thereof. **Price**—$6.50 per share. **Business**—The company was organized under Canadian law in November, 1960, for the purpose of acquiring all of the assets of Kukatush Mining Corp., and to acquire, explore and develop iron ore properties. **Proceeds**—For general corporate purposes. **Office** — 160 Richmond Street, Charlettetown, Prince Edward Island, Canada. **Underwriter**—Sanwood, Inc., Montreal, Canada (for the outstanding stock). Management officials will offer the company stock.

● **Kurz & Root Co.**
Dec. 30, 1960 (letter of notification) 66,500 shares of common stock (par $1). **Price**—$4.50 per share. **Proceeds** — For general corporate purposes. **Office** — 232 East North Island Street, Appleton, Wis. **Underwriter**—Milwaukee Co., Milwaukee, Wis.

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.

● **Lafayette Radio Electronics Corp. (3/6-10)**
Jan. 27, 1961 filed $2,500,000 of convertible subordinated debentures due 1976 to be offered for public sale by the company, and 100,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries are engaged in the business of distributing an extensive line of electronic parts and equipment and high fidelity sound components, and in the engineering, designing, assembling and distributing of electronic equipment in kit and wired form. **Proceeds**—For the repayment of loans, for new equipment and for working capital. **Office** — 165-08 Liberty Avenue, Jamaica, N. Y. **Underwriters**—C. E. Unterberg, Towbin Co., New York City.

● **Lake Arrowhead Development Co. (3/13-17)**
Jan. 10, 1961 filed 300,000 shares of common stock. **Price**—$10 per share. **Business** — Managing and developing the Arrowhead property, which is located in the San Bernadino Mountains. **Proceeds**—To reduce indebtedness, with the balance for general corporate purposes, including working capital. **Office** — Lake Arrowhead, Calif. **Underwriters** — Van Alstyne, Noel & Co., New York City (managing) and Sutro & Co., San Francisco.

Landmark Corp.
Jan. 27, 1961 filed 30,000 shares of $5 par common stock. **Price**—$10 per share. **Proceeds**—For construction, cost of land, office equipment, and working capital. **Office**—212 W. Jefferson St., Fort Wayne, Ind. **Underwriter**—First Security Corp., Fort Wayne, Ind.

"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.

Leaseway Transportation Corp. (2/27-3/3)
Jan. 11, 1961 filed 150,000 shares of common stock, of which 75,000 shares are to be offered for the account of the issuing company and the remaining 75,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company was formed last November, and has gained or will gain control of 81 corporations. The company will lease trucks and other commercial vehicles on a long-term basis, and will engage in the intrastate operation of trucks as a local contract carrier. **Proceeds**—For working capital, which may be used for acquisitions or to enhance the issuer's borrowing power. **Office** — 11700 Shaker Blvd., Cleveland, O. **Underwriter**—Hayden, Stone & Co., New York City (managing).

● **Lee Communications Inc.**
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. **Offering**—Expected in early March.

● **Lee Telephone Co.**
Feb. 9, 1961 it was reported that this company is offering common stockholders the right to subscribe to 19,031 additional shares of common stock (par $10) on the basis of one share for each 11¼ shares held of record Dec. 20, 1960, with rights to expire Feb. 28, 1961 at 5 p.m. (EST). **Price** — $15.75 per share. **Business** — The company renders general telephone service in Virginia and North Carolina. **Proceeds**—To repay loans and for construction. **Office**—127 East Church St., Martinsville, Va. **Underwriter**—None.

Le-Wood Homes, Inc.
Jan. 19, 1961 (letter of notification) 100,000 shares of common stock (par 50 cents) and 100,000 of 9% convertible debentures due March 1, 1971 to be offered in units of 100 shares of common stock and 1-$100 of debentures. **Price**—Of stock, $2 per share; of debentures, $300 per unit. **Proceeds**—For working capital. **Office**—7001 W. Broad St., Richmond, Va. **Underwriter**—Bellamah, Neuhauser & Barrett, Washington, D. C.

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Lockwood Grader Corp.
Feb. 2, 1961 filed $500,000 of 6% sinking fund debentures, series A (with warrants for the purchase of 15,000 shares of class A common stock), and 30,000 shares of class A common stock. **Price**—To be filed by amendment. **Business**—The manufacture and sale of field agricultural machinery and grading, sorting and handling machinery, primarily for use in the potato industry. **Proceeds**—For working capital. **Office**—Gering, Nebr. **Underwriter**—First Trust Co. of Lincoln, Nebr.

● **Management Assistance Inc.**
Dec. 28, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business** — Consulting services and installation of business machines. **Proceeds** — For general corporate purposes. **Office**—40 Exchange Place, New York 5, N. Y. **Underwriter** — Federman, Stonehill & Co., New York, N. Y. **Offering**—Imminent.

Mansfield Industries Inc. (3/27)
Jan. 31, 1961 filed 150,000 shares of common stock of which 50,000 shares will be offered for the account of the issuing company and 100,000 shares, representing outstanding stock, will be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The manufacture of motion picture projectors and related equipment. **Proceeds** — For general corporate purposes, including working capital. **Office**—1227 West Loyola Ave., Chicago, Ill. **Underwriter**—McDonnell & Co., Inc., New York City (managing).

★ **Marine Capital Corp.**
Feb. 16, 1961 filed 667,000 shares of common stock. **Price** —$15 per share. **Business**—The company is a closed-end, non-diversified management investment company organized under the Small Business Investment Act of 1958, and a wholly-owned subsidiary of Marine Corp., a bank holding company. **Proceeds**—For investment. **Office**—622 North Water St., Milwaukee, Wis. **Underwriter** —Paine, Webber, Jackson & Curtis, New York City (managing).

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 Structures Corp.**
Feb. 1, 1961 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To purchase raw materials, advertising and for working capital. **Office**—204 E. Washington St., Petaluma, Calif. **Underwriter**—Grant, Fontaine & Co., Oakland, Calif.

● **Marine Structures Corp.**
Feb. 1, 1961 (letter of notification) 100,000 shares of 1c par common stock. **Price**—$3 per share. **Office**—204 E. Washington St., Petaluma, Calif. **Underwriter** — Grant Fontaine & Co., Oakland 12, Calif.

Marley Co. (3/8)
Jan. 25, 1961 filed 100,996 shares of common stock ($2 par), of which 75,000 shares are to be offered for public sale and 25,996, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture, sale and maintenance of water cooling towers, and the manufacture and sale of air cooled refrigerant condensers, marketed under the trade name "DriCooler." **Office**—222 West Gregory Blvd., Kansas City, Mo. **Underwriter**—White, Weld & Co., New York City (managing).

● **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**—Imminent.

● **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 8% debentures due Sept. 1, 1970 and not to exceed 5,000 shares of stock to be offered in exchange for the 6% debentures, due March, 1961, of its subsidiary, Mentor 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., N. W., Washington, D. C. **Underwriter**—None. **Note**—This statement was effective Feb. 20.

● **Mercury Electronics Corp. (3/6-10)**
Dec. 30, 1960 (letter of notification) 100,000 shares of common stock (par five cents). **Price** — $3 per share. **Business**—Manufacturers of testing equipment. **Proceeds** —For general corporate purposes. **Address**—Mineola, L. I., N. Y. **Underwriter**—S. Schramm & Co. Inc., New York City.

Mesabi Iron Co.
Jan. 10, 1961 filed 180,000 shares of capital stock, to be offered for subscription by the company's stockholders. **Price**—To be supplied by amendment. **Proceeds**—To establish a reserve for 1960 tax payments. **Office** — 452 Fifth Ave., New York City. **Underwriter**—None. **Note**—Feb. 1 it was reported that the company is awaiting a tax ruling, subsequent to which a decision will be made as to whether or not the offering will be made.

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. **Offering** — Expected sometime in March.

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. (2/27)
Dec. 27, 1960 filed 150,000 shares of common stock. **Price** —$5 per share. **Business**—The company is a wholesaler and distributor of electronic equipment. **Proceeds**—For debt reduction, inventory and general corporate purposes. **Office**—530 Canal Street, New York City. **Underwriter** — Myron A. Lomasney & Co., New York City (managing).

Minitone Electronics, Inc. (3/1)
Jan. 11, 1961 filed 185,000 shares of common stock for public offering. **Price**—$3 per share. **Business**—The firm was organized last March for the purpose of making and selling small DC motors and certain consumer products using such motors. **Proceeds**—For debt reduction and general corporate purposes, including working capital. **Office**—55 W. 13th St., New York City. **Underwriter** —None.

★ **Mississippi River Transmission Corp.**
Feb. 17, 1961 filed 100,000 shares of common stock. **Price** —To be supplied by amendment. **Business**—The company, a subsidiary of Mississippi River Fuel Corp., is constructing a natural gas pipe line which will extend from Clay County, Ill., to St. Louis County, Mo., a distance of about 94 miles. **Proceeds**—For construction and working capital. **Office**—9900 Clayton Road, St Louis, Mo. **Underwriters**—Eastman Dillon, Union Securities & Co., New York City and Dempsey-Tegeler & Co., St. Louis, Mo. (managing).

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—65¢ convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general working funds. **Office**—202 Dwight Building, Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill. **Offering**—Imminent.

Modern Furniture, Inc.
Jan. 12, 1961 (letter of notification) 300,000 shares of class A common stock. **Price** — At par ($1 per share). **Proceeds**—To purchase furniture and for working capital. **Office**—First National Bank Building, Denver, Colo. **Underwriter** — Equity General Investment Corp., First National Bank Bldg., Denver, Colo.

● **Modern Materials Corp. (2/27-3/3)**
Jan. 4, 1961 filed 150,000 shares of common stock, of which 50,000 will be offered for sale by the company and the remaining 100,000, being outstanding stock, by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The manufacture and distribution of aluminum and asphalt siding and related accessories. **Proceeds** — For the repayment of loans and for general corporate purposes. **Office**—7018 South Street, Detroit, Mich. **Underwriter**—Smith, Hague & Co., Detroit (managing).

● **Mohawk Insurance Co. (3/1)**
Aug. 8, 1960, filed 75,000 shares of class A common stock. **Price**—$12 per share. **Proceeds**—For general funds. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 39 Broadway, New York 6, N. Y.

Mokan Small Business Investment Corp., Inc.
Jan. 17, 1961 filed 3,000 shares of common stock. **Price** —$100 per share. **Business**—The company was organized under Kansas law in October 1960 and is applying to the Small Business Administration for a Federal license to operate as a small business investment company. **Proceeds**—For general corporate purposes. **Office** — 719 Walnut St., Coffeyville, Kan. **Underwriter**—None.

● **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 March.

● **Mortgage Guaranty Insurance Co. (2/27-3/3)**
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.

★ **Morton Foods, Inc.**
Feb. 17, 1961 filed 190,000 shares of common stock, of which 178,000 are to be offered for public sale by the company and 12,000 shares, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The company manufactures, processes, packages and sells many food items such as potato chips, salad dressing, pickels, honey, tea and spices. **Proceeds** — To build and equip two additional manufacturing plants and warehouses. **Office** — 6333 Denton Dr., Dallas, Tex. **Underwriter**—Eppler, Guerin & Turner, Inc., Dallas, Tex. (managing).

● **Mother's Cookie Co. (3/20-24)**
Feb. 6, 1961 filed 135,000 outstanding shares of no par common stock. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of packaged cookies. **Proceeds** — To the selling stockholder. **Office** — 2287 Ralph Avenue, Louisville, Ky. **Underwriter**—Drexel & Co., Philadelphia, Pa. (managing).

● **Municipal Investment Trust Fund, Series A (3/6-10)**
Sept. 1, 1960 filed $20,000,000 of interest in the Fund to be offered in 20,000 units. **Business**—The Fund will purchase tax-exempt securities of states, municipalities, counties and territories of the United States. **Sponsor**—Ira Haupt & Co., 111 Broadway, New York City. **Note** —This statement was effective on Feb. 14.

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 March.

National Equipment Rental, Ltd.
Dec. 20, 1960 filed 114,000 shares of common stock being offered for subscription by common stockholders of record Feb. 6, on the basis of 6 new shares for each share then held, with rights to expire on Feb. 28. **Price** $10 per share. **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).

● **National Food Marketers, Inc.**
Jan. 27, 1961 filed 100,000 shares of common stock. **Price** $4 per share. **Business**—The company is engaged in the processing and packaging of quick-frozen, prepared seafood meat and poultry for use by restaurants and institutions and frozen ready-to-heat meals for distribution through vending machines. **Proceeds** — To repay loans; purchase additional machinery; establish a food laboratory, and for advertising, promotion, and working capital. **Office**—Blue Anchor, N. J. **Underwriter**—Robert Edelstein Co., Inc., New York City. **Offering**—Expected in early March.

National Western Insurance & Growth Fund, Inc.
Jan. 27, 1961 filed 111,000 shares of common stock, of which 11,000 will first be offered to not more than 25 persons and the remaining 100,000 will be offered for public sale. **Price** — $9.15 per share (for the 11,000 shares), and $10 per share (for the 100,000 shares). **Business**—The company was organized under Delaware law in August 1960 to invest in companies believed to have growth possibilities, especially in the life insurance field. **Proceeds**—For investment. **Office**—737 Grant St., Denver, Colo. **Distributor** — National Western Management Corp., Denver, Colo.

New Western Underwriting Corp.
Oct. 25, 1960 filed $2,000,000 of 15-year 6% subordinated convertible debentures. **Business** — The company which was organized in August, 1959, is developing, through subsidiaries, a dealer-recourse finance business and a life insurance business. **Proceeds**—For expansion. **Price** —At par. **Office**—Helena, Mont. **Underwriter**—Wilson, Ehli, Demos, Bailey & Co., Kook Bldg., 3203 3rd Ave., North Billings, Mont.

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.

★ **North American Car Corp.**
Feb. 21, 1961 filed 150,000 shares of common stock. **Price** —To be related to the market price for the outstanding shares at the time of the offering. **Proceeds** — For refinancing equipment trust notes, with the balance for working capital. **Office**—Chicago, Ill. **Underwriters**—Glore, Forgan & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York City.

• Northfield Precision Instrument Corp. (2/27-3/3)
Dec. 27, 1960 (letter of notification) 24,428 shares of common stock (par 10 cents). **Price**—At-the-market (not more than $2 per share). **Business** — Manufacturers of precision instruments in electronic, aircraft and missile industries. **Proceeds** — To go to underwriter. **Office**—4400 Austin Blvd., Island Park, L. I., N. Y. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y.

• Nytronics, Inc. (3/20)
Jan. 27, 1961 filed 100,000 shares of capital stock. **Price**—To be supplied by amendment. **Business** — The company is engaged in the development, design, production and sale of electronic components for use in communications equipment, missiles, commercial computers, servos, commercial radio and television, data-handling, navigational, and industrial control equipment. **Proceeds**—For expansion, new equipment, and working capital. **Office**—550 Springfield Ave., Berkeley Heights, N. J. **Underwriter**—Norton, Fox & Co., Inc., New York City (managing).

Ohio-Franklin Fund, Inc.
Feb. 3, 1961 filed 2,000,000 shares of common stock to be offered to investors through a tax-free exchange of shares for securities of a selected list of companies. **Exchange Price**—Net asset value (expected to be $10 per share). **Business**—A new fund which provides a medium through which holders of blocks of securities may obtain diversification and continuous professional investment management without incurring Federal capital gains tax liability upon the exchange. **Proceeds**—For investment. **Office**—51 North High St., Columbus, O. **Distributor**—The Ohio Co., Columbus, O.

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).

Packard Instrument Co., Inc.
Feb. 13, 1961 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The firm is engaged in the development, manufacture and sale of scientific instruments. **Proceeds**—For general corporate purposes, including research and debt reduction. **Office**—Lyons, Ill. **Underwriter** — A. G. Becker & Co., Inc., Chicago, Ill. (managing).

• Palm Developers Limited (3/13-17)
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**—Imminent.

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.

Pearce-Simpson, Inc.
Dec. 30, 1960 filed $1,800,000 of outstanding 6% convertible debentures due April 1, 1970; 200,000 shares of common stock reserved for issuance upon conversion of the debentures; 145,938 outstanding shares of common stock; 72,500 outstanding warrants for the purchase of common shares and a like number of underlying shares. **Business**—The manufacture of radio telephones. **Proceeds**—To the selling stock and debenture holders. **Office**—2295 N. W. 14th Street, Miami, Fla. **Underwriter**—None.

Pecos Land & Development Co., Inc.
Jan. 31, 1961 filed 4,000,000 shares of common stock, of which 500,000 are to be offered for public sale by officers of the company at $1 per share; 1,897,661 shares are to be exchanged for various assets and businesses, and may be offered for sale by the holders; and 914,574 shares may be issued by the company from time to time in the acquisition of additional properties. **Business**—The acquiring, holding, developing and selling of land, and oil and gas and mining properties, all located principally in the Southwestern and Rocky Mountain regions of the United States. **Proceeds** — For general corporate purposes. **Office**—207 Shelby St., Santa Fe, New Mexico. **Underwriter**—None.

Personal Property Leasing Co.
Jan. 24, 1961 filed 150,000 shares of capital stock. **Price**—$6.50 per share. **Business**—The company is engaged in the business of leasing a variety of equipment and machinery to industrial and commercial firms to meet their specific requirements. **Proceeds** — For additional working capital. **Office** — 6381 Hollywood Blvd., Los Angeles, Calif. **Underwriter**—Dempsey-Tegeler & Co., St. Louis (managing). **Offering**—Expected in early Mar.

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.

Plastics Corp. of America, Inc.
Feb. 9, 1961 filed 800,000 shares of common stock, of which 650,000 shares are to be offered first in exchange for outstanding 5% notes on the basis of one share for each $1 principal amount of 5% note with the remaining 150,000 shares, together with any of the 650,000 shares not issued in the exchange, to be offered publicly. **Price**—$1 per share. **Business**—The company was organized under Minnesota law in November 1960 to provide a vehicle for the acquisition of companies engaged in the fields of plastics, rubber and related materials. **Proceeds** — To retire the above notes, open a plant in the Minneapolis-St. Paul area and provide working capital for any newly acquired companies. **Office**—1234 Baker Bldg., Minneapolis, Minn. **Underwriter**—None.

• Polychrome Corp.
Dec. 29, 1960 filed 140,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The design and manufacture of offset printing supplies and mimeograph stencils. **Proceeds** — For new facilities and new products and for working capital. **Office**—2 Ashburton Ave., Yonkers, N. Y. **Underwriter**—Westheimer & Co., Cincinnati (managing). **Offering**—Expected in late Mar.

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. **Offering**—Imminent.

Presidential Realty Corp.
Jan. 30, 1961 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Business** — The company was organized under Delaware law in January, 1961, to acquire the outstanding stock of the Shapiro Co., which is engaged in the development of real estate projects of various types. **Proceeds**—For construction; acquisition of properties; development of projects; and reduction of bank debt. **Office**—180 South Broadway, White Plains, N. Y. **Underwriter**—Burnham & Co., New York City (managing). **Offering** — Expected in mid-March.

• Progress Webster Electronics Corp. (3/27-31)
Jan. 13, 1961 filed 150,000 shares of common stock. **Price**—$4.50 per share. **Business**—The company and its subsidiaries are engaged in the business of manufacturing, distributing and developing electronic equipment and components and related products for residential, commercial and military use. **Proceeds**—For working capital. **Office**—10th Street, and Morton Avenue, Chester, Pa. **Underwriter**—Marron, Sloss & Co., Inc., New York City (managing).

Publishers Company, Inc.
Jan. 27, 1961 filed 220,000 shares of common stock. **Price**—$10 per share. **Business**—The company and its subsidiaries are engaged in the business of selling and financing books sales. **Proceeds**—To acquire the assets of Books, Inc., 1140 Broadway, New York City; to invest in a new District of Columbia company, Books, Inc.; to invest additional funds in a subsidiary; to finance installment sales contracts receivable and for working capital. **Office**—1116 18th St., N. W., Washington, D. C. **Underwriters**—Amos Treat & Co., Inc., New York City and Roth & Co., Inc., Philadelphia, Pa. (managing). **Offering**—Expected sometime in April.

★ Puerto Rican Airlines, Inc.
Feb. 6, 1961 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Proceeds** — For accounts payable, to purchase equipment and for general corporate purposes. **Office**—c/o F. J. Perez-Almiroty, 1764 Ponce de Leon Ave., San Juan, Puerto Rico. **Underwriter**—Investment Securities Co. of Maryland, Inc., Baltimore, Md.

Puget Sound Power & Light Co.
Jan. 13, 1961 filed 326,682 common shares being offered to common stockholders on the basis of one new share for each 10 shares held of record Feb. 15 with rights to expire March 6. **Price**—$33.75 per share. **Proceeds**—To repay bank loans and for construction. **Office**—1400 Washington Building, Seattle, Wash. **Underwriters**—Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York City (managing).

• Radar Measurements Corp. (3/13-17)
Jan. 19, 1961 (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. **Note**—This is a refiling of a letter that was originally filed on Sept. 28, 1960.

Ram Electronics, Inc. (3/15)
Dec. 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Manufacturers of electronic and replacement parts for television receivers and other electrical circuits. **Proceeds**—For general corporate purposes. **Office**—600 Industrial Ave., Paramus, N. J. **Underwriter** — Plymouth Securities Corp., New York, N. Y.

Random House, Inc. (3/6-10)
Jan. 27, 1961 filed 121,870 outstanding shares of common stock, to be offered for public sale by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries are in the business of publishing and distributing a wide variety of books. **Proceeds**—For the selling stockholders. **Office**—457 Madison Ave., New York City. **Underwriter**—Allen & Co., New York City (managing).

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.

★ Recreation Associates, Inc.
Jan. 26, 1961 (letter of notification) 99,000 shares of class A common stock (par 50 cents). **Price** — $3 per share. **Proceeds**—For deposits on building leases, equipment, advertising and working capital. **Office** — 1414 Georges Lane, Falls Church, Va. **Underwriter**—None.

Rego Insulated Wire Corp. (3/15)
Jan. 30, 1961 filed 200,000 shares of common stock, of which 180,000 shares are to be offered for public sale by the company and 20,000, being outstanding stock, by the present holders thereof. **Price** — $4.50 per share. **Business**—The company is engaged in the manufacture of insulated wire and cable, garden hose and garden supply items, television antennas, plastic toys and doll bodies; and has recently commenced the production of thermoplastic compounds for use in its own manufacturing operations, as well as for resale to other manufacturers. **Proceeds**—For the repayment of loans and for working capital. **Office**—830 Monroe Street, Hoboken, N. J. **Underwriter** — Russell & Saxe, Inc., New York City, (managing).

• Renwell Electronics Corporation of Delaware (3/13-17)
Jan. 9, 1961 filed 100,000 shares of common stock. **Price**—$4 per share. **Business**—The company was organized in December, 1960, to acquire all of the outstanding stock of Renwell Electronic Corp., a manufacturer of electronic assemblies and various other electronic components. **Proceeds** — For new equipment, plant expansion and working capital. **Office**—129 South State Street, Dover, Del. **Underwriter**—William David & Motti, Inc., New York City.

Richmond-Eureka Mining Co.
Jan. 24, 1961 filed 103,133 shares of capital stock, to be offered to stockholders for subscription on the basis of one new share for each three shares held. **Price**—To be supplied by amendment. **Business** — The operation of mining properties near Eureka, Nev. **Proceeds**—To repay loans from U. S. Smelting, Refining & Mining Co. **Office**—75 Federal St., Boston, Mass. **Underwriter**—None.

Rixon Electronics, Inc. (2/27-3/3)
Dec. 30, 1960 filed 115,000 shares of capital stock. **Price**—To be supplied by amendment. **Business**—The company is a custom electronics engineering and development concern engaged in the development and production of specialized electronic equipment for use in modern communications, instrumentations, data processing and other electronic systems. **Proceeds**—To repay indebtedness and for working capital. **Office** — 2414 Reedie Drive, Silver Spring, Md. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

Roblin-Seaway Industries, Inc. (3/6-10)
Dec. 29, 1960 filed 80,000 shares of class A stock. **Price**—$6 per share. **Business**—Organized under New York law in December 1960, the company will be consolidated with, and carry on the business of Roblin, Inc., which buys and sells scrap steel and other ferrous and nonferrous metals and Seaway Steel Corp., which operates a rolling mill producing bars, rods and other shapes of steel and nickel. The company will also have interests ranging from 50% to 76% in a demolition contractor, a lessor of demolition equipment, a stevedoring business, a metals broker and a manufacturer of rolled nickel anodes and other rolled nickel products. **Proceeds**—For general corporate purposes. **Office**—1437 Bailey Ave., Buffalo, N. Y. **Underwriter** — Brand, Grumet & Seigel, Inc., New York City (managing).

★ Rochester Telephone Corp.
Feb. 21, 1961 filed 273,437 shares of common stock (par $10) to be offered to holders of the outstanding common of record March 24 on the basis of one new share for each five shares then held. Rights expire April 10. **Price**—To be supplied by amendment. **Business**—The company is an independent telephone company serving without competition the city of Rochester and the adjacent areas. **Proceeds**—To be applied to the repayment of the company's 1960-1 borrowings from banks of about $6,-

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000,000 for construction purposes. **Office** — Rochester, N. Y. **Underwriter**—First Boston Corp., New York City (managing).

● **Rocket Research Corp.**
Jan. 19, 1961 filed 300,000 shares of common stock. **Price** —$2.25 per share. **Business**—The company is engaged in research on new high energy propellant systems, the development of a miniature rocket for application to satellite and space vehicles and in the preparation of proposals which have been submitted to certain governmental agencies. **Proceeds**—For general corporate purposes. **Office**—233 Holden Street, Seattle, Wash. **Underwriter**—Craig-Hallum, Kinnard, Inc., Minneapolis, Minn.

Roulette Records, Inc.
Aug. 29, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Business**—The manufacture and distribution of long-playing records. **Proceeds**—For debt retirement and general corporate purposes. **Office** — 1631 Broadway, New York City. **Underwriter**—A. T. Brod & Co., New York, N. Y.

★ **Samson Fund, Inc.**
Feb. 17, 1961 filed 461,360 shares of common stock. **Price** —Net asset value plus a sales charge of from 2% to 8.5%. **Business**—A non-diversified mutual fund which plans to invest principally in companies engaged in scientific and technological areas. **Proceeds**—For investment. **Office**—Briarcliff Manor, New York. **Distributor**—Samson Associates, Inc., Briarcliff Manor, N. Y.

Schluderberg-Kurdle Co., Inc.
Jan. 25, 1961 filed 20,000 shares of non-voting common stock. **Price**—To be supplied by amendment. **Business**—Meat packing and related operations. **Proceeds** — For plant modernization and working capital. **Office**—3800 East Baltimore St., Baltimore, Md. **Underwriter**—Alex. Brown & Sons, Baltimore, Md. (managing). **Offering** —Expected in early March.

Sealander, Inc. (3/6-10)
Dec. 19, 1960 (letter of notification) 150,000 shares of class A common stock (par 10 cents). **Price** — $2 per share. **Proceeds**—To start operations in manufacturing and selling boats. **Office**—2228 McElderry Street, Baltimore 5, Md. **Underwriter**—Robinette & Co., Inc., Baltimore, Md.

Search Investments Corp. (3/1)
Jan. 4, 1961 filed 1,000,000 shares of common stock. **Price** —$1 per share. **Business**—A non-diversified closed-end investment company. **Proceeds**—For working capital and for investments. **Office**—1620 Rand Tower, Minneapolis, Minn. **Underwriter**—None.

Securities Credit Corp.
Jan. 27, 1961 filed $3,000,000 of 6% series A subordinated debentures. **Price**—100% of principal amount. **Business**—The company and its subsidiaries are engaged in the retail financing of new and used automobiles, mobile homes, appliances, furniture and farm equipment for purchasers, and the wholesale financing of dealers' inventories of such automobiles and direct lending to consumers, and the writing of automobile, credit life, and other types of insurance. **Proceeds**—For working capital. **Office**—1100 Bannock St., Denver, Colo. **Underwriter**—None.

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.

● **Shepherd Electronic Industries, Inc. (2/27-3/3)**
Jan. 18, 1961 (letter of notification) 78,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—9821 Foster Avenue, Brooklyn, N. Y. **Underwriter** — D. Klapper Associates, Inc., New York, N. Y.

★ **Sherburne Corp.**
Jan. 26, 1961 (letter of notification) 200 units consisting of two shares of common stock (par 50 cents) and one 20-year 6% cumulative fully registered subordinated debenture; 200 rights. **Price**—Of units, $1,000 per unit; of rights, $62.50 per right. **Proceeds**—For working capital. **Address**—Sherburne, Vt. **Underwriter**—Kennedy-Peterson, Inc., Hartford, Conn.

● **Shinn Industries Inc. (3/6-10)**
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.

Shoup Voting Machine Corp.
Jan. 27, 1961 filed 110,000 shares of common stock. **Price** —To be supplied by amendment. **Business**—The company is engaged in the assembly, manufacture, sale and repair of voting machines and toll collection devices and auxiliary equipment. **Proceeds** — For the reduction of debt and for working capital. **Office**—41 East 42nd St., New York City. **Underwriter** — Burnham & Co., New York City (managing). **Offering** — Expected in mid-March.

Simplex Lock Corp.
Feb. 8, 1961 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Business**—Selling a new type of security device called the Push Button Lock. **Proceeds**—For expenses of offering and to pay Scovill Manufacturing Co. for initial costs of tooling up for production. **Office**—150 Broadway, New York, N. Y. **Underwriters**—Charles Plohn & Co., and B. W. Pizzini & Co., both of New York, N. Y.

● **Simplex Wire & Cable Co. (2/28)**
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).

● **Solite Products Corp. (3/6-10)**
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.

★ **Southern States Investment & Mortgage Corp.**
Feb. 8, 1961 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds** —For advances to subsidiaries and working capital. **Office**—424 Mark Bldg., Atlanta, Ga. **Underwriter**—First Fidelity Securities Corp., Atlanta, Ga.

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.

Southwestern Public Service Co. (3/22)
Feb. 9, 1961 filed $15,000,000 of first mortgage bonds due 1991 and 120,000 shares of cumulative preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—For the repayment of bank loans and for construction. **Office** — 720 Mercantile Dallas Bldg., Dallas, Tex. **Underwriter**—Dillon, Read & Co., New York City (managing).

★ **Space Research & Development Corp.**
Feb. 14, 1961 (letter of notification) 100,000 shares of common stock. **Price**—$3 per share. **Business**—The development, manufacture and sale of electronic and mechanical test instruments used in the automotive, aircraft and missile industries. **Proceeds** — For expansion, acquisition costs, repayment of loans and for working capital. **Office**—5 North Mason St., Portland, Oreg. **Underwriter**—Joseph Nadler & Co., Inc., New York City. **Offering**—Expected in late February or early March.

● **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 March.

● **Standard & Shell Homes Corp. (3/6-10)**
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.

★ **State Bond & Mortgage Co.**
Feb. 17, 1961 filed $1,000,000 of series 205 Investment Certificates and series 305 Investment Certificates to be offered for public sale in units of $1,000 principal amount. **Business**—The company is a registered investment company engaged principally in the purchase of F. H. A. insured and V. A. guaranteed mortgages. **Proceeds** — For investment. **Office** — 28 North Minnesota Street, New Ulm, Minn. **Underwriter**—None.

● **Stelma Inc.**
Feb. 15, 1961 filed 200,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Business**—The manufacture of products used in communications systems. **Proceeds** — To selling stockholders. **Office**—Stamford, Conn. **Underwriter**—Amos Treat & Co., Inc., New York City (managing).

Stephen Realty Investment Corp.
Jan. 16, 1961 filed 1,400,000 shares of beneficial interest, of which 1,000,000 shares will be publicly offered and 400,000 shares are to be exchanged for real estate ventures. **Price**—$5 per share. **Office** — 1930 Sherman St., Denver, Colo. **Underwriter** — Stephen Securities Corp., 710 American National Bank Bldg., Denver, Colo.

● **Storer Broadcasting Co. (3/6)**
Dec. 30, 1960 filed 263,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business**—The company owns and operates five television broadcasting stations, seven radio stations, six F.M. radio broadcasting stations and a daily newspaper. The company, through a subsidiary also owns a majority of the voting stock in The Standard Tube Co., Detroit, Mich, manufacturer of steel tubing and other tubular products. **Proceeds**—To the selling stockholders. **Underwriter** —Reynolds & Co., Inc., New York City (managing).

Straus-Duparquet Inc.
Sept. 28, 1960 filed $1,000,000 of 7% convertible subordinated debentures, due 1975. **Price**—At par. **Office**—New York City. **Underwriters**—To be supplied by amendment. **Offering**—Expected in late March.

Sunset Color Laboratories, Inc. (3/10-15)
Jan. 30, 1961 (letter of notification) filed 80,000 shares of common stock (par 1c). **Price**—$2.25 per share. **Business**—Photo finishing and photographic accessories and supplies. **Proceeds** — For general corporate purposes. **Office**—83 Rockaway Ave., Rockville Center, N. Y. **Underwriter**—Jacey Securities Co., 82 Beaver St., New York City, Professional Executive Planning Inc., Long Beach, N. Y. and Sunshine Securities, Inc., Rego Park, N. Y.

Superstition Mountain Enterprises, Inc.
Jan. 30, 1961 filed 2,000,000 shares of common stock. **Price** — $2.50 per share. **Business** — The company was formed in March, 1959 to develop real property at the foot of Superstition Mountain near Apache Junction, Ariz. It has developed part of the property to form the Apacheland Sound Stage and Western Street, architecturally designed for the 1870 period, which is used for the shooting of the motion picture and television productions. **Proceeds**—To purchase and develop additional property. **Office**—Apache Junction, Ariz. **Underwriter** —None.

"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.

★ **Tassette, Inc.**
Feb. 15, 1961 filed 200,000 shares of class A stock. **Price** —To be supplied by amendment. **Business**—The company was organized under Delaware law in 1959 to finance the exploitation and sale of "Tassette," a patented feminine hygiene aid. **Proceeds**—For advertising and promotion, market development, medical research and administrative expenses. **Office**—170 Atlantic St., Stamford, Conn. **Underwriter**—Amos Treat & Co., Inc., New York City (managing).

Tax-Exempt Public Bond Trust Fund
Jan. 16, 1961 filed $5,000,000 of interests (5,000 units). **Price**—To be computed on the basis of the trustees evaluation of the underlying public bonds, plus a stated percentage (to be supplied by amendment) and dividing the sum thereof by 5,000. **Business** — The trust was formed by John Nuveen & Co., Chicago, Ill., to invest in tax-exempt obligations of states, counties, municipalities and territories of the United States. **Sponsor** — John Nuveen & Co., 135 South La Salle Street, Chicago, Ill.

Techmation Corp. (2/27-3/3)
Jan. 17, 1961 (letter of notification) 87,500 common shares (par one cent). **Price** — $2 per share. **Business**—The company designs and develops automation machinery through systems of "hoppers," "feeders," and other design innovations for the manufacture of industrial, cosmetic, toy, plastics and other products. The company proposes to adapt its oriented feeding devices to miniature and sub-miniature electronic components manufacture. **Proceeds**—To develop a proprietary line of automatic machinery products, for working capital, to fill orders, for oriented seeding and automation machinery, and for patent applications and the prosecution thereof. **Office**—19-79 Steinway St., Long Island City, New York. **Underwriter**—First Philadelphia Corp., New York City.

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. **Offering**—Imminent.

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, development, and manufacture of its patentable products in the fields of air conditioning, air pollution control, electronics and plastics. **Proceeds**—For general corporate purposes. **Office**—514 Hempstead Ave., West Hempstead, N. Y. **Underwriter** — Lee Hollingsworth, 514 Hempstead Ave., West Hempstead, N. Y.

● **Telephone & Electronics Corp. (2/27-3/3)**
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, loudspeaking 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. **Price**—$5 per share. **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. **Offering** —Imminent.

★ **Teltronics Inc.**
Feb. 3, 1961 (letter of notification) 26,000 shares of class B common stock (par $1). **Price** — $3 per share. **Proceeds** — To purchase equipment, and for salaries, manufacturing materials, rent, etc. **Office** — 277 Main St., Nashua, N. H. **Underwriter**—None.

● Tensor Electric Development Co., Inc. (2/27-3/3)
Jan. 5, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The manufacture and sale of electronic components and instruments. **Proceeds**—For general corporate purposes. **Office**—1873 Eastern Parkway, Brooklyn, N. Y. **Underwriters**—Dresner Co., Michael & Co. (managing), and Satnick & Co., Inc., all of New York City.

● Thermo Dynamics, Inc. (3/1-15)
Dec. 27, 1960 filed 315,089 common shares of which 285,000 shares will be offered for the account of the company 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.

Thermogas Co. (3/20-24)
Jan. 30, 1961 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company is a distributor of propane and tanks and accessories for the storage and handling of propane gas. **Proceeds**—To repay loans, purchase additional distribution plants and for working capital. **Office**—4509 East 14th St., Des Moines, Iowa. **Underwriter**—A. C. Allyn & Co., Chicago (managing).

Time Finance Corp.
Dec. 30, 1960 registered $1,000,000 of 6% convertible subordinated debentures due Jan. 1, 1976 and 150,000 underlying common shares. **Price**—At 100% of principal amount. The debentures will be convertible at prices ranging from $7.50 per share in January 1961 to $15 per share in January 1970. **Proceeds**—$96,560 to increase volume of accounts receivable financing; $24,145 to increase volume of direct industrial loans and dealer contracts; $24,145 to increase volume of small loans; and $700,000 for the reduction of notes payable. **Office**—Salt Lake City, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

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**—Imminent.

● Toledo Plaza Investment Trust
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 abovementioned apartment project. **Office**—2215 Washington Ave., Silver Spring, Md. **Underwriter**—Hodgdon & Co. Inc., Washington, D. C. **Offering** — Expected in late March.

Torque Controls Corp. (2/27)
Jan. 30, 1961 (letter of notification) 225,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To repay loans, purchase additional machinery and for working capital. **Office**—829 E. Broadway, San Gabriel, Calif. **Underwriter**—Russell & Saxe, Inc., New York, N. Y.

Totts Pharmacal Corp.
Feb. 1, 1961 filed 125,000 shares of common stock. **Price**—$4 per share. **Business** — The company was organized under Delaware law in September 1960 to acquire the business and properties of Lucente Enterprises, Inc., which manufactures and distributes a dentifrice under the name of "Orbit Dental Cream" in a novel plastic container with primary appeal to the children's market. **Proceeds**—For new equipment, the repayment of loans and working capital. **Office** — 3757 Mahoning Avenue, Youngstown, O. **Underwriter** — International Services Corp., 7 Church St., Paterson, N. J.

● United Boatbuilders, Inc. (3/1)
Jan. 3, 1961, filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Buisineess**—Makes and sells fiberglas boats. **Proceeds**—To be added to working capital. **Office**—9th and Harris, Bellingham, Wash. **Underwriters**—Birr & Co., Inc., San Francisco and Marron, Sloss & Co., Inc., New York City.

● 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 mid-to-late March.

U. S. Components, Inc.
Feb. 9, 1961 (letter of notification)) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business** — Manufacturer of precision electronic connectors and related assembly devices. **Proceeds**—For repayment of loans payable, payment of accounts payable, additional machinery and equipment, tooling, advertising, research and development and working capital. **Office**—1320 Zenega Ave., New York 62, N. Y. **Underwriter**—Arden Perin & Co., Inc., New York, N. Y. **Offering**—Expected in early April.

● U. S. Mfg. & Galvanizing Corp. (3/13-17)
Jan. 3, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To reduce current liabilities, sales promotion, purchase inventory, and for working capital. **Office**—5165 E. 11th Avenue, Hialeah, Fla. **Underwriter**—Armstrong Corp., 15 William St., New York, N. Y.

● United Telecontrol Electronics, Inc. (2/27-3/3)
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.

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.

● Van Dusen Aircraft Supplies, Inc. (3/13-17)
Jan. 16, 1961 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For expansion. **Office**—Minneapolis, Minn. **Underwriter**—Stroud & Co., Philadelphia, Pa. **Offering**—Expected in late February.

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 has withdrawn as underwriter.

★ Virginia Telephone & Telegraph Co.
Feb. 10, 1961 (letter of notification) 7,414 shares of common stock (par $10). **Price**—$19 per share. **Proceeds**—For a construction plan for 1961. **Office**—417 W. Main St., Charlottesville, Va. **Underwriters**—Francis I. du Pont & Co., Lynchburg, Va. and C. F. Cassell & Co., Inc., Charlottesville, Va.

Visual Dynamics Corp.
Jan. 12, 1961 (letter of notification) 100,000 shares of common stock (par five cents). **Price**—$3 per share. **Business**—Manufacturers of an audio-visual device for educational and entertainment purposes. **Proceeds**—For general corporate purposes. **Office**—42 S. 15th Street, Suite 204, Philadelphia, Pa. **Underwriter**—District Securities, 2520 L Street, N. W., Washington, D. C.

Weinschel Engineering Co., Inc.
Jan. 27, 1961 filed 50,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Business**—The company is engaged in research, and the development, engineering, production and sale of high quality precision microwave calibration and testing equipment. **Proceeds**—To repay loans and for working capital. **Office** — 10503 Metropolitan Ave., Kensington, Md. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

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.

● Whippany Paper Board Co., Inc. (2/27-3/3)
Dec. 28, 1960 filed 250,000 shares of common stock (par 10c). **Price**—To be supplied by amendment. **Business**—The manufacture and sale of container liner board, corrugated board, chip board and box board. **Proceeds**—For plant conversion and working capital. **Office**—10 North Jefferson Road, Whippany, N. J. **Underwriter**—Van Alstyne, Noel & Co., New York City (managing).

Willer Color Television System, Inc.
Jan. 29, 1961 (letter of notification) 80,890 shares of comman stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 39 Broadway, New York City. **Offering**—Indefinite.

★ Wilshire Insurance Co.
Feb. 17, 1961 filed 313,000 shares of common stock, of which 187,000 will be offered for subscription to stockholders on a share for share basis and the remaining 126,000 shares, together with any of the 187,000 shares not purchased by stockholders, to be offered publicly. **Price**—$5 per share to stockholders and $5.50 per share to the public. **Business**—The writing of workmen's compensation, common carrier liability and automobile (physical damage) insurance. **Proceeds** — To increase capital funds to provide for the writing of additional policies in all lines of its business and to expand its coverage into other classes of insurance. **Office**—5413 West Washington Boulevard, Los Angeles, Calif. **Underwriter**—None.

Wilson (Lee) Engineering Co., Inc.
Dec. 30, 1960 filed 67,500 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business**—The company produces equipment for treating flat rolled steel and wire in a variety of ways, including chemical change through gas alloying and physical change through thermal treating. **Proceeds**—For the selling stockholder. **Underwriter**—Prescott, Shepard & Co., Inc., Cleveland.

Winston-Muss Corp.
Jan. 30, 1961 filed $9,000,000 of convertible subordinated debentures due 1981 and 400,000 shares of common stock to be offered for public sale in units consisting of $22.50 principal amount of debentures and one share of common stock. **Price**—To be supplied by amendment. **Business**—The company was organized under Delaware law in January 1961 to engage in the conception, planning and execution of large scale property development and construction projects throughout the U. S. **Proceeds**—For the acquisition and development of real estate properties. **Office**—22 West 48th St., New York City. **Underwriter**—Lee Higginson Corp., New York City (managing). **Offering**—Expected in late March.

Winter Park Telephone Co.
Feb. 13, 1961 filed 33,638 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each three shares held, with the unsubscribed stock to be publicly offered by the company. **Price** — To be supplied by amendment. **Proceeds** — For plant and equipment, with the balance for general corporate purposes. **Office** — 132 East New England Ave., Winter Park, Fla. **Underwriter**—None.

★ Wolf Corp.
Feb. 15, 1961 filed 30,000 shares of class A stock. **Price**—$10 per share. **Business**—The company was organized under Delaware law in January 1961 and proposes to engage in the construction, investment and operation of real estate properties. **Proceeds**—For investment and working capital. **Office** — 10 East 40th St., New York City. **Underwriter**—None.

● 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**—Imminent.

● Wometco Enterprises, Inc. (2/28)
Dec. 30, 1960 filed 100,000 shares of stock, consisting of 18,591 outstanding shares of class A common stock; 19,155 outstanding shares each of class B, series B, C and D common; and 23,944 outstanding shares of class B, series E common. **Proceeds** — For the selling stockholders. **Business**—Owns and operates television station WTVJ, Miami, Fla. and station WLOS-TV with its affiliates WLOS-AM and FM, Asheville, N. C. The company also owns and operates television station WFGA, Jacksonville, Fla., and it recently signed a contract for the acquisition of station KVOS-TV, Bellingham, Wash. It also operates a chain of 23 motion picture theatres, sells soft drinks and related items, owns a franchise to bottle and sell Pepsi-Cola in the Bahamas and holds a 91% interest in the Seaquarium at Miami, Fla. **Office**—306 North Miami Avenue, Miami, Fla. **Underwriters** — Lee Higginson Corp., New York and A. C. Allyn & Co., Inc., Chicago.

★ Wonderbowl, Inc.
Feb. 6, 1961 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—To discharge a contract payable, accounts payable, and notes payable and the balance for working capital. **Office**—7805 Sunset Blvd., Los Angeles, Calif. **Underwriter**—Standard Securities Corp., Los Angeles, Calif.

● Wyle Laboratories
Jan. 17, 1961 filed 110,000 shares of common stock, of which 100,000 shares will be offered for the account of the issuing company and 10,000 shares, representing outstanding stock, will be offered for the account of a selling stockholder. **Price** — To be supplied by amendment. **Business** — This firm, which up to now has been privately held, believes it is the largest independent laboratory in America providing testing services for the missle-space-aircraft industry. **Proceeds** — For expansion, with the balance for working capital. **Office**—128 Maryland St., El Segundo, Calif. **Underwriters**—Kidder, Peabody & Co., New York City, and Mitchum, Jones & Templeton, Los Angeles (managing). **Offering**—Expected in mid-March.

Yuscaran Mining Co.
May 6, 1960 filed 1,000,000 shares of com. 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. On Jan. 5, 1961, the company reported that it is negotiating a merger with another company and that financing plans have been indefinitely postponed.

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.

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Prospective Offerings

Advance Industries Corp.
Jan. 25, 1961 it was reported that a "Reg. A" filing covering 100,000 shares of the company's 10 cent par common stock is expected by late March. **Price** — $3 per share. **Business**—Manufacturer of furniture. **Proceeds**—For equipment and general corporate purposes. **Office**—Washington, D. C. **Underwriter**—Allen, McFarland & Co., Washington, D. C.

Alamo Gas Supply Co.
Jan. 24, 1961 it was reported that this company is negotiating for the sale of about $18,000,000 to $20,000,000 of bonds. **Proceeds**—For expansion of facilities. **Office**—San Antonio, Tex. **Underwriters** — White, Weld & Co., New York City and Underwood, Neuhaus & Co., Inc., Houston, Tex.

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.

All State Credit Corp.
Feb. 8, 1961 it was reported that this company plans to file an SEC registration statement shortly covering 200,000 shares of class A common stock. **Business**—A consumer sales finance company. **Office** — Merrick, L. I., N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York City.

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 Playlands Corp.
Dec. 21, 1960 it was reported that this company plans to refile in February a registration statement covering 300,000 shares of common stock. This will be a full filing. **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.

Appalachian Power Co.
Feb. 1, 1961 it was reported that this subsidiary of American Electric Power Co., Inc., plans to sell $35,000,000 to $40,000,000 of bonds late in 1961 or early in 1962. **Office**—2 Broadway, New York City. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly).

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.

Arizona Public Service Co.
Feb. 8, 1961 it was reported that this company plans to issue about $38,000,000 of bonds in May and some preferred or common stocks in the fourth quarter. The company expects to spend about $320,000,000 on construction in the period 1961 to 1965 of which some $250,000,000 will come from outside sources. **Office**—501 South Third Ave., Phoenix, Ariz. **Underwriters**—To be determined. The last sale of bonds was made privately on March 26, 1959 through Blyth & Co., Inc., and The First Boston Corp. The last sale of preferred stock on June 18, 1958 and the last sale of common (to stockholders on May 24, 1959) was also handled by Blyth & Co and The First Boston Corp.

Arkansas Power & Light Co.
Sept. 20, 1960 it was announced that this subsidiary of Middle South Utilities plans the issuance of approximately $12,000,000 of 30-year first mortgage bonds, some time in March. **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.

● **Baltimore Gas & Electric Co.**
Feb. 21, 1961, F. E. Rugemer, Treasurer, stated that the company is considering the issuance of $15,000,000 to $20,000,000 of non-convertible debentures or preferred stock in the second quarter of 1961 and about $20,000,000 of bonds in late 1961 or early 1962. **Office**—Lexington and Liberty Streets, Baltimore 3, Md. **Underwriters** — (Bonds) 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). The last sale of debentures was made to stockholders on May 8, 1959 through subscription rights and was underwritten by First Boston Corp., and associates. The last sale of preferred stock on Aug. 13, 1940 was handled by White, Weld & Co., and associates.

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.
Jan. 12, 1961 G. C. Griswold, Vice-President and Treasurer stated that company has not made definite financing plans but is considering an issue of $25,000,000 to $30,000,000 of mortgage bonds in late 1961. **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.
Jan. 18, 1961 it was reported that this company's plans to offer $8,000,000 of bonds will be governed more by the conditions of the money market than by the company's early need for long-term financing. With its 1961 construction program tentatively scheduled at $20,000,000, the company can wait at least until fall before it needs financing. **Proceeds** — For construction. **Office**—2885 Foothill Boulevard, San Bernardino, Calif. **Underwriters**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.

● **California Oregon Power Co.**
Feb. 21, 1961, F. C. Bash, the company's treasurer reported that stockholders are to vote March 14 on merging into Pacific Power & Light Co., and that the company's plan to issue about $7,000,000 of bonds and $5,000,000 of common stock in October, has been dropped. Pacific Power has not yet made financing plans for 1961. **Office**—216 W. Main Street, Medford, Ore.

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 in early March.

Car Plan System, Inc.
Feb. 1, 1961 it was reported that this company plans to file a "Reg. A" covering 100,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business**—Automobile leasing. **Proceeds**—For expansion. **Office**—540 N. W. 79th St., Miami, Fla. **Underwriter**—R. F. Dowd & Co., Inc., New York City. **Registration**—Expected in late February.

Casavan Industries
Feb. 1, 1961 it was reported by Mr. Casavena, President, that registration is expected of approximately $10,000,000 of common stock and $11,750,000 of 6% debentures. **Business** — The company makes polystyrene and polyurethane for insulation and processes marble for construction. **Proceeds** — For expansion. **Office** — 250 Vreeland Ave., Paterson, N. J. **Underwriter** — To be named. **Registration**—Expected in late February.

Caxton House Corp.
Jan. 24, 1960 it was reported that a full filing of this company's stock, constituting its first public offering, will be made. **Price**—Approximately $3 per share. **Business**—Book publishing. **Office**—9 Rockefeller Plaza, New York City. **Underwriter**—To be named.

Central Hudson Gas & Electric Co.
Feb. 2, 1961 it was reported that the company is considering the sale of $5,000,000 to $7,000,000 of preferred stock in the second quarter. **Proceeds**—For expansion. **Office**—South Road, Poughkeepsie, N. Y. **Underwriter**—To be named. The last public sale of preferred in April 1949 was made through Kidder, Peabody & Co., and Estabrook & Co. (jointly).

★ **Central Louisiana Electric Co., Inc.**
Feb. 21, 1961 it was reported that the company is considering the issuance of $6,000,000 of bonds or debentures in the latter part of 1961. **Office** — 415 Main St., Pineville, La. **Underwriters**—To be named. The last issue of bonds on April 21, 1959 was bid on by Kidder, Peabody & Co. and Rauscher, Pierce & Co., Inc. (jointly); Salomon Bros. & Hutzler, and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co., Inc.; White, Weld & Co.

Charles Of The Ritz
Jan. 18, 1961 it was reported that this company plans a public offering of common stock. This will be a full filing, registered secondary. **Business**—Operates a chain of beauty salons. **Office**—11 E. 58th Street, New York City. **Underwriter**—White, Weld & Co., New York City (managing). **Registration**—Expected in early March.

Chroma-Glo, Inc.
Feb. 14, 1961 it was reported that this company plans to file a "Reg. A" covering 90,000 shares of common stock (par 50 cents). **Price**—$3.30 per share. **Business**—Manufactures pressure sensitive emblems for industry. **Proceeds**—For expansion. **Office**—525 South Lake Ave., Duluth 2, Minn. **Underwriter**—Jamieson & Co., Minneapolis, Minn. **Registration**—Expected in late February.

★ **Cincinnati Gas & Electric Co.**
Feb. 16, 1961 it was stated in the company's 1960 annual report that this utility plans to sell both first mortgage bonds and common stock in 1962 to finance its $45,000,000 construction program. **Office**—Fourtin & Main Sts., Cincinnati, O. **Underwriter**—(Bonds) To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co., Inc., and First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly). The last issue of common stock (81,510 shares) was sold privately to employees in August, 1960.

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.

Columbia Gas System, Inc.
Feb. 1, 1961 it was reported that this company plans to sell about $30,000,000 of debentures in May or June and about $25,000,000 of debentures in the fall. **Office**—120 East 41st Street, New York 17, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly).

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

Commonwealth Edison Co.
Jan. 10, 1961 it was reported that this company plans to sell $30,000,000 of bonds in the second quarter of 1961. **Office**—72 W. Adams Street, Chicago, Ill. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; White, Weld & Co.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.

Community Public Service Co.
Feb. 6, 1961 it was reported tnat this company plans to sell $5,000,000 of first mortgage bonds. **Office**—408 W. 7th Street, Fort Worth 2, Texas. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Paine, Webber, Jackson & Curtis; First Southwest Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Offering**—Expected in May.

● **Consolidated Edison Co. of New York, Inc.**
Jan. 27, 1961 it was reported that this company plans to sell about $75,000,000 of mortgage bonds in the fall. **Office**—4 Irving Place, New York City. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.

Consolidated Natural Gas Co.
Jan. 31, 1961 it was reported that this company expects to sell about $25,000,000 of debentures later in 1961. **Business**—A holding company for six operating concerns engaged in the natural gas business. **Proceeds**—For construction. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., and First Boston Corp. (jointly); White, Weld & Co., and Paine, Webber, Jackson & Curtis (jointly).

Consumers Power Co.
Feb. 15, 1961 it was reported that this company may sell $20,000,000 of preferred and $30,000,000 of bonds about mid-year. **Office**—212 West Michigan Ave., Jackson, Mich. **Underwriter**—(Bonds) To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Harriman Ripley & Co., and First Boston Corp. (jointly); Morgan Stanley & Co. The last sale of preferred stock, on July 21, 1955, was handled by Morgan Stanley & Co.

★ **Continental Industries, Inc.**
Feb. 21, 1961 it was reported that the company is negotiating for the sale of $5,000,000 of convertible debentures. Stockholders are to vote Feb. 28 on increasing the authorized common to provide for the debenture issue and on changing corporate name to Continental Vending Machine Corp. **Business** — The company manufactures and operates automatic vending machines dispensing

cigarettes, coffee, cold drinks and food. **Office** — 956 Brush Hollow Road, Westbury, L. I., N. Y. **Underwriter** —It was stated that exploratory discussions have been held with Shields & Co., New York City.

Daffin Corp.
Jan. 20, 1961, it was reported that a registration is expected to be filed covering 150,000 outstanding 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 the selling stockholders. **Office** —121 Washington Ave., South, Hopkins, Minn. **Underwriters**—Lehman Brothers, New York City, and Piper, Jaffray & Hopwood, Minneapolis, Minn. (managing).

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.
Feb. 7, 1961 it was reported that the company has postponed until early 1962 its plan to issue additional common stock. 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 valued at about $14,600,000. 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 Street, Wilmington, Del. **Underwriter**— To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co., New York; 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.

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.

Elk Roofing Co.
Jan. 6, 1961 it was reported that this company plans a full filing of 135,000 shares of common stock. **Proceeds** —To reduce long-term debt. **Office** — Stephens, Ark. **Underwriter**—S. D. Fuller & Co.

• **Epoderm Inc.**
Jan. 27, 1961 it was reported that the company plans its first public offering of 40,000 shares of common stock. **Price** — $10 per share. **Business** — The manufacture of drugs. **Proceeds**—The research and synthesis of certain hormones that may be helpful in revitalizing dormant hair growth. **Office**—New Jersey. **Underwriter**—M. H. Meyerson & Co., Ltd., 15 William St., New York City (managing). **Registration**—Imminent.

Exploit Films, Inc.
Feb. 1, 1961 it was reported that the company will file a letter of notification consisting of 100,000 shares of common stock at $5 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 (managing). **Registration**—Expected on or about March 15.

Fawcett Publications, Inc.
Jan. 20, 1961 it was reported that this family-owned publishing business is contemplating its first public offering. **Office**—Greenwich, Conn. **Underwriter**—To be named.

First Continental Real Estate Trust
Jan. 6, 1961 it was reported that this company plans to file, at some future date, an SEC registration statement covering 1,500,000 trust shares to be offered for public sale. **Business**—General real estate. **Proceeds**—For general corporate purposes. **Office**—105 West Adams Street, Chicago 3, Ill.

Flintkote Co.
Feb. 7, 1961 it was reported that stockholders are to vote March 22 on authorizing the company to increase its funded debt to $50,000,000. If approved, the company plans to borrow $30,000,000 this year, possibly through sale of debentures. **Business**—The company is engaged directly or through subsidiaries in manufacturing, mining, distributing, and selling various products for construction, industrial, and consumer use. **Proceeds**—For construction. **Office**—30 Rockefeller Plaza, New York 20, N. Y. **Underwriter**—To be named. The last sale of debentures on April 3, 1957 was handled by Lehman Bros., New York and associates.

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.

• **General Telephone Co. of California**
Feb. 1, 1961 it was reported that this subsidiary of General Telephone & Electronics Corp. plans to sell about $20,000,000 of bonds in the first half of 1961. Subsequently, it was announced by the company that it plans to sell $10,000,000 of preferred in April, without underwriting. **Office** — 2020 Santa Monica Blvd., Santa Monica, Calif. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp. and Equitable Securities Corp. (jointly); White, Weld & Co. and Kidder, Peabody & Co. (jointly); Paine, Webber, Jackson & Curtis, and Stone & Webster Securities Corp.

• **General Telephone Co. of Florida**
Feb. 8, 1961 it was reported that this subsidiary of General Telephone & Electronics Corp., expects to offer about $15,000,000 of bonds in November. Subsequently, it was announced by the company that it plans to sell $10,000,000 of preferred in late March, without underwriting. **Office**—610 Morgan Street, Tampa, Fla. **Underwriters**—Stone & Webster Securities Corp., and Paine, Webber, Jackson & Curtis, both of New York City.

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.

Georgia Power Co. (10/18)
Dec. 29, 1960 this subsidiary of the Southern Co., applied to the Georgia Public Service Commission for permission to issue $15,500,000 of 30-year first mortgage bonds, and $8,000,000 of new preferred stock. **Proceeds**— For construction, plant modernization or refunding of outstanding debt. **Office**—Electric Bldg., Atlanta 3, Ga. **Underwriters** — To be determined by competitive bidding. Previous bidders for bonds included Harriman Ripley & Co., Inc.; Lehman Brothers; Blyth & Co., Inc., Kidder, Peabody & Co., and Shields & Co. (jointly); First Boston Corp.; Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp., Eastman Dillon, Union Securities & Co. (jointly). Previous bidders for preferred were First Boston Corp., Lehman Brothers, Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co.; and Equitable Securities Corp. **Bids**—Expected to be received on Oct. 18.

Geriatrics Pharmaceutical Corp.
Jan. 11, 1961 it was reported that this firm is planning a letter of notification covering 50,000 shares of 10¢ par common stock. **Proceeds**—For general corporate purposes, including the hiring of additional detail men. **Office**—45 Commonwealth Boulevard, Bellerose, L. I., N. Y. **Underwriter**—T. M. Kirsch & Co., 52 Wall Street, New York City. **Registration**—Imminent.

Goshen Farms Inc.
Oct. 5, 1960 it was reported that 100,000 shares of the company's common stock will be filed. **Proceeds**—For breeding trotting horses. **Office**—Goshen, N. Y **Underwriter**—R. F. Dowd & Co. Inc. **Registration**—Expected in early March.

Great Northern Ry. (2/28)
Jan. 17, 1961 it was reported that this company plans to sell $5,100,000 of 1-15 year equipment trust certificates. **Office**—39 Broadway, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Salomon Bros. & Hutzler and Halsey, Stuart & Co. Inc., both of New York City. **Bids**—To be received on Feb. 28 at noon (EST).

Grosset & Dunlap, Inc.
Jan. 23, 1961 it was reported that this firm is contemplating its first offering of common stock. **Business**—This is a publishing firm owned by Little Brown, Harper's, Random House, and Book Of The Month Club, with the last-named firm owning the largest interest. The prospective issuer owns Treasure Books, Wonder Books, and Bantam Books jointly with Curtis Publishing Co. **Office** —1107 Broadway, New York City. **Underwriter**—Blyth & Co., Inc., New York City (managing).

Guaranty National Insurance Co.
Jan. 25, 1960 it was reported that the company plans a Regulation "A" filing of 120,000 shares of common stock. **Price**—$2.50 per share. **Business**—Fire and casualty insurance. **Proceeds**—General corporate purposes. **Underwriter**—Copley & Co., Colorado Springs, Colo. **Registration**—Expected in early March.

Gulf Power Co. (12/7)
Jan. 4, 1960 it was reported that this subsidiary of The Southern Co., plans to sell $5,000,000 of 30-year bonds. **Office**—75 North Pace Blvd., Pensacola, Fla. **Underwriter**—To be determined by competitive bidding. Previous bidders included Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler and Drexel & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on Dec. 7, 1961.

Heath (D. C.) & Co.
Feb. 8, 1961 it was reported that registration is expected in March for an undetermined number of common shares (par $100), of which part would be offered for the account of the company and part for selling stockholders. **Business**—Publishes and sells textbooks for schools and colleges. **Office**—285 Columbus Avenue, Boston, Mass. **Underwriter**—Kidder, Peabody & Co., New York City.

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.

Idaho Power Co.
Jan. 10, 1961 it was reported that this company plans to sell $10,000,000 of bonds and about $5,000,000 of common in the third quarter of 1961. **Proceeds**—To repay loans and for construction. **Underwriters**—To be determined by competitive bidding. Probable bidders on the bonds: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lazard Freres & Co., and First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Salomon Bros. & Hutzler, and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp. Probable bidders on the common: Blyth & Co., Inc.; Lazard Freres & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.

Illinois Terminal RR.
Jan. 16, 1961 it was reported that this company plans the sale later this year of about $8,500,000 of first mortgage bonds. **Office**—710 North Twelfth Blvd., St. Louis, Mo. **Underwriter**—Halsey, Stuart & Co. Inc., Chicago.

Indianapolis Power & Light Co.
According to a prospectus filed with the SEC on Aug. 25, 1960, the company plans the sale of about $14,000,000 of additional securities in 1963. **Office** — 25 Monument Circle, Indianapolis, Ind.

Industrial Control Products, Inc.
Jan. 24, 1961 it was reported that the company plans to file 165,000 shares of 10¢ par class A stock. **Price**—$3 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 semiconductor 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 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 February.

Interstate Power Co.
Feb. 6, 1961 it was reported that this company plans to sell $9,000,000 of bonds and 200,000 shares of common stock in May. **Office** — 1000 Main Street, Dubuque, Iowa. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co.; White, Weld & Co.; Salomon Bros. & Hutzler.

Iowa-Illinois Gas & Electric Co.
Feb. 7, 1961 it was reported by the company treasurer, Mr. Donald Shaw that the utility expects to sell $10,000,000 to $15,000,000 of first mortgage bonds in the second quarter of 1961. The 1961 construction program is estimated at $18,000,000. **Proceeds** — To repay bank loans and for construction. **Office** — 206 E. 2nd St., Davenport, Iowa. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; First Boston Corp.; Glore, Forgan & Co. and Lehman Brothers (jointly); White, Weld & Co. and Blyth & Co., Inc. (jointly).

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.

Laclede Gas Co.
Nov. 15, 1960 Mr. L. A. Horton, Treasurer, reported that the utility will need to raise $33,000,000 externally for

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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.

Lanvin Parfums, Inc.
Jan. 24, 1961 it was reported that this perfume firm is contemplating its first public financing, to consist of an issue of about $6,000,000 of common stock. **Office**—767 Fifth Avenue, New York City. **Underwriter**—Goldman, Sachs & Co., New York City (managing).

• La Salle National Bank (Chicago, Ill.)
Feb. 10, 1961 it was reported that stockholders are to vote March 2 on increasing authorized stock from 135,000 to 165,000 shares (par $25) to provide for a 11.1% stock dividend and sale of 15,000 shares to stockholders on the basis of one new share for each 10 shares held, after payment of the stock dividend. **Price** — $75 per share. **Proceeds**—To increase capital. **Office**—135 So. La Salle St., Chicago 3, Ill. **Underwriter**—Bacon, Whipple & Co. (managing) and McCormick & Co., both of Chicago, Ill.

Long Island Lighting Co.
Jan. 25, 1961 it was reported by Fred C. Eggerstedt, Jr., Assistant Vice-President, that the utility contemplates the issuance of $25,000,000 of 30-year first mortgage bonds probably in the second or third quarter of 1961. **Office**—250 Old Country Road, Mineola, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp., and Blyth & Co., Inc. (jointly); W. C. Langley & Co. and Smith, Barney & Co. (jointly).

Louisville & Nashville RR. (3/7)
Jan. 24, 1961 it was reported that this company plans to sell about $7,785,000 of equipment trust certificates due March 15, 1962-76. **Proceeds** — To buy additional freight cars. **Offices**—9th Street and Broadway, Louisville 1, Ky., and 71 Broadway, New York, N. Y. **Underwriters** — To be determined by competitive bidding. Probable bidders: Salomon Bros. & Hutzler and Halsey, Stuart & Co. Inc. **Bids**—To be received on March 7 at noon (EST).

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.

★ Magnefax Co.
Feb. 21, 1961 it was reported that this company expects to sell 200,000 shares of common stock. **Business**—Manufactures office copying machines. **Office** — Commercial Trust Co. Bldg., Philadelphia, Pa. **Underwriter**—Stroud & Co., Philadelphia, Pa. **Registration**—Expected in early March.

Martin Paint & 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 Avenue, Jamaica, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York City, N. Y.

Massachusetts Electric Co.
Jan. 24, 1961 it was reported that the SEC has approved the merger of six subsidiaries of New England Electric System into Worcester County Electric Co., also a subsidiary. Latter will change its corporate name to Massachusetts Electric Co., and issue about $17,500,000 of first mortgage bonds due 1991. **Offices**—939 Southbridge St., Worcester, Mass., and 441 Stuart St., Boston, Mass. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co., and Coffin & Burr, Inc. **Offering**—Expected in May.

Masters Inc.
Jan. 6, 1961 it was reported that this corporation is contemplating its first public financing. **Business**—The operation of a chain of discount houses. **Office**—135-21 38th Avenue, Flushing 54, L. I., N. Y.

McCulloch Corp.
Jan. 9, 1961 it was reported that this corporation will schedule its initial public financing for late 1961 or some time in 1962. **Business**—The corporation manufactures Scott outboard motors and McCulloch chain saws. **Office**—6101 West Century Boulevard, Los Angeles 45, Calif.

Metropolitan Edison Co.
Feb. 1, 1961 it was reported that this subsidiary of General Public Utilities Corp., plans to sell about $10,000,000 of first mortgage bonds and $5,000,000 of debentures in August or September. **Office** — 2800 Pottsville Pike, Muhlenberg Township, Berks County, Pa. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co. and Drexel & Co. (jointly); Blyth & Co., Inc.

Michigan Consolidated Gas Co.
Jan. 11, 1961 it was reported that this company plans to sell about $30,000,000 of bonds in the first half of 1961. **Proceeds**—To repay notes and for construction. **Office**—415 Clifford St., Detroit 26, Mich. **Underwriters**—To be determined by competitive bidding. Probable bidders: White, Weld & Co.; Lehman Brothers; and Halsey, Stuart & Co. Inc.

Michigan Wisconsin Pipe Line Co.
Jan. 10, 1961 it was reported that this subsidiary of American Natural Gas Co., plans to sell about $30,000,000 of bonds in the first half of 1961. **Proceeds** — For construction. **Office** — 500 Griswold Street, Detroit 26, Mich. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & 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.

Mississippi Power Co. (9/28)
Jan. 4, 1961 it was reported that this subsidiary of The Southern Co., plans to sell publicly $5,000,000 of 30-year bonds and $5,000,000 of preferred stock (par $100). **Proceeds**—For construction and expansion. **Office**—2500 14th St., Gulfport, Miss. **Underwriter**—To be determined by competitive bidding. Previous bidders for bonds were Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. Previous bidders for preferred stock included Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly). **Bids**—Expected to be received on Sept. 28.

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. **Registration**—Expected by late February.

Montana-Dakota Utilities Co.
Feb. 6, 1961 it was reported that this company is negotiating for the sale of $5,000,000 of preferred stock ($100 par). **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.

Monticello Lumber & Mfg. Co.
Jan. 3, 1961 it was reported that this company plans a "Reg. A" filing covering 75,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For equipment, plant expansion and working capital. **Office**—Monticello, N. Y. **Underwriter**—J. Laurence & Co., Inc., 117 Liberty St., New York City. **Registration**—Expected shortly.

• Nedicks Stores, Inc.
Feb. 1, 1961 it was reported that a filing of approximately 185,000 shares of common stock will be made soon. **Office**—513 W. 166th Street, New York City. **Underwriter**—Van Alstyne, Noel & Co., New York City. **Registration**—Imminent. **Offering**—Expected by mid-March.

New England Power Co.
Jan 24, 1961 it was reported that this subsidiary of New England Electric System plans to sell $20,000,000 of first mortgage bonds. **Office**—441 Stuart St., Boston 16, Mass. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Equitable Securities Corp., and Blair & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp.; Lehman Brothers. **Offering**—Expected in October.

New Orleans Public Service, Inc. (5/25)
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. **Offering** — Expected May 25.

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.
Feb. 8, 1961 it was reported that this company plans to raise about $25,000,000 of new money in 1961. The type of security to be sold has not been determined but it is thought that it might be common stock which would be sold in the late Spring to stockholders through subscription rights. **Office**—50 Fox St., Aurora, Ill. **Underwriters** —To be named. The last rights offering in April 1954 was underwritten by First Boston Corp., and Glore, Forgan & Co., both of New York City.

Northern States Power Co.
Jan. 10, 1961 it was reported that this company plans to sell $20,000,000 of bonds in the third quarter of 1961. **Offices**—15 So. La Salle Street, Chicago 4, Ill.; 15 So. Fifth Street, Minneapolis 2, Minn.; 111 Broadway, New York 6, N. Y. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp. and Blyth & Co., Inc. (jointly). **Offering**—Expected in August.

One Maiden Lane Fund, Inc.
Feb. 1, 1961 it was reported that registration is expected later this month of 300,000 shares of common 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. Nichols & Co., Inc., 1 Maiden Lane, New York 38, N. Y.

Orange & Rockland Utilities, Inc. (4/20)
Jan. 6, 1961 it was reported that this company plans to sell $12,000,000 of first mortgage bonds, series G, due April 15, 1991. **Proceeds**—For redemption of $6,442,000 of first mortgage bonds, series B, due May 1, 1961; for repayment of bank loans and for construction. **Office**—10 North Broadway, Nyack, N. Y. **Underwriters**—To be determined by competitive bidding. Previous bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; W. C. Langley & Co., Glore, Forgan & Co. (jointly); First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc., Eastman Dillon, Union Securities & Co., Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Bids**—Expected to be received on April 20. **Information Meeting**—Scheduled for 11 a.m. (EST) April 13 at Bankers Trust Co., 16 Wall St., New York City.

Pacific Lighting Corp.
Jan. 3, 1961 it was reported by Paul A. Miller, Treasurer that the company will probably go to the market for $30,000,000 to $50,000,000 of new financing in 1961 and that it probably would not be a common stock offering. **Office**—600 California Street, San Francisco 8, Calif.

Pacific Telephone & Telegraph Co.
Jan. 30, 1961 it was reported that this company, controlled by American Tel. & Tel. Co., plans to form a new subsidiary to operate in Washington, Oregon and Idaho. The new concern will acquire the business and properties of the present operating division, known as Pacific Telephone-Northwest, established in February 1960. All of the stock of the new company will be issued to Pacific Telephone, but "as soon as practicable" it will be offered for sale to Pacific Telephone shareholders at a price to be fixed by the Board of Directors. **Office**—140 New Montgomery St., San Francisco, Calif. **Underwriter**—The last offering of common stock to shareholders on Feb. 25, 1960 was not underwritten. However, A T & T, which owns over 90% of the outstanding stock, exercised its rights to subscribe to its prorata share of the offering.

Panhandle Eastern Pipe Line Co.
Feb. 6, 1961 it was reported that $65,000,000 of debentures are expected to be offered about mid-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 Electric Co.
Jan. 24, 1961 it was reported that this subsidiary of General Public Utilities Corp., plans to sell $10,000,000 of 30-year first mortgage bonds and $12,000,000 of debentures. **Office** — 222 Levergood St., Johnstown, Pa. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and Harriman Ripley & Co. (jointly); First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co.; Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. **Offering**—Expected in May or June.

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).

Peoples Gas Light & Coke Co.
Jan. 10, 1961 it was reported that this company plans to sell about $35,000,000 of first mortgage bonds in 1961. **Proceeds**—To retire maturing bonds and for construction. **Office**—122 So. Michigan Avenue, Chicago 3, Ill. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; First Boston Corp.

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** —Indefinite.

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.

Public Service Electric & Gas Co.
Jan. 16, 1961 it was reported that this company expects to spend $150,000,000 on capital improvements in 1961,

but has not made definite plans for the financing that will be required. However, it is possible that the company may sell common stock if market conditions are favorable. **Office**—80 Park Place, Newark, N. J. **Underwriter**—The last sale of common stock on Dec. 15, 1959 was handled by Merrill Lynch, Pierce, Fenner & Smith Inc., and associates.

Radiation Applications, Inc.
Jan. 17, 1961 it was reported that this company is considering a public offering of stock in 1962. **Business**—Develops plastic and chemical materials for the electronics and missile industries, and performs extensive research and development in the fields of atomic energy, extractive metallurgy, plastics, and electrical insulation. Schenley Industries, Inc., owns about 36% of the outstanding stock. **Office**—Long Island City, N. Y. **Underwriter**—To be named. Hayden, Stone & Co., New York, recently handled a private placement of the company's stock.

Rochester Gas & Electric Corp.
Jan. 24, 1961 the company stated it plans to issue about $15,000,000 of 30-year bonds in September. **Proceeds**—For construction. **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.

● Sierra Pacific Power Co. (5/4)
Feb. 16, 1961 the company reported that it plans to offer common stockholders the right to subscribe to additional stock on the basis of one new share for each 12 shares held. Based on the 795,416 common shares outstanding on Nov. 30, 1960 and the proposed 2-for-1 stock split expected to become effective March 29, 1961, this offering will involve about 132,570 new shares, and will be made on or about May 4. **Office**—220 South Virginia St., Reno, Nev. **Underwriter**—None.

● Sierra Pacific Power Co. (5/11)
Feb. 16, 1961 the company stated that it plans to sell $6,500,000 of first mortgage bonds. **Proceeds**—For construction. **Office** — 220 South Virginia St., Reno, Nev. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Dean Witter & Co.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Bids**—Expected to be received on May 11.

Silo's Discount House
Jan. 9, 1961 it was reported that this retail chain is contemplating its first public financing. **Office**—Philadelphia, Pa.

★ Simulmatics Corp.
Feb. 21, 1961 it was reported that the company expects to file a registration statement shortly, covering 150,000 shares of common stock. **Office**—501 Madison Ave., New York 22, N. Y. **Underwriter**—Russell & Saxe, New York City.

★ Sony Corp.
Feb. 21, 1961 it was reported that this company plans to sell 2,000,000 common shares in the U. S., this summer. A registration statement covering the proposed offering will be filed with the SEC. **Business**—The company is a major producer of electronic consumer goods such as tape recorders, transistor radios and television sets. **Office**—Tokyo, Japan. **Underwriter**—To be named.

Southern Bell Telephone & Telegraph Co. (3/21)
Jan. 24, 1961 it was reported that this subsidiary of American Telephone & Telegraph Co., plans to sell about $70,000,000 of debentures. **Proceeds**—To refinance $70,000,000 of 5½% debentures due 1994 issued on Oct. 21, 1959 at the highest interest rate in the company's history. **Office** — 67 Edgewood Ave., S. E., Atlanta 3, Ga. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Morgan Stanley & Co., both of New York City. **Bids**—To be received on March 21.

Southern California Edison Co. (4/4)
Jan. 20, 1961, J. K. Horton, President, stated that the company will require about $60,000,000 of new financing in 1961. Earlier, the company announced plans for the sale of $30,000,000 of first and refunding mortgage bonds, series N, due 1986. **Proceeds**—To retire short-term debt and for construction. **Office**—601 West Fifth St., Los Angeles 53, Calif. **Underwriters**—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Dean Witter & Co.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., all of New York City. **Bids**—To be received at the company's Los Angeles office on April 4, 1961 at 8:30 a.m. (PST).

Southern Electric Generating Co. (6/15)
Jan. 4, 1961 it was reported that this company, jointly owned by Alabama Power Co., and Georgia Power Co., both in turn controlled by The Southern Co., plans the public sale of $27,000,000 first mortgage bonds due June 1, 1992. **Proceeds**—For expansion. **Office**—600 North Eighteenth St., Birmingham 3, Ala. **Underwriters**—To be determined by competitive bidding. Previous bidders included Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc., (jointly); Morgan Stanley & Co., White, Weld & Co., and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co., Equitable Securities Corp. and Drexel & Co. (jointly); First Boston Corp.; and Halsey, Stuart & Co. Inc. **Registration**—Expected about May 8. **Bids**—To be received at 11 a.m. on June 15.

Southern Natural Gas Co.
Oct. 28, 1960 it was reported by Mr. Loren Fitch, company comptroller, that the utility is contemplating the sale of $35,000,000 of 20-year first mortgage bonds sometime in 1961, with the precise timing depending on market conditions. **Proceeds** — To retire bank loans. **Office**—Watts Building, Birmingham, Ala. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co. and Kidder, Peabody & Co. (jointly).

Southern Railway Co.
Nov. 21, 1960 stockholders approved the issuance of $33,000,000 of new bonds. The issuance of an unspecified amount of additional bonds for other purchases was also approved. **Proceeds** — For general corporate purposes, including the possible acquisition of Central of Georgia Ry. **Office**—Washington, D. C. **Underwriter**—Halsey, Stuart & Co. Inc., will head a group that will bid on the bonds.

Spiegel, Inc.
Jan. 17, 1961 it was reported that financing is being considered for this year, but details have not been decided upon. **Business**—The company is engaged in the sale of merchandise by mail, principally on a monthly payment basis. **Office**—1061 W. 35th St., Chicago 9, Ill. **Underwriter**—To be named. The last sale of securities consisted of $15,417,500 of 5% convertible debentures, due 1984, which were sold to stockholders through subscription rights in June 1959. The offering was underwritten by Wertheim & Co., New York.

★ States Steamship Co. (3/1)
Feb. 21, 1961 it was reported that this subsidiary of Pacific Transport Co., plans to sell $9,500,000 of U. S. Government Insured Merchant Marine Bonds, S.S.-M.M. Dant and S.S.-C.E. Dant Series, due Sept. 30, 1987. **Business**—Provides scheduled freight service between Pacific Coast ports of U. S. and Canada and the Far East. **Proceeds**—To pay 75% of the cost of construction of two vessels. **Office**—San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., New York City.

Swift & Co.
Feb. 7, 1961 it was reported that stockholders voted Jan. 26 to authorize the company to issue up to $35,000,000 of convertible debentures, and to increase authorized common 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**—To be named. The last issue of debentures in October 1958 was placed privately through Salomon Bros. & Hutzler, New York City.

Texas Gas Transmission Corp.
Jan. 11, 1961 it was reported that this company plans to sell $10,000,000 to $15,000,000 of bonds in the third quarter of 1961. **Office**—416 West Third Street, Owensboro, Ky. **Underwriter**—Dillon, Read & Co., New York City.

Traid Corp.
Jan. 4, 1961 it was reported that this company is contemplating some new financing. No confirmation was available. **Business**—The company specializes in airborne photo instrumentation and manufactures aircraft motion picture cameras and accessory items. **Office** — Encino, Calif. **Underwriter**—Previous financing was handled by D. A. Lomasney & Co., New York City.

Transcontinental Gas Pipe Line Corp.
Jan. 17, 1961 it was reported that this company plans to spend $100,000,000 to expand its pipeline system, which brings natural gas to the New York City area. It was stated that the company expects to raise up to $50,000,000 this spring, by the sale of bonds, debentures or preferred stock. The type of securities offered will depend on FPC approval and the successful completion of a court case now in progress. **Office**—3100 Travis St., Houston, Tex. **Underwriters**—To be named. The last sale of bonds in April 1960 was handled by White, Weld & Co., and Stone & Webster Securities Corp., both of New York City.

Tronomatic Corp.
Dec. 20, 1960, it was reported that a letter of notification consisting of 65,000 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 late February.

Trunkline Gas Co.
Feb. 6, 1961 it was reported that approximately $15,000,000 of bonds and $5,000,000 of preferred stock are expected to be offered about mid-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.
Jan. 19, 1961 it was reported that this company plans to sell $20,000,000 to $30,000,000 of preferred in late 1961. **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.

United Aircraft Corp.
Feb. 15, 1961 it was reported that this company is considering issuance of $50,000,000 of bonds to replace a seven-year term loan. **Office**—400 Main St., East Hartford, Conn. **Underwriter**—To be named. The company has never issued bonds, but its last offering of preferred stock on Sept. 17, 1956 was underwritten by Harriman Ripley & Co., Inc., New York and associates.

Universal Oil Products Co.
Jan. 17, 1961 it was reported that this company may require financing either through bank borrowings or the sale of debentures in order to further expansion in a major field which the company would not identify. No decision has been made on whether the product, named "Compound X," will be produced. **Business**—The company is a major petroleum and chemical research and process development concern. **Office**—30 Algonquin Rd., Des Plaines, Ill. **Underwriter**—To be named. The company has never sold debentures before. However, the last sale of common stock on Feb. 5, 1959 was handled by Lehman Brothers, Smith, Barney & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc., all of New York City.

★ Vinco Corp.
Feb. 20, 1961 it was reported that this company plans to sell $2,000,000 of convertible bonds. **Business**—The manufacture of precision parts and subassemblies for aircraft, missile and other industries. The company also produces guages and measuring instruments. **Proceeds**—For expansion and acquisition. **Office** — 9111 Schaefer Highway, Detroit, Mich. **Underwriter**—S. D. Fuller & Co., New York City. **Registration** — Expected by late March.

Virginia Electric & Power Co. (6/13)
Jan. 17, 1961 the company announced plans to sell $30,000,000 of first mortgage bonds. **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**—Scheduled for June 13 at 11 a.m. (EST).

Waldorf Auto Leasing Inc.
Jan. 16, 1961 it was reported that this company plans a "Reg. A" filing covering 100,000 shares of common stock. **Price** — $3 per share. **Proceeds** — For general corporate purposes. **Office** — 2015 Coney Island Ave., Brooklyn, N. Y. **Underwriters**—Martinelli & Co., 79 Wall St., V. K. Osborne & Sons, Inc., 40 Exchange Place, First Atlantic Securities Co., 160 Broadway, New York City. **Registration**—Expected by late February.

Washington Natural Gas Co.
Jan. 16, 1961 it was reported that this company may raise about $4,000,000 in the spring of 1961 through bank loans, or a public offering of securities. **Office** — 1507 Fourth Ave., Seattle, Wash. **Underwriter**—The last public offering comprising common stock, was made in September 1958 through Dean Witter & Co., San Francisco.

Welch Scientific Corp.
Feb. 15, 1961 it was reported that registration is expected in late February on an undisclosed number of common shares. **Underwriter**—Hornblower & Weeks, New York City.

★ West Penn Power Co.
Feb. 10, 1961, J. Lee Rice, Jr., President of Allegheny Power System, Inc., parent company, stated that West Penn expects to sell about $25,000,000 of bonds in 1962. **Office** — 800 Cabin Hill Dr., Hempfield Township, Westmoreland County, Pa. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Lehman Brothers, Eastman Dillon, Union Securities & Co. and First Boston Corp. (jointly); Harriman Ripley & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Western Reserve Life Assurance Co. of Ohio
Jan. 30, 1961 it was reported that stockholders are to vote at the annual meeting in April on increasing authorized stock to provide for sale of about $1,250,000 of additional common to stockholders through subscription rights. **Proceeds**—To increase capital funds. **Office**—1 Union Commerce Annex, Cleveland 14, Ohio. **Underwriters**—McDonald & Co. and Ball, Burge & Kraus, Cleveland.

Western Union Telegraph Co.
Jan. 16, 1961 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 about $4,000,000 of subordinated debentures and 400,000 shares of class A stock to be offered to stockholders of Western Union Telegraph Co. In addition, American Securities Corp., New York City, 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. Then Western Union Telegraph would purchase 250,000 shares of class B stock for $100,000. **Office**—60 Hudson St., New York City. **Underwriter** — American Securities Corp. (managing).

Wisconsin Power & Light Co.
Jan. 19, 1961 it was reported that this company plans to sell about $6,500,000 of preferred stock in the third quarter of 1961. **Proceeds**—For expansion. **Underwriters**—The last sale of preferred stock in May, 1958 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).

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)	Feb. 26	54	52	51.5	94.7
Equivalent to—					
Steel ingots and castings (net tons)	Feb. 26	1,582,000	1,524,000	1,499,000	2,674,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 10	7,174,210	7,136,760	7,150,760	7,218,910
Crude runs to stills—daily average (bbls.)	Feb. 10	8,405,000	8,297,000	8,342,000	8,077,000
Gasoline output (bbls.)	Feb. 10	28,452,000	28,652,000	29,158,000	28,266,000
Kerosene output (bbls.)	Feb. 10	3,153,000	2,990,000	3,097,000	2,483,000
Distillate fuel oil output (bbls.)	Feb. 10	15,662,000	15,043,000	14,542,000	12,363,000
Residual fuel oil output (bbls.)	Feb. 10	7,018,000	7,179,000	6,584,000	7,178,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Feb. 10	215,330,000	214,349,000	200,269,000	208,908,000
Kerosene (bbls.) at	Feb. 10	25,014,000	25,989,000	29,546,000	23,709,000
Distillate fuel oil (bbls.) at	Feb. 10	100,540,000	106,682,000	127,567,000	118,340,000
Residual fuel oil (bbls.) at	Feb. 10	42,137,000	43,407,000	45,290,000	48,038,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 11	486,347	497,630	516,210	580,150
Revenue freight received from connections (no. of cars)	Feb. 11	468,184	468,352	466,909	546,951
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Feb. 16	$329,100,000	$286,900,000	$359,800,000	$342,200,000
Private construction	Feb. 16	197,500,000	147,300,000	174,400,000	180,500,000
Public construction	Feb. 16	131,600,000	139,600,000	185,400,000	161,700,000
State and municipal	Feb. 16	106,100,000	124,600,000	156,600,000	108,500,000
Federal	Feb. 16	25,500,000	15,000,000	28,800,000	53,200,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 11	7,360,000	*7,275,000	7,825,000	8,290,000
Pennsylvania anthracite (tons)	Feb. 11	440,000	437,000	429,000	345,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Feb. 11	111	106	129	115
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 18	14,315,000	14,744,000	14,817,000	14,333,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 16	374	376	340	289
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 13	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Feb. 13	$66.44	$66.44	$66.44	$66.41
Scrap steel (per gross ton)	Feb. 13	$33.50	$32.50	$31.50	$39.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 15	28.600c	28.600c	29.575c	32.825c
Export refinery at	Feb. 15	27.100c	26.750c	26.425c	33.075c
Lead (New York) at	Feb. 15	11.000c	11.000c	11.000c	12.000c
Lead (St. Louis) at	Feb. 15	10.800c	10.800c	10.800c	11.800c
‡Zinc (delivered) at	Feb. 15	12.000c	12.000c	12.000c	13.500c
Zinc (East St. Louis) at	Feb. 15	11.500c	11.500c	11.500c	13.000c
Aluminum (primary pig, 99.5%) at	Feb. 15	26.000c	26.000c	26.000c	26.000c
Straits tin (New York) at	Feb. 15	100.750c	100.375c	100.250c	101.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 21	89.25	88.44	87.13	83.17
Average corporate	Feb. 21	87.72	87.45	86.78	84.04
Aaa	Feb. 21	92.35	91.91	91.34	88.27
Aa	Feb. 21	90.48	90.20	89.23	86.51
A	Feb. 21	87.32	86.91	86.38	83.40
Baa	Feb. 21	81.54	81.29	80.93	78.43
Railroad Group	Feb. 21	84.43	84.43	84.04	82.03
Public Utilities Group	Feb. 21	89.09	88.54	87.86	84.04
Industrials Group	Feb. 21	89.78	89.51	88.67	86.11
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 21	3.65	3.73	3.88	4.24
Average corporate	Feb. 21	4.58	4.60	4.65	4.86
Aaa	Feb. 21	4.25	4.28	4.32	4.54
Aa	Feb. 21	4.38	4.40	4.47	4.67
A	Feb. 21	4.61	4.64	4.68	4.91
Baa	Feb. 21	5.06	5.08	5.11	5.32
Railroad Group	Feb. 21	4.83	4.83	4.86	5.02
Public Utilities Group	Feb. 21	4.48	4.52	4.57	4.86
Industrials Group	Feb. 21	4.43	4.45	4.51	4.70
MOODY'S COMMODITY INDEX	Feb. 21	362.0	363.4	359.5	374.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 11	303,580	333,754	294,387	304,815
Production (tons)	Feb. 11	301,286	313,152	305,418	325,402
Percentage of activity	Feb. 11	90	90	92	96
Unfilled orders (tons) at end of period	Feb. 11	407,005	408,538	399,021	466,834
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Feb. 17	110.92	110.72	109.64	111.21
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 27	3,331,120	3,068,030	2,267,170	1,988,940
Short Sales	Jan. 27	671,160	611,220	308,420	261,510
Other sales	Jan. 27	2,478,070	2,517,500	1,756,390	1,773,290
Total sales	Jan. 27	3,149,230	3,128,720	2,064,810	2,034,800
Other transactions initiated off the floor—					
Total purchases	Jan. 27	453,700	399,280	393,490	260,410
Short Sales	Jan. 27	34,100	32,850	28,500	29,050
Other sales	Jan. 27	409,400	353,190	263,750	336,250
Total sales	Jan. 27	443,500	386,040	292,250	365,300
Other transactions initiated on the floor—					
Total purchases	Jan. 27	1,069,847	990,905	880,761	638,935
Short Sales	Jan. 27	167,400	147,360	67,850	110,440
Other sales	Jan. 27	969,220	882,728	549,844	657,110
Total sales	Jan. 27	1,136,620	1,030,088	617,694	767,550
Total round-lot transactions for account of members—					
Total purchases	Jan. 27	4,854,667	4,458,215	3,541,421	2,888,285
Short Sales	Jan. 27	872,660	791,430	404,770	401,000
Other sales	Jan. 27	3,856,690	3,753,418	2,569,984	2,766,650
Total sales	Jan. 27	4,729,350	4,544,848	2,974,754	3,167,650
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	Jan. 27	2,199,889	2,089,945	1,547,794	1,893,773
Dollar value	Jan. 27	$127,337,969	$105,461,616	$72,605,329	$94,288,387
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Jan. 27	2,203,239	2,041,772	1,790,807	1,458,678
Customers' short sales	Jan. 27	13,119	13,080	5,858	11,733
Customers' other sales	Jan. 27	2,190,120	2,028,692	1,784,949	1,446,945
Dollar value	Jan. 27	$114,340,529	$97,162,373	$72,951,341	$72,881,528
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 27	675,334	591,660	635,290	351,430
Short Sales	Jan. 27	----	----	----	----
Other sales	Jan. 27	675,334	591,660	635,290	351,430
Round-lot purchases by dealers—Number of shares	Jan. 27	719,320	662,770	383,820	741,330
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	Jan. 27	1,034,440	977,840	507,600	519,970
Other sales	Jan. 27	21,656,560	20,771,530	16,320,420	13,982,300
Total sales	Jan. 27	22,691,000	21,749,370	16,828,020	14,502,270
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Feb. 14	120.0	120.0	119.8	119.2
Farm products	Feb. 14	90.4	*90.6	89.7	86.8
Processed foods	Feb. 14	110.1	*109.9	109.7	105.6
Meats	Feb. 14	98.4	*98.4	97.3	91.5
All commodities other than farm and foods	Feb. 14	128.2	*128.1	128.1	128.6

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of December	3,876,776	4,200,000	7,600,000
Shipments of steel products (net tons)—Month of December	4,116,047	4,516,020	8,211,047
AMERICAN PETROLEUM INSTITUTE—Month of November:			
Total domestic production (barrels of 42 gallons each)	243,511,000	245,419,000	237,067,000
Domestic crude oil output (barrels)	213,992,000	215,687,000	209,339,000
Natural gasoline output (barrels)	29,501,000	29,715,000	27,601,000
Eenzol output (barrels)	18,000	17,000	17,000
Crude oil imports (barrels)	29,980,000	31,458,000	29,421,000
Refined product imports (barrels)	26,664,000	20,989,000	25,458,000
Indicated consumption domestic and export (barrels)	304,833,000	*283,056,000	301,355,000
Decrease all stocks (barrels)	4,678,000	14,810,000	9,409,000
AMERICAN ZINC INSTITUTE, INC.—Month of January:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	77,373	72,933	73,326
Shipments (tons of 2,000 pounds)	61,811	64,272	83,274
Stocks at end of period (tons)	206,372	190,810	144,471
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of January (in millions):			
Total new construction	3,831	4,483	3,813
Private construction	2,751	3,130	2,870
Residential buildings (nonfarm)	1,432	1,702	1,620
New dwelling units	1,053	1,269	1,282
Additions and alterations	289	343	269
Nonhousekeeping	90	90	69
Nonresidential buildings	853	896	773
Industrial	266	265	225
Commercial	338	365	309
Office buildings and warehouses	183	186	167
Stores, restaurants, and garages	155	179	142
Other nonresidential buildings	249	266	239
Religious	82	89	80
Educational	49	52	46
Hospital and institutional	52	52	49
Social and recreational	48	53	45
Miscellaneous	18	20	19
Farm construction	76	83	100
Public utilities	367	426	355
Telephone and telegraph	82	86	71
Other public utilities	285	340	284
All other private	23	23	22
Public construction	1,080	1,353	943
Residential buildings	59	59	58
Nonresidential buildings	379	389	328
Industrial	34	36	35
Educational	235	235	197
Hospital and institutional	27	31	29
Administrative and service	41	43	34
Other nonresidential buildings	42	44	33
Military facilities	113	127	89
Highways	270	507	224
Sewer and water systems	114	112	114
Sewer	65	64	71
Water	49	48	43
Public service enterprises	40	43	35
Conservation and development	84	96	80
All other public	21	20	15
COAL OUTPUT (BUREAU OF MINES)—Month of January:			
Bituminous coal and lignite (net tons)	31,420,000	31,885,000	36,110,000
Pennsylvania anthracite (net tons)	1,825,000	1,724,000	1,634,000
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Dec. 31:			
Total consumer credit	$56,049	$54,626	$52,119
Instalment credit	43,281	42,703	39,852
Automobile	17,866	17,967	16,549
Other consumer goods	11,215	10,715	10,476
Repairs and modernization loans	3,008	3,020	2,784
Personal loans	11,192	11,001	10,043
Noninstalment credit	12,768	11,923	12,267
Single payment loans	4,311	4,301	4,144
Charge accounts	5,187	4,463	5,104
Service credit	3,270	3,159	3,019
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of December:			
Cotton Seed—			
Received at mills (tons)	590,000	*1,495,500	507,200
Crushed (tons)	611,100	*740,000	675,000
Stocks (tons) Dec. 31	2,373,300	2,393,500	2,441,200
Cake and Meal—			
Stocks (tons) Dec. 31	196,600	198,800	110,400
Produced (tons)	286,700	*344,500	311,900
Shipped (tons)	288,900	*313,400	314,600
Hulls—			
Stocks (tons) Dec. 31	71,800	70,000	67,500
Produced (bales)	138,500	*162,700	155,800
Shipped (tons)	136,700	150,600	161,300
Linters—			
Stocks (bales) Dec. 31	193,600	181,700	237,100
Produced (bales)	188,000	*220,600	206,300
Shipped (bales)	176,100	*186,700	196,700
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Dec. 31	19,916,000	19,951,000	20,111,000
Spinning spindles active on Dec. 31	17,471,000	17,507,000	17,709,000
Active spindle hours (000's omitted) Dec. 31	9,426,000	8,178,000	10,157,000
Active spindle hrs. for spindles in place Dec.	377.0	408.9	406.2
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of January	£45,689,000	£24,369,000	£35,970,000
PORTLAND CEMENT (BUREAU OF MINES)—Month of December:			
Production (barrels)	20,505,000	*26,469,000	24,111,000
Shipments from mills (barrels)	14,977,000	*24,961,000	20,328,000
Stocks at end of month (barrels)	35,484,000	*30,095,000	31,328,000
Capacity used (per cent)	56	75	69
RUBBER MANUFACTURING ASSOCIATION, INC.—Month of December:			
Passenger & Motorcycle Tires (Number of)—			
Shipments	6,811,750	7,348,162	6,849,094
Production	7,809,103	7,978,594	8,348,905
Inventory	23,583,253	22,492,834	23,599,172
Tractor Implement Tires (Number of)—			
Shipments	187,092	183,113	214,847
Production	250,954	203,292	274,273
Inventory	991,190	924,764	1,060,758
Passenger, Motorcycle, Truck and Bus Inner-Tubes (Number of)—			
Shipments	2,818,478	2,657,297	3,135,185
Production	2,913,414	2,920,595	3,611,733
Inventory	11,034,355	10,859,375	10,535,652
Tread Rubber (Camelback)—			
Shipments (pounds)	42,645,000	44,057,000	40,067,000
Production (pounds)	40,375,000	44,630,000	39,216,000
Inventory (pounds)	17,990,000	20,012,000	28,968,000
Truck and Bus Tires (Number of)—			
Shipments	851,414	954,902	1,098,667
Production	994,799	1,065,649	1,300,575
Inventory	3,956,841	3,797,265	3,355,382

Reader Challenges Money Definitions of McLaughlin

Continued from page 16

producers are businessmen and have a product to sell. Thus, it should be clearly understood that they have a legitimate complaint to the extent that the government has restricted their rights to the gold they produce. Their gold is their own private property and they have a perfect right to do with it as they please. They are entitled to a free market for gold, just as the onion growers are entitled to a free market for onions. They have a right to exchange their gold for as many of these Federal Reserve Notes as they can get, but they are not entitled to any governmental price-fixing of gold. They are not entitled to any governmental aid to keep them in existence any more than the buggy whip manufacturers were entitled to governmental aid to keep their businesses going when the automobile ruined the buggy-whip makers. But this free market must be a truly free market in which anyone and everyone without exception can enter just as anyone can enter the free market for onions.

One can sympathize with the gold producers for they have been unjustly treated in having their freedom of action proscribed. Unfortunately, in attempting to rectify conditions they utilize the fact that gold is money to bolster their position. In so doing, they come up with arguments which are often contradictory, as explained above.

Also, probably quite unconsciously, they are getting on the socialistic band wagon. When they want the government to fix a "price" of $70 or $100, they are advocating price-fixing. This is a socialistic concept, not a free market one. A market economy demands freely fluctuating prices, not prices stabilized by the government. It is only because prices rise and fall that entrepreneurs know in which direction to apply land, labor and capital.

Does Not Want Central Bank Interference With Price Level

And Mr. McLaughlin's willingness to have the Federal Reserve System have power to keep deflation under control is socialistic. It is not the function of any bank, centralized or not, to interfere with the marketplace. The marketplace is the cornerstone of democracy. It is there where the people rule and they vote for things they want by buying them and vote against things they don't want by not buying them. Any interference by the government, or any agency of the government, in the marketplace is a violation of the people's rights.

Today, the nation finds itself in a position where its fantastically large private and governmental debts have been monetized into circulating debts in the form of Federal Reserve Notes or the equivalent, demand deposits. All of these claims on dollars must ultimately be liquidated either through redemption in dollars, redemption in other forms of wealth, or redemption through repudiation. Tragic though the fact is, it seems fairly certain that much of the redemption will be through repudiation in the forms of bankruptcy. This will be a great price to pay, but it will be far less a price than would be paid if the repudiation takes the form of bankruptcy through redefining the dollar.

We live in a world of natural law, and one of the laws is that everything has a price. We must pay the price of our profligacy. If we take the honest way of keeping the dollar at its present definition not only will the ultimate cost to all be less, but the weakest members of our society —the aged and those on fixed incomes — will not have to pay a disproportionate share of the cost. There is no easy way out of the mess we are in. We are in a position analogous to that of the man who must undergo a serious operation. Instead of gritting his teeth and getting it over with as quickly as possible, he searches for quacks to come up with all kinds of "painless" cures but who only aggrevate his illness. Any attempt to arrive at a "plainless" economic cure by redefining the dollar is economic quackery which will only result in making matters so much worse for all of us that it is incredible that any serious consideration is even given to it.

O. B. JOHANNSEN
825 Walnut St.,
Roselle Park, N. J.

With Burgess & Leith

BOSTON, Mass.—Burgess & Leith, 53 State Street, members of the New York and Boston Stock Exchanges, announced that Winslow H. Duke has joined their organization as a Registered Representative and will be associated with their general sales department.

Dealer Broker Literature

Continued from page 8

Seventh Street, Minneapolis 2, Minn.

Tex Star Oil & Gas Corp.—Analysis—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y. Also available is a report on **General Precision Equipment.**

Texas Gulf Producing Co.—Analysis — Theodore Tsolainos & Co., 44 Wall Street, New York 5, N. Y.

Thermal Research & Engineering —Memorandum—Draper, Sears & Co., 50 Congress Street, Boston 2, Mass.

Times-Mirror Co. — Memorandum —Daniel Reeves & Co., 398 South Beverly Drive, Beverly Hills, Calif.

Waterman Products — Memorandum—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Wickes Corporation — Discussion in February issue of "American Investor"—American Investor, 86 Trinity Place, New York 6, N. Y. —15¢ per copy, $1.00 per year. Also in the same issue are discussions of **Lamb Industries, Inc. Mirro Aluminum Company** and **Clarostat Manufacturing Co.**

Winn Dixie Stores, Inc.—Analysis —Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

Woodward Stores—Report—Ross, Knowles & Co., Ltd., 25 Adelaide St., West, Toronto, Ont., Canada. Also available is a study of **Ventures Limited.**

F. W. Woolworth — Report— Droulia & Co., 25 Broad Street, New York 4, N. Y. Also available is a review of the purchases and sales made by 66 management groups.

Registered Representative

Arthur L. Francisco, Jr. has become a registered representative at Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange. He joined the investment banking and brokerage firm in 1960.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard H. Rue has become connected with Harris, Upham & Co., 523 West Sixth Street. He was formerly with Hayden, Stone & Co. and J. A. Hogle & Co.

DIVIDEND NOTICES

CITY INVESTING COMPANY

980 Madison Ave., New York 21, N. Y.

The Board of Directors of this company on February 15, 1961, declared the regular quarterly dividend of $1.375 per share on the outstanding 5½% Series Cumulative Preferred Stock of the company payable April 1, 1961, to stockholders of record at the close of business on March 17, 1961.

HAZEL T. BOWERS,
Secretary

DIVIDEND NOTICES

CONSOL

The Board of Directors of **CONSOLIDATION COAL COMPANY** at a meeting held today, declared a quarterly dividend of 35 cents per share on the Common Stock of the Company, payable on March 14, 1961, to shareholders of record at the close of business on March 3, 1961. Checks will be mailed.

JOHN CORCORAN,
Vice-President & Secretary
February 20, 1961.

DIVIDEND NOTICES

CYANAMID

AMERICAN CYANAMID COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of eighty-seven and one-half cents (87½¢) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock Series D, payable April 1, 1961, to the holders of such stock of record at the close of business March 1, 1961.

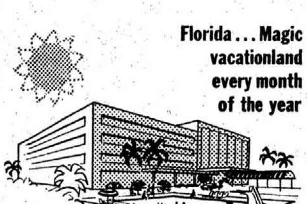
COMMON DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of forty cents (40¢) per share on the outstanding shares of the Common Stock of the Company, payable March 31, 1961, to the holders of such stock of record at the close of business March 1, 1961.

R. S. KYLE, *Secretary*

New York, February 21, 1961.

Florida . . . Magic vacationland every month of the year



DIVIDEND NOTICE

FLORIDA POWER & LIGHT COMPANY

P.O. Box 1-3100 • MIAMI, FLORIDA

A quarterly dividend of 25c per share has been declared on the Common Stock of the Company, payable March 21st, 1961 to stockholders of record at the close of business on February 24th, 1961.

ROBERT H. FITE
President

Florida . . . Unexcelled Climate for Business and Industry!

DIVIDEND NOTICES

SERVING HOME AND INDUSTRY WITH ESSENTIAL BASIC PRODUCTS

EASTERN GAS AND FUEL ASSOCIATES

DIVIDENDS

COMMON STOCK — A regular quarterly dividend of 40 cents a share, payable March 28, 1961 to shareholders of record February 27, 1961.

4½% CUMULATIVE PREFERRED STOCK — A regular quarterly dividend of $1.12½ a share, payable April 1, 1961 to shareholders of record February 27, 1961.

R. P. TIBOLT, *President*
250 Stuart St., Boston 16, Mass.
February 16, 1961

Our stock is listed on the New York Stock Exchange. Symbol is EFU.

KENNECOTT COPPER CORPORATION

161 East 42nd Street, New York, N.Y.

February 17, 1961

At the meeting of the Board of Directors of Kennecott Copper Corporation held today, a cash distribution of $1.25 per share was declared, payable on March 23, 1961, to stockholders of record at the close of business on February 28, 1961.

PAUL B. JESSUP, Secretary

Public Service Electric and Gas Company

NEWARK, N. J.

QUARTERLY DIVIDENDS

The Board of Directors has declared the following dividends for the quarter ending March 31, 1961:

Class of Stock	Dividend Per Share
Cumulative Preferred	
4.08% Series	$1.02
4.18% Series	1.045
4.30% Series	1.075
5.05% Series	1.2625
5.28% Series	1.32
$1.40 Dividend	
Preference Common	.35
Common	.50

All dividends are payable on or before March 30, 1961 to stockholders of record March 2, 1961.

J. IRVING KIBBE
Secretary

NJ PUBLIC SERVICE
CROSSROADS OF THE EAST

DIVIDEND NOTICES

TEXAS GULF SULPHUR COMPANY

158th Consecutive Quarterly Dividend

The Board of Directors has declared a dividend of 25 cents per share on the 10,020,000 shares of the Company's capital stock outstanding and entitled to receive dividends, payable March 15, 1961, to stockholders of record at the close of business February 27, 1961.

HAROLD B. KLINE,
Secretary.

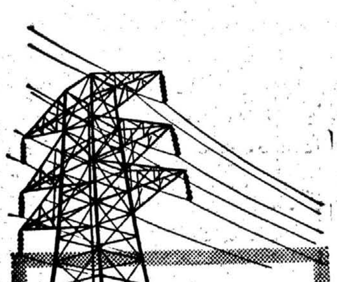
TEXAS UTILITIES COMPANY

DIVIDEND NOTICE

The Board of Directors today declared a dividend of 52 cents per share on the Common Stock of the Company, payable April 3, 1961 to stockholders of record at the close of business March 1, 1961.

D. W. JACK
Secretary

February 17, 1961



Southern California Edison Company

DIVIDENDS

The Board of Directors has authorized the payment of the following quarterly dividends:

ORIGINAL PREFERRED STOCK
Dividend No. 207
65 cents per share;

CUMULATIVE PREFERRED STOCK, 4.32% SERIES
Dividend No. 56
27 cents per share.

The above dividends are payable March 31, 1961, to stockholders of record March 5. *Checks will be mailed from the Company's office in Los Angeles, March 31.*

P. C. HALE, *Treasurer*

February 16, 1961

Edison

Cities Service

COMPANY

Dividend Notice

CITIES SERVICE

The Board of Directors of Cities Service Company declared a quarterly dividend of sixty cents ($.60) per share on its Common Stock, payable March 15, 1961, to stockholders of record at the close of business February 27, 1961.

February 17, 1961. FRANKLIN K. FOSTER, *Secretary*

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—A dozen major cities in effect controlled the 1960 Presidential election. Because the election was so very close, a whole series of measures designed to reform the electoral system have been introduced in Congress.

There appears to be substantial interest in thorough-going election reforms. Various members of the Senate and House have received considerable mail and personal solicitations from constituents suggesting that some changes be made.

A great need for overhauling our Presidential election and the Electoral College in particular appears, but the reform proposals seemingly have little or no chance of passage by Congress this year. Nevertheless, a large legislative body is unpredictable on many things. Therefore, sentiment might grow and Congress could give the pending proposals serious study by 1962.

John F. Kennedy was elected by the smallest proportionate plurality of any President in the history of our nation. Nevertheless, he rolled up an impressive margin of 84 electoral votes over Richard M. Nixon.

Direct Vote

Perhaps the proposals of Senate Majority Leader Mike Mansfield, Democrat of Montana, and Senator Margaret Chase Smith, Republican of Maine, among others, favor election of the President and Vice-President by a direct vote.

Senator Smith's proposal would require a run-off election if no candidate obtained a majority. Of course, that would have been the case in 1960 as President Kennedy did not chalk up a majority over the various independent slate of electors, etc.

The 1960 electoral vote was: Kennedy 303, Nixon 219 and Senator Harry F. Byrd, Democrat of Virginia, 15. Senator Byrd, who was not a candidate for the Presidency, obtained all the electoral votes of Mississippi, and some of the Alabama electors.

The existing Electoral College system provides, of course, that the candidate who obtains a majority of the votes in the state captures all electoral votes. Because of this system, it has been traditional down through the years in some one-party states whereby many people would not bother to vote on the assumption that their vote would be worthless.

The **Congressional Quarterly**, after doing considerable research, said that records show that the framers of the constitution never expected that the winner-take-all system would be used in casting each state's electoral votes. The **Quarterly** said in the early years of the Republic a more popular system was in effect. Electors were elected from districts, similar to Congressional Districts. The system lost ground and finally faded out because states using the district system found their influence diluted when other states cast their electoral votes in blocs.

Mundt's Proposal

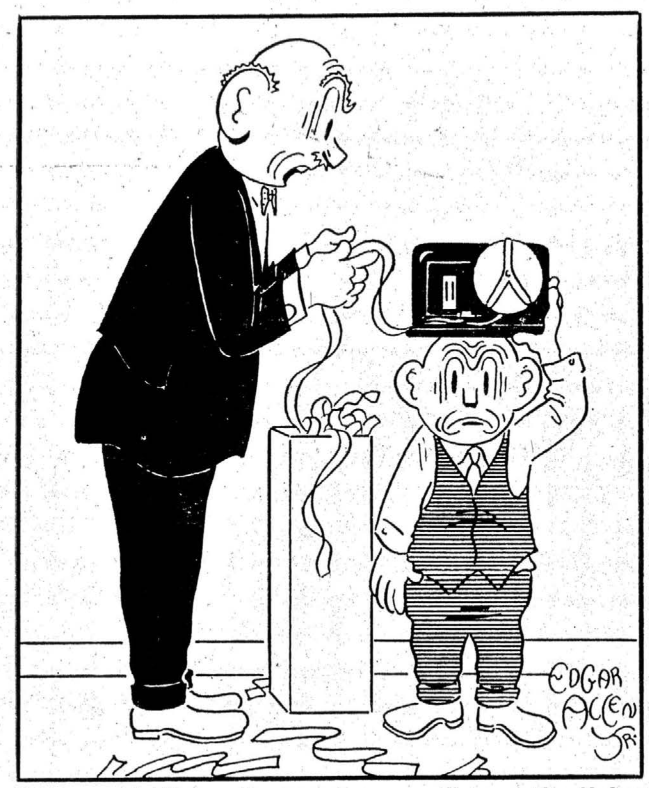
Although something should be done to change the antiquated system, it is not going to be easy. There is no perfect system. Senator Karl Mundt, Republican of South Dakota, introduced a constitutional amendment calling for a district system. His proposal would require that the new elector districts be composed of contiguous and compact territory with population as nearly equal as possible.

"It is hard to tell what the result of an election from such districts would have been possible in 1960," said the Quarterly, "but using the currently constituted (and sometimes gerrymandered) Congressional districts, the result is: Nixon 279 electoral votes, Kennedy 244, Byrd 14."

Many election reform proposals have been introduced down through the years. The close election last November tended to arouse renewed interest.

"Serious obstacles face any reform proposal, however," said the **Quarterly**. "Many liberals oppose any reform which might reduce the great bargaining power they believe minority groups in the great states enjoy under the 'winner - take - all' electoral system currently in effect. Southern Democrats often oppose direct election because of low voting participation in the Southern states. Small states are fearful of any reform which might deprive them of the advantage they enjoy in two electoral votes.

"Thus, reform is unlikely until the backer of some reform can persuade both liberals and conservatives, Northerners and Southerners, Republicans and Democrats, that their vital interest will not be endangered."



"Stop grumbling—the repair man will have the ticker stand back any minute now!"

No Fool-proof System

A direct vote of the people for President would be the only way to insure that the popular vote winner would not lose in the Electoral College. The other plans are so-called compromise plans. Electoral votes do not represent an equal number of popular votes. Thus, there will always be the chance in the future, as there has been in the past, for the winner of the popular vote to lose the election.

There is general agreement among students of political science that our Electoral College procedure is badly in need of reform, but no general agreement as to an acceptable plan for the change.

Many students feel that a reform amendment along the lines of the original so-called Lodge-Gossett amendment, first voted on in Congress in 1950, has sound merit. Had it been in effect for the 1960 election, the outcome would have been the same, but the electoral vote would have been much closer, reflecting the close popular vote.

Under this plan, the electoral vote of each state would be divided proportionately to the popular vote of the state. The plan would further reduce the possibility of a candidate's receiving a plurality of the popular vote and failing to win a majority of the electoral votes.

There is no question that strongly organized groups, wherever they are active in large states, exercise an influence all out of proportion to their actual numerical vote. When one closely organized group can become the balance of power in a critical state, naturally they are in a position to make the strongest demands upon candidates and parties.

[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.]

COMING EVENTS

IN INVESTMENT FIELD

Feb. 24, 1961 (Houston, Tex.)
Stock & Bond Club of Houston annual field day at the Champions Golf Club.

Feb. 24, 1961 (Philadelphia, Pa.)
37th Annual Mid-Winter Dinner in the Grand Ballroom of the Bellevue Stratford Hotel.

Feb. 27-28, 1961 (Pittsburgh, Pa.)
Association of Stock Exchange Firms, Winter meeting of the Board of Governors at the Hilton Hotel.

March 9, 1961 (Chicago, Ill.)
Investment Analysts Society Midwest Forum.

March 26-31, 1961 (Philadelphia)
Institute of Investment Banking, Wharton School of Finance & Commerce.

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

April 12-14, 1961 (Houston, Tex.)
Texas Group Investment Bankers Association of America 26th annual convention at Shamrock Hilton Hotel.

April 21, 1961 (New York, N. Y.)
Security Traders Association of New York annual dinner at the Grand Ballroom of the Waldorf Astoria.

April 29-May 3, 1961 (Richmond, Va.)
National Federation of Financial Analysts Societies 14th annual convention at the John Marshall Hotel.

May 1-3, 1961 (Philadelphia, Pa.)
National Association of Mutual Savings Banks 41st annual conference at the Penn-Sheraton Hotel.

May 8-9, 1961 (St. Louis, Mo.)
Association of Stock Exchange Firms — Spring meeting of the Board of Governors.

June 15, 1961 (New York City)
Investment Association of New York annual outing at Sleepy Hollow Country Club.

June 22-25, 1961 (Canada)
Investment Dealers Association of Canada annual meeting at Jasper Park Lodge.

Oct. 9-10, 1961 (Denver, Colo.)
Association of Stock Exchange Firms, Fall meeting of Board of Governors at the Brown Palace Hotel.

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.

Dec. 4-5, 1961 (New York City)
National Association of Mutual Savings Banks 15th annual midyear meeting.

May 6-9, 1962 (Seattle, Wash.)
National Association of Mutual Savings Banks 42nd annual conference at the Olympic Hotel.

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

April 27-May 1, 1963 (Boston, Mass.)
National Association of Mutual Savings Banks 43rd annual conference at the Hotel Statler.

Calif. Investors Branch

SAN BERNARDINO, Calif.—California Investors has opened a branch office at 1757 D Street under the management of Lloyd R. Chinn.

Joins Sellgren, Miller

SAN FRANCISCO, Calif. — Karl L. Falconer has joined the staff of Sellgren, Miller & Co., 333 Pine Street. He was formerly with Harris Upham & Co.