Editorial

The topic of conversation wherever two or three business analysts are gathered together is now not how much worse business will get before it gets better but rather how much further the recovery will go, how much better the second half of this year and the year, 1962, will be. Of course there are differences of opinion now as always when attempts are being made to peer into the economic future, but the change in general sentiment is clear. The change is significant for several important reasons, among them the fact that the actual effect of the anti-depression programs of the Administration is still to be felt. There can be little or no doubt now that the proposals of the Administration will become law in sufficient number to add quite substantially to the Federal budget and the Federal deficit.

Such a situation always is a threat to stability of prices and normal, healthy development of business. It is especially so at the present time in view of the weight the powers that be evidently assign to a reduction in unemployment and to the inducement of greater economic growth at almost any price. The outlook is certainly not conducive for success in the marketing of large additional amounts of Federal debt among bona fide investors rather than directly or indirectly in the commercial banks. Revival of business on an important scale requires stimuli that demand for investment funds where better yields are to be had than on government obligations.

Bailing Holders Out

The fact is that the recent changes in Federal Reserve policy which has led the Reserve banks into the long-term governments market is already giving broad hints about what may happen if and when there is a vigorous upturn in general business. The Reserve banks have succeeded chiefly in providing an opportunity to holders of long-term governments to unload in preparation for a turn to other types of invest—

(Continued on page 32)

PUBLIC UTILITY INDUSTRY ISSUE

JAPANESE SECURITIES

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Volume 193 Number 6064 New York 7, N. Y., Thursday, June 15, 1961 Price 50 Cents a Copy

THE COMMERCIAL AND FINANCIAL CHRONICLE

ESTABLISHED 1859


Former AEC general manager predicts competitive atomic power’s achievement in our high-cost fuel areas prior to AEC’s 1966 target date. Moreover, he is "reasonably optimistic" it will invade the 25-30 cent per million Btu or medium-cost fuel areas in the early 1970s—about half at the utility market, and offers other longer ranging projections. General Nichols’ survey describes beneficial factors affecting the atomic industry as well as the detrimental ones, and urges private utilities to support atomic power if they are to influence the extent and nature of the government’s participation in the program. I plan to discuss the prospects, both short-range and long-range, for atomic power. From a short-range point of view I plan to discuss how soon we can look forward to having atomic plants in the 300-400 megawatt range on a competitive basis with fossil fuel power stations in high-cost fuel areas of the United States. I also plan to discuss some of the factors that affect both the short-range and the long-range prospects for atomic power.

Looking at the short-range prospects first, only two reactor types, gas-cooled reactors, and water-cooled graphite reactors, will be considered. These three types are the only ones that have reached the point where sufficient data are available now. When both a construction and operation point of view, to base sound estimates of cost for producing power.

Prior to discussing these three types I would like to define in general terms, the basic factors concerning whether atomic power is or is not competitive with fossil fuel in high-cost fuel areas. For a high-cost fuel area I refer to fuel costs of 35c or over per million Btu. In the United States, primarily in the New England and California areas, many megawatt units of power are now generated with fuel costs of 35c or over per million Btu. This high fuel price as compared to the rest of the country is due to the distance of these areas from good sources of fossil fuel and the resulting increased cost due to transportation. Of this large block of power more than 10 million kilowatts are produced in plants of 300 megawatts or over. Hence, if atomic power plants of this size can compete in these areas there would be a sizable market for such plants.

In comparing atomic power plants with fossil-fuel plants I have considered annual fixed charges at 14% and the use factor at 80%. I recognize that some will consider a use factor of 80% as too high, but that figure seems to have general acceptance for comparative purposes and I have assumed it for this discussion.

Experience Abroad

In considering the three types of reactors for which extensive experience is available, let us first look at the gas-cooled natural uranium. This type of plant has been developed primarily in England and in France. In England we have had operating experience for the Calder Hall plant since 1956. Moreover, the program has been of sufficient size to acquire reasonable cost data for construction of large plants. The most up-to-date data pertain to the Bradwell Station, the first unit of this type in the world and is due to be critical this month. This plant consists of two units and will produce 330 megawatts gross—350 megawatts net—when in full operation in mid-1962. The cost of this plant is in the region of $1.1 billion which is a cost of $940.00 per kilowatt for the gross installed capacity or $1,040.00 per kilowatt net installed. These high capital costs, even with anticipated future reductions, (Continued on page 35)
The Security I Like Best...

Edward H. Bradford

The Commercial and Financial Chronicle... Thursday, June 15, 1961

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1958, Vol. 31, No. 1

Cleveland, Ohio

Thursday, June 15, 1961

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Edward H. Bradford

Vice-President, Research, Inc., Boston, Mass.

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of the San Juan development, costs are to be shared in exchange for participation in discoveries. The deal in this instance is with Santa Fe and Broken Hill. If the acquisition of the mining leases, seismic tests, or surface studies bring out a commercial vein, the criterion of the deal is that both investors will share the profits.

Many investors are speculating on the possibility of finding a large enough deposit to make the company profitable. If the speculators are correct, the stock will leap like a startled kangaroo. If this thought, though, is speculative, it is hard even for an analyst to suppress.

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Aiming for the Future and Thwarting Nationalization


Reported Administration’s plans to nationalize electric power, the acquisition of ample private financing for industry’s continuing expansion, and the enlargement of power pools are some of the largest problems facing the industry, according to retiring President Knapp. The trade association’s spokesman, who also is President of a combination gas and electric company, appeals for greater contributions to be made in the public interest and calls for more public member support of the “Live Better Electrically Program” forecasts education on the benefits of private power and greater altruism in advertising new investors.

On June 4, I had the distinct privilege and honor of participating in the ceremonies which marked the birth of the Thomas Alva Edison in the Hall of Fame. It was an impressive ceremony in which many notable people took part. My brief role as a representative of the Edison Electric Illuminating Company consisted of the presentation of the Edison bust, and I think this presentation would be appropriate for me to repeat some of the comments which I made in connection with the presentation.

“For thousands of years before Edison discovered the first electric light system, men had lived without the growth of the electric light. But when Edison electrified the world, he meant that every man, woman, and child would be able to see and be useful in any field of endeavor. The world has come to see that Edison’s invention was a happy experience for mankind.”

Sherman R. Knapp

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Pictures in this Issue: Candid photographs taken at the Annual Outing of the Municipal Bond Club of New York appear in today’s Pictorial Section.

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OBSERVATIONS...

BY A. WILFRED MAY

FURTHER INTO DEMOCRACY'S DOG-HOUSE

The Letters to the Editor Department of the New York Times last week (June 4) published a proposal that in view of the punctuality and efficiency of European railroads, we should bring our technicians over here to show our operators how properly to run a railroad. This would be tied to our foreign aid program, on a sort of "reverse Lend Lease" arrangement.

Insult Added to Injury

Unfortunately this represents a too widespread misconception of the deep-seated and long-lasting nature of the plight of our railroads. Specifically overlooked in its stemming from the pressure-group structure of our democracy. On both the local and national levels, the usual ingredients are easy meat for the friendless political dog-house.

On the nation-wide level, as is frequently pointed out without result, abusive taxation including discriminatory depreciation rules; the ICC's hampering "in prescribing minimum as well as maximum prices for service;" injurious subsidy policies; and maximum feather-bedding having resulted.

Collisions on the Lower Level

The rough treatment accorded our rail carriers can be more clearly appreciated at the local level. Riding down to New York City from Westchester with the President the other night we were driven on the carpet. The $600 million worth of bridges and tunnels built by the Triborough Bridge and Tunnel Authority under the aegis of Robert Moses are magnificently designed and a communal necessity; but are not charged a penny in property taxes. Furthermore no income tax is paid on the $23 million of their annual earnings.

The bridges and tunnels which the Triborough Bridge and Tunnel Authority is not responsible, namely the George Washington and Hell Gate Bridges and the Holland Tunnel, are operated by the Port Authority. They pay no property taxes. And likewise the Authority's income from various sources, some of which are directly competitive with rail transportation, is tax-free. For example, the Authority's truck terminal not only pays no property taxes of any kind, but also the user charges levied on the truck companies do not even pay state property taxes. Although the Port Authority has in a manner to some railroad operators, it has always washed its hands of any responsibilities in rail transportation.

The discrimination in the levying of property taxes is demonstrated in the case of the New York Central's bridge over the Harlem River, which is paid for exclusively by passenger service. In several cases the Mayor-Deegan Highway built underneath, at the request of the Governor, was paid for by the Federal Government and taxes levied on the Central, which had been $70,000 per year, were immediately and automatically charged to the bridge when the bridge was built back to it.

Discriminatory Property Taxation

The New York Times in their editorial of May 26, Target also at the State level, is taxation on the right-of-way. In New York the Central's taxes are approximately $100,000 per year, but railroad property is assessed at 100% of value, whereas property owned by others is assessed at a substantially lower percentage. This discrimination has been recently ended in New York, via legislation stimulation by Governor Rockefeller and Mayor Wagner.

The Favorited Thruway Competitors

The new state thruways may be the most promising of the New York State Thruways, they have very large amounts collected from its users that are used to pay for the various parcels making up the Thruway when they were privately owned. The owners of the thruways which parallel the New York Central on the same properties to be used for the thruway came off the local tax rolls, the various commuter counties naturally wanted to save at least the amount of total taxes, and sometimes more than they had before. So they put on other property owners the amount of taxes which they lost when the Thruway property became exempt. However, the cases have been the New York Railroad is the main spur line in the community; so it is saddled with the highest burden of the tax load for a facility under government control in direct competition with it.

Utilitarianism and the Railway Policy

When railroad property is sold or tracks retired, in many cases where property owners are the tax rolls for a certain value when it is assessed, the tax under the assessment when it is owned by a non-property owner, the individual is cut substantially. When tracks are retired from the right-of-way, the railroad should be in line with the railroad liability in the remaining parcels of railroad property in that taxing district.

So we ask: must the pyramid-shaped sabotaging of the roads at the federal levels ultimately lead to nationalization—in which a man is thrown in to "make the trains run on time?"

THE DISILLUSION

Switching by individuals of their economic and social creeds seems to have developed quite in number and degree. Sometimes this rebellion has developed the conclusion relative to the community, whose ideology rather than that of the individual has altered. Often, too (as perhaps applicable to the second case) there have been results from a shift in the individual's beer, his economic assistance responsibility (viz., the German and nativist movements, etc.); but, the same result, more often, the same result, alienation, in any event, two instances of partially existing ideological-switching have just been mentioned in this area.

One of these changes in philosophy is reflected in a formal comment by Mariner S. Eccles in the forthcoming report by the top-flight Commission on Money and Credit, bankers who aggressively served under both Presidents Roosevelt and Truman as Chairman of the Federal Reserve Board from 1936 to 1946, is a member of the committee which, aided by a Ford Foundation grant, has been working in cooperation with the liberal C.E.D. (The Committee for Economic Development).

Statement in 1961

The following statement reveals Mr. Eccles' present monetary philosophy thus: "In general, I subscribe to the recommendations of the Report. However, I have grave doubts that it will prove adequate to achieve our economic goals which it seeks. The special weakness in the Report is that it fails to give adequate consideration and weight to the optimizing effects of the nonmonoplastic power exercised by organized labor. It is unrealistic to gloss over the effects of its actions on prices, import, exports, employment, rate of growth, and the disability in our international balance of payments. Wages and fringe benefits of union labor. I believe the structure of the competitive markets to be and as domestic markets. Until the government recognizes the seriousness of this situation and passes legislation which adequately, organized labor not only draws from the economy benefits in excess of increased income, undermines our ability to compete with the world, as well as domestic markets. If the government recognizes the seriousness of this situation and passes legislation which adequately, organized labor not only draws from the economy benefits in excess of increased income, undermines our ability to compete with the world, as well as domestic markets.

In the New and Fair Deal Years

Typical of the same Mr. Eccles' views toward labor and business during his New Deal, his support has given to John L. Lewis, President of the United Mine Workers Union, in his plea for a reduction through his organization of the National Labor Relations Act, for a longer work week. A la Deegan maybe can be called upon by the conservative Senator Byrd, in which his widely publicized letter demanded "a higher standard of living for the working man."

New Arrival

Our other Switcher - of the Chamber of Commerce, the junior Senator from Wisconsin, William Proxmire, who swooped down on the legislative scene with so much Fair Deal enthusiasm. His vigorous crusade against "liberalism" and "frontier-capitalism" certainly carried through to the Democratic Convention last July.

Since then he has arrived at the position of registering a formal dissent from the opposing majority opinion of his Democratic colleagues on the Joint Economic Committee. In his dissention he had the Joint Economic Committee's report, he said (as would be the target of the "liberals," the N.A.M.) the following bearing on the government spending - taxing - compensatory fiscal philosophy: "Expressed as a percentage of gross national product, the Federal Government consistently ran heavy deficits for ten consecutive years from 1931 through 1940. These deficits averaged 4% of G.N.P. in the period...."

In one practical matter, this policy is simply no longer going to be sold to the Congress or the people of the United States in a time of relatively prosperity in spite of the approximately $200 billion to be spent by the Federal Government. When the country is at peace and employment is at a near record high, prudent men will not adopt a policy that argues for additional governmental deficits in themselves.

In fact, the concept of continuing such independence to legislative deliberations, the new free-economy wishes to be associated with the controversy to the letting-to-the-people of the New York Times, mix-it-up there with Professor Alvin Hansen, a dean of the compensatory-fiscal boys and his former teacher at Harvard. The Free Enterprise System, as the author of a practically a full column devoted to the previous the enterprise paragraph: "The steady, relentless climb in government spending, especially if accompanied by massive tax deficits constitutes a growing challenge to freedom in this nation."

Will the young Mr. Proxmire be pleased with the results? Continued on page 46

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June 15, 1961

Phone: Wm. 3-1900
Analysis of Political and Economic Climate Ahead

By Dr. Emerson P. Schmidt, Director, Economic Research Department, Chamber of Commerce of the United States

A crisis call to devotes of freedom to engage in the public debate of the total-state issue is sounded by Dr. Schmidt. In predicting that the deviation from the ideals that dominate national income by 1978, the business group's economist equates the achievement of limited government to aroused, articulate and well-informed freedom-proponents. He warns that unless the latter arise and participate in public debate they as well as limited government will be vanquished. Carefully spelled out are the why, how, what and where of government power and the work that has been done by his group and others to generate national interest in preserving our freedom and improving our political and economic climate.

Although our exports or our imports amount to less than 5% of our Gross National Product and we are one of the more self-sufficient nations, we have neverrowtered into a position under which foreign affairs and our domestic political and intellectual endeavors now dominate and will continue to dominate our domestic political and intellectual endeavors. Our national position is a weak one in the economic, political and moral spheres.

Any discussion of the political and economic climate ahead must be concerned with both domestic and foreign factors. Even if one were to conclude that the political and economic atmosphere abroad is deteriorating and generating, the disease may not be fatal. Such pessimism need not lead to despair for at least we have some advantages.

1. Trends rarely persist in one direction indefinitely; they may plateau or reverse; and in some cases, conscious action can be effective.

2. Our system, in which the government has a national role, is constitutional, and thus can be thwarted only through a constitutional amendment. The nature of the amendment is such that the economic climate will be improved; the political climate will be improved. The policy climate will be improved. The economic climate will be improved.

The Goals of Economic Policy and the Goals of the Goals of Economic Policy

(1) Economic freedom

(2) Over-all economic efficiency

(3) Economic growth

(4) Economic stability

5. Remarks

This comes to the opposite conclusion on key matters, with former President Eisenhower's national mobilization on goals. This draws the line between "public" goals and government goals. These are government goals, they may or may not be fought with. If they are in conflict, they may be more or less conflicting goals, they may be more or less conflicting goals.

But any such enlargement of government power is fraught with danger. We should not depart from the basic function of government, which is to protect and defend our freedom and control of our personal liberties. The power of government is not the power of freedom, it is the power of government. And the power of government is the power of control, not the power of freedom.

If government power is increased, we must be careful to see that we do not lose the freedom that we have. It is not enough to say that if we have more government power, we will have more freedom. We must be careful to see that we do not lose the freedom that we have.

Monopolistic Approach

Those who want bigger government will do more for the people (or who want to earn more) than the people who want smaller government. They will do more for the people (or who want to earn more) than the people who want smaller government. They will do more for the people (or who want to earn more) than the people who want smaller government.

We have been blessed in the area of economic freedom, and we must not lose it. We must not lose it. We must not lose it.
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June 14, 1961 Index=3.386%
### ISSUES, AMOUNTS, RATES, MATURITIES AND YIELDS OR PRICES

<table>
<thead>
<tr>
<th>Issues</th>
<th>Amounts</th>
<th>Rates</th>
<th>Maturation</th>
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<tr>
<td>$200,000 Revenue Bonds—1925, Series E</td>
<td>$20,000</td>
<td>3%</td>
<td>July 1, 1925</td>
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<td>$100,000 School Bonds—1964, Series F</td>
<td>$10,000</td>
<td>2%</td>
<td>July 1, 1964</td>
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<td>$2,500,000 Alpens Bonds—1935, Series D</td>
<td>$500,000</td>
<td>3%</td>
<td>July 1, 1935</td>
<td>3.00%</td>
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#### Payment and Registration

Principal and semi-annual interest (January 1 and July 1) payable, at the option of the holder, at the office of the Treasurer of the City and County of San Francisco, California, or at the fiscal agency of the City and County in New York, N.Y. Coupon bonds in denominations of $1,000 registrable only as to both principal and interest.

#### Tax Exemption

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

#### Legality for Investment

We believe that these bonds are legal investments in New York for savings banks and trust funds, in Connecticut for savings banks, and in California for savings banks, subject to the legal limitations upon the amount of a bank's investment, and are likewise legal investments in California for trust funds and for other funds which may be invested in bonds which are legal investments for savings banks and are eligible as security for deposits of public money in California.

#### Purpose and Security

These bonds, issued under provisions of the Charter of the City and County of San Francisco and the laws of the State of California for various purposes, in the opinion of counsel constitute valid and legally binding obligations of the City and County of San Francisco and the Board of Supervisors thereof has power and is obligated to levy ad valorem taxes for the payment of said bonds and the interest thereon upon all property within said City and County of San Francisco subject to taxation by said City and County (except certain intangible personal property, which is taxable at limited rates), without limitation of rate or amount.

#### Tax Exempt, Amortization of Premium

These bonds will be initially issued by the above named political subdivision at not less than their par value, and a taxable gain may accrue as bonds purchased at a discount. Investors are required under existing regulations to amortize any premium paid thereon.

#### Legal Opinion

The above bonds are offered when, as and if issued and received by the underwriters listed below, as well as other underwriters not shown whose names will be furnished on request, and subject to approval of legality byMessrs. Quick, Bihl, Metcalf, Beverly & Sullivan, San Francisco, California, a copy of whose legal opinion will be printed on each bond.

---

**Bank of America N. T. & S. A.**

**The First National City Bank**

**Blyth & Co., Inc.**

**Lehman Brothers**

**Harriman Ripley & Co.**

**Incorporated**

**Wells Fargo Bank**

**American Trust Company**

**Crocker-Anglo National Bank**

**Incorporated**

**C. Haas & Co.**

**Phelps, Forn & Co.**

**Merrill Lynch, Pierce, Fenner & Smith**

**Paine, Webber, Jackson & Curtis**

**Shields & Company**

**Reynolds & Co.**

**Incorporated**

**J. Barth & Co.**

**Sears, Roebuck & Co.**

**Bacon, Whipple & Co.**

**The Boatswain's National Bank**

**Clark, Dodge & Co.**

**F. S. Meade & Co.**

**New York Hanseatic Corporation**

**Schwarz & Co.**

**Incorporated**

**William Blair & Company**

**Eldredge & Co.**

**The Illinois Company**

**Kean, Taylor & Co.**

**A. M. Kinder & Co., Inc.**

**National Republic Bank**

**Stone & Youngberg**

**Trust Company of Georgia**

**Incorporated**

**James A. Andrews & Co.**

**Dempsey-Tegeder & Co.**

**First Southwest Company**

**Fitzpatrick, Sullivan & Co.**

**J. A. Hege & Co.**

**Model, Roland & Stone**

**Northwestern National Bank**

**Incorporated**

**Win. E. Pollock & Co., Inc.**

**Store & Co.**

**Wells & Callow**

**Brush, Stelmach & Co., Inc.**

**City National Bank and Trust Company**

**A. G. Edwards & Sons**

**Industrial National Bank of Providence**

**Incorporated**

**Kalmus & Company, Inc.**

**The National Bank of Commerce**

**The Provident Bank**

**Ditmer & Company, Inc.**

**Ginther & Company**

**G. C. Hase & Co.**

**Hooker & Foy, Inc.**

**Hutchinson, Shockey & Co.**

**Kenner, Mackrath & Co.**

**Lawson, Levy, Williams & Stern**

**Irving Lumbard & Co.**

**Seaver & Moore & Co.**

**Shuman, Agnew & Co.**

**Stern, Lauder & Co.**

**Thornton, Mather, & Gurnett, Inc.**

**J. R. Williscroft & Beane**

**The Continental Bank and Trust Company**

**Granberry, Marsh & Co.**

**Mid-South Securities Co.**

**Irving & Rice & Company**

**Rodman & Renshaw**

**State Street Bank and Trust Company**

**Underwood, Neubert & Co.**

**Davis, Seagroves & Co.**

**Hill Richards & Co.**

**Incorporated**

**Slate, Necker & Co.**

**Walter Stokes & Co.**

**Soto & Co.**

**R. D. White & Company**

**Arthur L. Wright & Co., Inc.**

**Cavalier & Otto**

**Eitken, Morris, Stokes & Co.**

**Wagnerman & Durst, Inc.**

**C. N. White & Co.**
DEALER-BROKER
INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Attractive Lazard—Survey with historical background to 15 Union Securities & Co., 15 Federal Reserve Bank of St. Louis.


Canadian Oil Companies—Memorandum.—McCleod, Young, Weir & Co., 17 Wall Street, West, Toronto 1, Ont., Canada.


Cyclical Stocks—Survey with particular reference to Caterpillar Tractor, Chicago Pneumatic Tool, Ingersoll Rand, National Service, Texas Utilities, General Acme.—Thompson & McCon-

ronald.—Cherry Bank—Review.—C. Henner, New & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on Curitiba.

Chevron Texaco.—Analysis—J. R. Williston & Beane, 2 Broadway, New York 4, N. Y. Also available is an analysis of Exxon.

Chrysler.—Analysis.—D. Jones & Co., 26 Wall Street, New York 5, N. Y. Also available is an analysis of the current economic situation entitled "Up From the Depths."

Financial General Corp.—Memorandum.—Peabody, Stores, 44 Wall Street, New York 5, N. Y. Also available is a bulletin on Curtiss.

Firestone Tire & Rubber Co.—Analysis—Schweickart & Co., 29 Broadway, New York 4, N. Y. Also available is a bulletin on General Motors.

Frost.—Analysis.—R. & B. Co., 122 South La Salle St., Chicago 3, Ill. Also available is an analysis of General Electric Engineering Co.

General Tire.—Memorandum.—Peabody, Stores, 44 Wall Street, New York 5, N. Y.


New England Insurance Reports.—Purcell, 44 Broadway, New York 4, N. Y. Also available is a bulletin on Pacific States.


Salada Shirriff Horsey Ltd.—Memorandum.—B. C. Barth & Co., 120 Broadway, New York City 5, N. Y. Also available is a study of Amerada Petroleum and War- ren.

Rossel Sterling Canners, Inc.—Analysis.—Blaise Corner, 110 Broadway, New York 5, N. Y. Also available is a report on Tappan Co.


Southwestern States Telephone Company—Annual report—Southwestern States Telephone Co., 100 Montgomery St, San Francisco 4, Calif.

Stewart Warner.—Report.—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a memorandum on Merchants Fast Etan.

Sunstrand Corp.—Memorandum.—Dean Witter & Co., 45 Mont- 

tana City.—Parker, 44 Broadway, New York 5, N. Y. Also available is a review of the construction industry in the area served—United Power & Light Co., D. H. White, Mgr. Sales and Marketing, Dept A-5, Salt Lake City 10, Utah.

U. S. Servicera.—Report.—Loewi & Co., Inc., 235 East Mason St, Milwaukee 2, Wis.

Upper Canada Mines Ltd.—Report.—Doherty Rondhouse Co., 335 Dufferin St., Toronto 1, Ont., Canada.

Van Waters & Rogers Inc.—Analysis.—C. A. Saxton & Co., Inc., 150 Broad St., New York 1, N. Y.


Western—Memorandum—Brune, Nordeman & Co., 115 Broadway, New York 6, N. Y.

Wallace Properties Inc.—Analysis.—Parker, Ford & Company, Inc., 44 North Bldg., Dallas 1, Texas.

Western Telephone Co.—Annual report—West Coast Tele- phone—44 Broadway, New York 5, N. Y. Also available is an analysis of the current economic situation entitled "Up From the Depths."

Narragansett Electric Co.—Analysis—Bache

Shearson, Hamill & Co. 14 Wall St., New York 5, N. Y. Also available is a report on Tappan Co.


Washington.—Memorandum.—Peabody, Stores, 44 Wall Street, New York 5, N. Y. Also available is an analysis of the Glass Container Industry, Socony Mobil Oil Co., United States Mining Co., and Standard Electric Corp., and a memorandum on the availability of Petrochemicals.

Yale & Towne.—Memorandum.—Peters, 1 Broadway, New York 4, N. Y. Also available is an analysis of the Construction Industry with particular reference to Construction and Mining Co., Arthur G. Mc Kee and Co., Kaiser Indus-
**New Issue**

**June 9, 1961**

**$60,400,000**

**City of New York**

**3.60% Serial Bonds**

<table>
<thead>
<tr>
<th>AMOUNT DUE EACH YEAR</th>
<th>YIELDS OR PRICES</th>
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<tr>
<td>$1,460,000</td>
<td>1962  1.70%</td>
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<td>$1,460,000</td>
<td>1963  2.00%</td>
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<td>$1,460,000</td>
<td>1964  2.30%</td>
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<td>$1,460,000</td>
<td>1965  2.60%</td>
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<td>$1,460,000</td>
<td>1966  2.90%</td>
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<tr>
<td>$2,860,000</td>
<td>1967  3.00%</td>
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<tr>
<td>$2,860,000</td>
<td>1968  3.10%</td>
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<td>$2,860,000</td>
<td>1969  3.20%</td>
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<tr>
<td>$2,860,000</td>
<td>1970  3.30%</td>
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<td>$2,360,000</td>
<td>1971  3.40%</td>
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<td>$2,360,000</td>
<td>1974  3.70%</td>
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<td>$2,360,000</td>
<td>1975-76 3.65%</td>
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<td>$1,200,000</td>
<td>1977-78 3.70%</td>
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<td>1979-80 3.75%</td>
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<tr>
<td>$1,200,000</td>
<td>1981-82 3.75%</td>
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<td>$1,200,000</td>
<td>1983-86 3.80%</td>
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(All interest to be added)

Dated July 1, 1961

**Principal and semi-annual interest** (January 1 and July 1) payable in New York City at the office of the City Comptroller. Coupon bonds in denomination of $1,000, convertible into fully registered bonds in denomination of $1,000 or multiples thereof, but not interchangeable.

**Legal Investment for Savings Banks and Life Insurance Companies in the State of New York and for Executors, Administrators, Guardians and others holding Trust Funds for Investment under the Laws of the State of New York**

**These Bonds**, to be issued for Rapid Transit Railroads, Sewage Treatment Works, Construction of Schools and Various Municipal Purposes, in the opinion of counsel will constitute valid and legally binding general obligations of the City of New York, all the taxable real property within which will be subject to the levy of local ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount.

*The above Bonds are offered when, as and if issued and received by us, and subject to prior sale and approval of legality by Messrs. Wood, King, Dawson & Logan, Attorneys, New York, N. Y.*

The Chase Manhattan Bank  
The First National City Bank of New York  
Manufacturers Trust Company  
Morgan Guaranty Trust Company of New York

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<td>Bear, Stearns &amp; Co.</td>
<td>The Northern Trust Company</td>
<td>Kidder, Peabody &amp; Co.</td>
<td>Phelps, Fenn &amp; Co.</td>
<td>The First Boston Corporation</td>
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<td>Dean Witter &amp; Co.</td>
<td>Federation Bank and Trust Company</td>
<td>First of Michigan Corporation</td>
<td>The First National Bank</td>
<td>Equitable Securities Corporation</td>
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<td>G. H. Walker &amp; Co.</td>
<td>Ernst &amp; Company</td>
<td>Goodbody &amp; Co.</td>
<td>Stroud &amp; Company</td>
<td>R. S. Dickson &amp; Company</td>
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<td>D. A. Pincus &amp; Co.</td>
<td>Scudder &amp; German</td>
<td>Sterling National Bank &amp; Trust Company</td>
<td>Tuller &amp; Zucker</td>
<td>Wells &amp; Christensen</td>
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(100)
The State of TRADE and INDUSTRY

The June Survey issued by the Federal Reserve Bank of St. Louis indicated that business and financial conditions are better. The survey, based on 500 industrial and commercial house surveys, showed a marked improvement in business conditions. Business and financial conditions are better than those of a year ago.

Major steel makers are buying more iron ore and iron concentrates. These purchases are expected to increase the production of steel by 10 to 15 percent. The iron ore and iron concentrates will be used to produce steel for the construction of buildings, bridges, and other structures.

The June survey also indicated that consumer confidence has improved. This is evidenced by the increase in retail sales. Consumer confidence is expected to continue to rise in the months to come.

Steel producers are facing a major challenge in 1961. The cost of raw materials has increased, and this has affected the prices of steel products. Steel prices are expected to rise in the months to come.

In conclusion, the June survey indicates that business and financial conditions are improving. This is expected to continue in the months to come. The steel industry is facing a major challenge, but it is expected to continue to grow in the future.

**Steel Production**

|:---:|:---:|:---:|
| | | |

**Electric Output**

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| | | |

**Cordwoodings**

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| | | |

**Food Price Index**

|:---:|:---:|:---:|
| | | |

**Auto Production**

|:---:|:---:|:---:|
| | | |

**Business Failures**

|:---:|:---:|:---:|
| | | |

**Commodity Price Index**

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| | | |

**June 9, 1961**
Thirsty Stocks

By Dr. Ira U. Cobb, Junior, Enterprise Economist

A swift review of the liquor industry outlining trends: profits, margins of profit and certain companies that appear currently attractive.

What'll You Have?

About the drink preferences — blended whiskies are still the national favorite (37.62 million cases in 1960 and 35.78 million in 1961), and the single white label domestic is moving up rapidly with 28.5 million cases in 1960 and 30.5 million in 1961, and all liquor sales. Scotch whiskey is a long-term item. The increase in earlier popularity in the East and along the West Coast has not spread inland. It is expected that 8 million cases of Scotch will be sold in 1961, an increase of 2 million over 1960.

The United States is the world's largest consumer of liquor. Last year we accounted for 54% of the world's consumption.

Vodka, which everybody thought was just a fad a few years back, has caught on in a big way. In 1953 certain people slyly turned to vodka in the notion that it neutralized alcohol. Now it is being foisted, however, and in spite of its failure to pass the no-detection test, vodka is still on the increase. In one million cases in 1953 to 1.5 million cases for 1960. (Wonder if sales of tomato juice jumped due to popularity of the Bloody Mary?)

Gin keeps going on its merry way. It has not been much of a total demand during the past decade. There has been a share increase in the importation of British Gin, incidentally, the gin laden with a spicy taste, now the most popular cocktail from coast to coast.

Competition and Profit Margins

The industry is extremely competitive and virtually dominated by four big companies, Seagram, Distillers-Seagram, National Distillers and Hiram Walker. Together these account for about 78% of all domestic production (except mountain-derw) and 4 out of 5 of the best selling brands. A new company trying to make inroads against these companies would be up against fierce competition, and a combined advertising budget of $67 million a year. Certain established smaller companies, such as Brown Forman, are available. Nothing has been done well and, in general, the industry is in poor supply for the investment of capital. Profit margins are generally high and the war favors the well managed distillery company converts between 38% and 14% of sales to earnings. With product demand steady in a market which is quite comparable to that of food companies, liquor corporations produce, on the average, at least twice their net profit margins. Moreover, there are not economize on a bit here costs for plant changeover, heavy costs in research and development of new products; and sales of established brands have been growing extremely durable and consistent over a period of time. Since whiskies are purchased in greatest volume by the more affluent sector of the population, a considerable, and stable insulation against business recessions is afforded.

Hiram Walker

The record of certain liquor companies is quite impressive. Hiram Walker. With $140 million in sales in 1960 this company earned $25 million down to net, achieving thus better than a 14% profit margin. The company is one of the largest in Scotch and Canadian whiskies with its Bal¬
ston Union Distillery, U.S. Polo Association, Ten-High is a leading lower price bourbon and its Imperial one of the most accepted blends. Hiram Walker earned $1.40 per share for the fiscal year ended Aug., 31, 1960. This year the figure should run to $3.15, plenty of coverage for the indicated $1.75 dividend. At $2 the stock does not seem particularly inflated.

James B. Beam

The James B. Beam Distilling Co. is the leader of straight bour¬
bon through smart merchandis¬
ing and competent management this company now sells over 4.7 million cases a year and has been showing a pleasing advance in net earnings. Giving allowances for the recent 3 for 2 stock split, per share earnings rose 11% in 1960 to $1.88. Stock is quoted at 39 over-the-counter. Dividend is 10% per share quarterly. Plus a stock dividend of 2%. Earnings for 1961 should be about $2.10.

Paddington Corporation

Paddington has moved forward swiftly with its smart merchandising of J & B Rare Scotch, a light brand that has surged ahead in consumer preference. Sales are now over 500,000 cases a year, and per share net has risen dra¬
matically from 60c in 1958 to 63c for 1960. Stock now at 85 has ranged from a low of 51% to a high of 120% in 1960-61. Belief that earnings may continue to climb provides market enthu¬
siasm for these shares.

It would appear that liquor sales today represent generally solid values, although they may not, necessarily attract spirited buying.

This advertisement is not an offering. No offering is made except by a Prospectus filed with the Department of Law of the State of New York.

Such filing does not constitute approval of the issue or the sale thereof by the Department of Law or the Attorney General of the State of New York.

NATIONAL SECURITY TRADING ASSOCIATIONS, INC.

The National Security Traders Association has announced that a special train will be operated to the Annual Convention in Palm Springs, Calif., leaving Chicago, Oct. 13 at 11 a.m. Through cars will stop at York and Philadelphia on the Broadway Limited Oct. 12 connecting with the special train at Chicago. There will be a stop at Atlantic City for sightseeing, cocktails and dinner, and the special will arrive in Las Vegas Oct. 15. Head¬
quarters in Las Vegas will be the Riviera Hotel. After a trip to Hoover Dam, cocktails and dinner will be served, and the special train will leave at 3:15 a.m. Oct. 16 for Riverside, Calif. where those attending the convention will be taken to the Riviera Hotel in Palm Springs by motor coach.

October 21 the group will be taken to the Ambassador Hotel, Los Angeles, and on Sunday a visit to Disneyland is planned. The special train leaves Monday night at 11 p.m. for Yosemite National Park, where Tuesday and Wednesday morning will be spent, with arrival at the Mark Hopkins Hotel, San Francisco, Wednesday afternoon. The special train will leave San Francisco, Oct. 22 and will arrive in Chicago Sunday morning. The through cars will arrive in Philadelphia and New York Monday morning, Oct. 30.

The all expense cost on the special train for the round trip, with the exception of the hotel at Palm Springs, but sharing a twin bedroom at Los Angeles, Yosemite and San Francisco, and also sharing a double bedroom on the train will be approximately $400 each from Chicago; $625 each from New York; and $510 each from San Francisco.

Reservations should be made with Allen L. Oliver, Jr., Sand¬
ers & Company, Dallas. Registration fee for members is $50; for non-members, $65; commercial, $85; ladies, $40.
The Prospects for a Crisis
In Sterling This Autumn

By Paul Elssig

Foremost foreign exchange experts' gloomy appraisal of sterling's position resulted in what has been described as "the most serious threat to sterling so far this autumn"—with international cooperation. However, he is unwilling to predict sterling will not be devalued in 1962 if Britain continues in its "Suez Economy." Definite disagreement of the intended use of the new devices of surcharges on indirect taxes and payroll taxes in place of the Bank rate weapon as a disinflationary measure is voiced by Dr. Albert Teller, chairman of today's Bank.

Sterling is certain to emerge victorious from the coming crisis of 1961. Will it be able to emerge victorious also from a crisis of 1962? That is the question. And another 12 months of Foul's Paradise Economics would further materially weaken the net reserve position as a result of the persistently adverse balance of payments. While continental Central Banks and the International Monetary Fund might be willing to acquire and hold sterling in connection with the outflow of hot money and speculative pressures, they are unlikely to underwrite sterling in perpetuity in a period of a perennial drain of balances from the United States. At present, the United States is holding a balance of payments surplus. It is a foregone conclusion that the United States is unlikely to come to the rescue of sterling in a period of an American balance of payments deficit. The United States will have to prove that the United States is willing to underwrite the risk of a potential drain on the gold reserves of sterling to the extent that the gold reserves of sterling is as large as in 1949 or in 1957.

The British public needs is a first-rate crisis to shake sterling's complacency. The medicine would be most unpleasant, however, in the long run it would be for the benefit of the patient. The question is what are the chances of such a crisis in the future. The British sterling is weak during the early summer when it is usually strong it is likely to be a great deal weaker in the late summer and early autumn. A speculative attack is bound to develop. It seems, however, that those who will speculate against sterling are not likely to gain anything through their operations for, the gold and dollar reserve, together with the dollar balances held by the authorities from continental Central Banks and from the International Monetary Fund, is large enough to resist the attack this year. Moreover, the Swiss National Bank and the Deutsche Bundesbank are prepared to support sterling at a new all-time high.

Although the Board of the Budget hasn't announced it, the Kennedy Administration's budget proposals for fiscal 1962 will total about $50 billion. This is 10 billion more than President Eisenhow-
From Washington...

...Ahead of the News!

BY CARLISLE BARGERON

WASHINGTON, D.C. — The American Educational Association expects to receive $5.5 billion in contributions this year, according to a report released today.

The report, which was written by the American Association of University Professors, suggests that the association is experiencing a financial crisis.

The association has been facing a budget deficit of $2.5 billion, which it plans to address by raising $2 billion through donations and $500 million from investments.

Among the key findings of the report are:

- The association expects to receive $5.5 billion in contributions this year, compared to $5 billion in 2020.
- The association's budget deficit is now $2.5 billion, up from $2 billion in 2020.
- The association's investment portfolio is valued at $500 million, up from $400 million in 2020.

The report recommends that the association:

- Increase its efforts to attract new donors.
- Explore new revenue streams, such as organizing events and selling educational materials.
- Reduce its administrative expenses.

The association's president, Dr. Michael Alexander, said in a statement that the organization is taking steps to address its financial challenges.

"We are committed to ensuring that the association can continue to provide the high-quality education and resources that our members need," Mr. Alexander said. "We appreciate the support of our donors and are working hard to find new ways to fund our operations."
Inflation or Deflation Ahead?

By Dr. James J. O‘Leary, Director of Economic Research, Life Insurance Association of America.

Probability of price inflation forces‘ renewal is advanced by well-known life insurance industry‘s economic. Viewed minimally, it is seen lying not far below the surface in the next few years and breaking out gradually as the government pursues expansive fiscal monetary policies. The economics of this massive inflationary expansion is predicated on the thesis that we are afflicted with a chronic slack in the economy. Dr. O‘Leary indicates how we can achieve full employment and a faster economic growth by solving the problem and to the notoriety with which the cost of services continues to go up no matter the business-cycle stage.

My objective is to appraise the potential for expansionary or contractionary policies in the early 1960’s. Does inflation or deflation lie ahead? Are there any chances of achieving a reasonably stable price level? This is a vital question, in my view, especially because of the maintenance of a general price level and the essential to a vigorously growing economy such as ours is of tremendous interest to the populace that there are no signs in the current climate of inflation and the“cost push.”

Today inflation is an accepted event of the modern era. The“creeping inflationists” have been disproved and“deflationists” and the fashion with many economists is to worry about inflation while deflation, if it ever occurs, is not a real concern. Deflation, although an important rival, is not in the real picture of the current problem and I suspect that by next year we‘ll be preoccupied with growing inflation which will be back in vogue.

My presentation is divided into three parts: a discussion of several reasons that are being advanced for believing that inflation is not to be feared in the early 1960’s; (2) several reasons for believing that inflationary pressures may reappear in the next few years; and (3) my own conclusions about the prospects.

Some Reasons for Believing That Further Inflation is Absent

Prospect in the Early 1960’s

First, let us consider some of the reasons that are being advanced for believing that inflation is not to be feared in the early 1960’s. One is the view now being advanced by many influential economists that we have reached a stage in the development of the American economy in which chronic slack is our real problem and that, due to an unsatisfactory growth rate of the American economy at present, there is a present need for unemployment, with a long-run rate. The idea is that, due to a new and lower trend, our labor force the American economy could achieve a Gross National Product of $300 billion, whereas the current rate of GNP is about $270 billion. This potential for unemployment, if not realized in the near future, is found in the high rate of unemployment of our labor force and in the tendency for the price level at which industrial plant capacity is used to be equal to or below the potential amount of output at which industrial plant capacity is used.

Evidence of the actual condition of our labor force is found in the fact that the long-run rate of unemployment is not equal to the potential amount of output at which industrial plant capacity is used. This potential amount of output at which industrial plant capacity is used is known as the potential rate of unemployment. The potential rate of unemployment is defined as the rate at which the potential supply of labor is equal to the potential demand for labor.

Another argument advanced by those who are convinced that inflation is not to be feared in the early 1960’s is the fact that the existing backlog of demands is very high. This argument is based on the belief that the backlog of demands is not adequate to the demands for labor and that the backlog of demands is not a sufficient indication of the demand for labor.

For example, it is being more and more apparent that for the first time in a decade, triple-digit increases have been fully employed in the economic system. This evidence is being interpreted as a sign of the lack of demand for labor and that the backlog of demands is not a sufficient indication of the demand for labor.

Great emphasis is being placed on the fact that our Federal tax system is geared to produce a substantial cash surplus prior to the onset of inflationary pressures and that the present fiscal and monetary policies are providing fiscal and monetary safeguards against rising prices if not actually a deflationary brake on the economy. Moreover, it is argued, the monetary authorities have demonstrated a willingness to use their powers vigorously to prevent inflation.

Finally, it is argued that the discipline of foreign competition now provides a strong constraint on the government’s willingness to pursue inflationary policies. It is argued that the government cannot afford to ignore the pressure of foreign competition, and that the government’s attempt to run a large budget deficit will be met with resistance from abroad.

The argument is that the discipline of foreign competition is a powerful restraint on inflationary policies, and that the government cannot afford to ignore the pressure of foreign competition. It is argued that the government’s attempt to run a large budget deficit will be met with resistance from abroad.

Some Reasons for Believing That Inflationary Pressures May Reappear in the Next Few Years

Before we become too complacent about the danger of further inflation, however, it is well to recognize some of the reasons that suggest that inflationary pressures may reappear in the early 1960’s. It may be useful to ask whether the government of chronic slack, or whether the business recovery now starting will be strong enough to re-establish inflationary pressures.

As Arthur F. Burns pointed out recently, the theory of chronic slack, or the“production gap,” is incorrect. Evidence rests fundamentally on the fact, namely, that the cyclical expansion of 1956-60 was exceptionally short and incomplete so that when the expansion ended our economy was still in some depression. Burns suggests that there is a better explanation for the incomplete recovery of 1956-60 than that given by the“neo-stagflation” theory. This explanation lies in three developments which occurred during the expansion phase, as follows:

(1) Stability in the first quarter of 1959 and the Decline in the second quarter of 1959 (the Federal cash flow fell from $12 billion to $7 billion, an adjusted change of $5 billion to $3 billion). By mid-1959 the economy was at a high level, and there was a surplus of more than $1 billion; in that period the Federal funds rate was in mid-1959, and we had a turnaround in Federal funds rate from 1958 to 1959, which undoubtedly exerted a strongly deflationary effect on business expansion.

(2) The monetary authorities at the same time stepped vigorously to restrict credit expansion, for example, the Federal Reserve System, the Federal Reserve System, and the Federal Reserve System were faced with the necessity of using monetary policies effectively as a brake on inflationary pressures, and (3) the discipline of foreign competition.

(3) The projected steel strike in the second half of 1959 contributed significantly to the incompleteness of the business expansion of 1958-1960 in several ways: anticipation of the strike first and then a buildup of inventories and boom psychology. At the time of the Early Summer of 1959, once the strike arrived and costs were driven up, it caused both“contractionary conflation.”

In the business community as a whole, the decision to place orders for investment goods; and it also included the recognition of the magnitude of the fiscal and monetary restraints that were being imposed by government on economic expansion; and when the strike finally ended, many of the business concerns proceeded to practice new restraints in managing their inventories.

Burns concludes, therefore, that the incomplete recovery of 1956-60 was due not to chronic slack but rather to special factors that need not be repeated in the next period of expansion.

In addition, some economists are skeptical about the effects of unemployment on employment of labor. I refer here not only to the argument that unemployment is structural, rather than general, in that it is concentrated in certain areas of unskilled workers, as pointed out by Federal Reserve Board Chairman William McChesney Martin in testimony several weeks ago before the Senate Banking and Currency Committee. Beyond this, the failure of unemployment to decline appreciably in the face of an increase in the number of employed suggests that some other factor, perhaps a change in the social or economic structure, is responsible. Further, the official picture of the rate of unemployment. It may be, for example, that a large percentage of the unemployed households lost their jobs, another member of his family not the labor force seeks employment and the unemployment then counted both as unemployed.

I would say, therefore, that the current situation is being skeptical about the argument that unemployment is structural, and the contractionary pressure against in the next period of expansion.

A very important reason for believing that inflationary pressures may reappear in the next few years is the great emphasis which is being placed by the Federal Reserve authorities on their objectives of full employment.

Continued on page 45

$30,000,000

Michigan Wisconsin Pipe Line Company
First Mortgage Pipe Line Bonds, 5% Series due 1981

Dated June 15, 1961
Due June 15, 1981

Price 101.82% and accrued interest

HALSEY, STUART & CO., INC.
R. H. BEARNS, STEARNS & CO.

DICK & MEER-SMITH
FRANCIS I. DUNPORT & CO.
L. F. ROTHCHILD & CO.
SHERIDAN & CO.

R. S. DICKSON & COMPANY
F. S. SMITHEES & CO.
GREGORY & SONS

STROUD & COMPANY
WEEDEN & CO.
GOODBODY & CO.
IRA HAUPT & CO.

HIRSCH & CO.
NEW YORK HANSEATIC CORPORATION

WM. E. POLLOCK & CO., INC.
BALL, BURGE & CRUSA
J. BARTH & CO.

BURNHAM AND COMPANY
COURTS & CO.
SHELBURNE CUMMINS & CO.

JOHNSTON, LEMON & CO.
THE MILWAUKEE COMPANY
THE OHIO COMPANY

The Outlook for Credit And Investment Markets

By Eugene C. Zorn, Jr.* Vice-President and Economist, Republic National Bank of Dallas, Texas

Texas bank economist opines that available evidence indicates a steady and moderate recovery with consumers and business not rushing into a buying spree. To predict a vigorous recovery, Mr. Zorn feels the need to see a longer continuation of recent upward consumer buying, particularly in durable goods. This, in turn, is expected to firm interest rates during the rest of the year and require less restraint than in the previous cyclical recovery. The writer discusses the probable course of interest rates as the recovery proceeds, and suggests prudent management should take advantage of the present opportunity for equity financing.

A short-run evaluation of credit markets currently poses much less of a dilemma than an attempt to project far ahead into the future. The broad changes in our financial environment that are associated with our country's economic growth and development, as well as our role in international commerce and finance, have important and difficult implications for long-range credit markets. It is nice to be able to welcome the prospect of diminished inflationary pressures, but it is not easy to dismiss the dangers that are with us here and now, and upon which some judgments must be made in developing conclusions regarding the near-term outlook in credit and securities markets.

(1) Inflationary psychology is not likely to become reasserted this year.

Since the end of the steel strike, one year ago, the forces of inflation in the economy have receded. One could engage in a long session of semantics regarding how to determine the existence of inflationary tendencies in the economy, but I prefer to merely express the view for my purpose that the fear or anticipation of inflation is not likely for the balance of this year at least—to become a significant factor in shaping the current spending decisions of business or consumers.

(2) There will be no major crisis in international relations to disrupt seriously the relatively smooth working of our financial markets.

We have witnessed in the more than a decade in a world of tension and uncertainty. From time to time our financial markets have been exposed to the impact of international events. The foundations of the peace. The Communist bloc seeks to keep us on a short-notice basis to which we will react with due consideration. The balance of payments problem, dictated by credit policy, has been the key issue with regard for the balance of the problem, particularly in the dollar in world markets—is simply not in the cards.

(3) The economic environment for the balance of the year will be one of rising business activity.

It seems to be a good rule that when the economists all agree, it is time to watch out. Recent experiences, particularly the year-end forecasts, might lead one to be suspect of impressions about business prospects that are close to being unanimous. The business cycle is, however, being interpreted as indicating that the business fall is almost, if not quite, behind us, and that we are now in a rising phase of the cycle. I would concur in this view with the majority of the commentators. It is difficult to find any real evidence in the picture elements that are disquieting.

I would, however, venture the opinion that I personally want to add a note of caution to the recent upward trends in consumer buying, particularly in durable goods sector, before concluding that the economy is well and truly recovering. I would be inclined to see the present upturn in confidence developing in our markets as a stabilized set of moods, but that consumers and business will not be under strong compulsion to enter upon a buying spree. If one were to add together the effects of this frame of reference, I have outlined, he would have to conclude that perhaps we will have little more than a nudge, or, at best, a modest increase in purchasing activity, as to accelerate an outward movement of foreign balances.

(4) Despite political talk and pressures from some quarters, open market operations of the Federal Reserve will continue to operate with little governmental interference with the basic forces of supply and demand.

As always, there will be fringe or limited areas where such will be the case, but I do not interpret them as representing a really serious departure from the system of flexibility in monetary and credit policy we have evolved since the Federal Reserve-Treasury accord of 1951. Especially in light of the sensitivity of our balance of payments problem, dictating credit policy by political mandate—without regard for the economic consequences—is not a problem now.
The market for the more distant maturities of Governments was helped by the relatively successful placing of the AT&T issue (slow) at the beginning of the week. The most important factor is the availability of credit from the commercial banks of the Federal Reserve System has not had an adverse effect on the money market. The satisfaction at the demand at which the strip of new money raising Treasury bonds was sold indicates that the demand for near-term liquid issues continues to be very large.

The Central Banks are still in the market making moderate sized purchases of selected Government obligations, in order to keep interest rates from moving up. Even though the economic recovery is very much on its way, there are not likely to be any material changes in the level of interest rates unless a boom or bust psychology develops.

Markets Unaffected by AT&T

The uncertain position of the capital market was not affected and remains slow when the selling of the $250 million Telephone bonds to investors. It was evident that the bond market had been waiting for the public offering of the issue. And when the bond market was awaiting the release of which this question was considered to be a bit too close in time for the market, the bonds of the only mediocre, there was, however, no collapse in the market for Governments or tax-exempt bonds. The wait and see psychology which had been built up around this large refunding offer did nonetheless help to create a more cautious attitude among those who have been buyers of Treasury obligations.

However, in spite of the not enthusiastic reception for this large government security, the tax-exempt bonds have been selling too close to the market standpoint. It is reported that the professional type of operation which has been evident of late in the Government market has not brought about large offerings or sizable purchases of the intermediate or long-term obligations, as prices are pushed up or down. This most likely means that the owners of the more distant years of Treasury obligations not expect the prices of these securities to move down more sharply or they would be taken advantage of any strength that has appeared to sell them.

On the other hand, there is no indication that part of the market is rushing in and making commitments in these securities since they believe that there will be a period of transition during which time the level of interest rates will be determined by the course of the interest rates. The interest rate Outlook

If the business curve does not move up or down sharply that it creates a roar or bust psychology with the attendant inflation fears, the margin level of stock prices will change appreciably. A boom and bust situation would most likely have a harmful effect on all interest rates. As against this, a slow gradual improvement in economic conditions could come with the money and capital markets still on the easy side.

It is in the long run the expected or the future level of interest rates which will have the greatest influence on the capital market and the yield on long-term Government and other fixed income securities. An issue of bonds whether they be Governments or non-Federal obligations, will have only a temporary influence on the level of interest rates, since with time they will be distributed at a price. This price may or may not be the same as the place rate of the capital.

However, if a policy of ease continues, these new bond issues will come into price and they will be rapidly distributed. A shorter term market means that these issues will be distributed at lower prices.

M. A. Schapiro
In New Quarters

M. A. Schapiro & Co., Inc. has announced the removal of its office to One Chase Manhattan Plaza, New York City. The firm's telephone number will remain the same.

Open Florida Branch

MIAMI, Fl.—Greene & Company has opened a branch office at 500 Brickell Avenue...
Appraisal of Pennsylvania's pioneering use of "authority" bonds in place of the orthodox method of selling municipal obligations gives it a clean bill of health. Mr. Starke explains how these bonds assure repayment and other reasons for the established and respected place these bonds enjoy in financial circles in and out of the State.

Under the current authorizing legislation, the Pennsylvania Municipal Authorities Act of 1945, an authority is defined as: "A body corporate and politic authorized to,—acquire, construct, improve, maintain, operate, and manage public works, to borrow money and issue bonds therefor." Many authorities were formed under earlier legislation, however, and over the past 25 years we have seen a vast growth in the use of this vehicle to accomplish a wide variety of purposes.

At the state level we have the St. Louis Board of Aldermen, the St. Louis Development Corporation, General State Authority, St. Louis Water and Electric Authority, State Public School Building Authority, State Highway Authority, River Port Authority and Delaware River Joint Toll Bridge Commission. Bonds of these agencies are outstanding in the hands of investors to the extent of an amount estimated at $11,000,000,000. At the local level we have municipalities, according to a recent reissue of the Pennsylvania Department of Internal Affairs, close to 4,400 authorities with debt outstanding over the course of the first and second quarter, totaling $4,200,000,000. Of this latter total, the school purpose accounts for 59%, sewer 23%, water 15%, and miscellaneous 3%. In the miscellaneous category we find local authorities for ports, parking and municipal business purposes. Notably, we believe that Pennsylvania is the most "authoritative" state in the nation.

To be authoritative is to be recognized as the justification of the authority type of operation versus direct governmental operation is forever with us and usually involves questions of constitutional debt limitations, utility rates, management independence, and the efficiency of the product. In the case of Ohio Franklin Inc., we believe that the state of Ohio is an authoritative state in the true sense of the word.

Ohio Franklin Fund Inc. is a diversified investment company. Without regard to capital gains tax at the time of expiration, individuals who invest have the opportunity for diversification and professional investment management. The objective of Ohio Franklin Fund Inc. is possible long-term growth of capital and income through a constructive participation in the progress of American business and industry. Individual investors may exchange blocks of acceptable securities, with a minimum market value of $10,000, for Fund shares. The exchange is conducted through the Curb Market of Ohio Franklin Inc. for each $200 of market value of securities deposited, less compensation to the Dealer Manager, as determined in the Fund's prospectus.

Investment dealers and individuals may obtain a copy of the Prospectus, in states where there is no distribution, from The Ohio Company, Dealer Manager of the Fund. This announcement is not an offer of these securities for sale. The offer is made only by the Prospectus.

NEW ISSUE
1,000,000 SHARES
OHIO FRANKLIN FUND INC.
COMMON STOCK
OFFERING PRICE: $20.00 PER SHARE

Ohio Franklin Fund Inc. is a diversified investment company. Without regard to capital gains tax at the time of expiration, individuals who invest have the opportunity for diversification and professional investment management. The objective of Ohio Franklin Fund Inc. is possible long-term growth of capital and income through a constructive participation in the progress of American business and industry. Individual investors may exchange blocks of acceptable securities, with a minimum market value of $10,000, for Fund shares. The exchange is conducted through the Curb Market of Ohio Franklin Inc. for each $200 of market value of securities deposited, less compensation to the Dealer Manager, as determined in the Fund's prospectus.

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THE MARKET ... AND YOU

BY WALLACE STREET

The doldrums of summer showed
up early in the largely liberalized stock market this week and trading interest dries
up to about the level of last year's.

The most surprising thing to the market technicians was that the industrial average showed no dis
dissociation to give up any important ground and, as a matter of fact, had some of its best narrow trading range ever since the all-time high of above 750 was reached nearly a full month ago.

No Calendar Law

There is no law, however, that says the peak of the summer rally has to be reached during June as it was last year when the effects of the recession were starting to become painfully apparent. July, by some measure, was the favored month for the rally in most years and in others August was the calendar period that favored investors. So there is time to spare, as far as the market is concerned.

There was little in sight to help the long-lagged rails. Indeed, there was little interest in this section and it all but slipped out of even the conversations between technicians. As a matter of fact, the big last play in the rails dates all the way back to 1956 when their average reached 181 for the first time since 1949 was posted in 1929. It got only to 173 in 1959 when the market climate was fa
orable and its peak last year was at 160. This year so far is half a score of points under last year's high. And that is not the picture of a robust section.

"Confirmation" Theory Questioned

Despite the classic theory that one section must "confirm" the action of the others before a major bull market swing is established, the industrial average in recent years seems to have shaken off the re
quirements. The lagged prices, if prevent the industrial index from marching to successive all-time peaks at an occasional trading period like 1960 proved to be.

At the moment, however, what it will take to spark the market to renewed strength isn't at all clear. The bulls are waiting to start
ning to show up in steel operations, which was hardly cheering. Auto
output continued on a level keel, but there was no spectacular aspect to it.

The disinterest in rail issues was rather pronounced in the case of Illinois Central where a group of securities was told this year's earnings
would run to around $4 against $3.56 last year, that its air rights over part of its trackage are to be sold for $38 million and that the air rights might run to a total of $150 million eventually—
all without causing a stir in the stock. The shares have held in a range of less than a dozen points all year, lately showing a yield of around 5% for what is, among other things, a company holding valuable Chicago realty. Shares of prime realty operations have been known to show far better price action.

A Transformed Textile Company

Also out of favor for a long time have been the rayon textile makers, although in the case of Celanese Corp., it has been a turnaround from basically a rayon operation to where half of its sales come from chemical, plastics and diversified synthetic fibers. The transformation, as far as investment interest in Celanese is concerned, seems to have gone un
noticed.

The switch in Celanese began with W. H. Griswold's purchase of the large chemical output from petroleum at a billion pounds annually. It has several promising fibers. Air
sufficiency prompting so that production is being increased. These new products seem to have entered the profitable stage at estimates are for Celanese earn
ings to grow steadily in the years ahead.

The $1.20 indicated Celanese dividend should be earned about twice over this year, giving a price-earnings ratio of less than 14 times which is a low multiple for a company so heavily in the chemical business. Sales have since it made the transformation, from less than $148 mil
lion to $264 million with an in
crease likely this year again.

The speculative possibility that it can change its nature, and its dry profits outlook, made Pennsylvania Railroad a favorite of a few rail followers, but without reflecting it marketwise. The shares of Penn have held in a five-point range all year, the low representing the poorest price in modern days. At the high the shares were priced at about $8 per share, the peak reached during the doldrums of 1948-49 before the market's big upturn started.

A Rail's Real Estate Plum

By historic price, the shares of Penn are over-valued unless the line is in more dire straits than indicated at the moment. In Pennsylvania's case, the potential plum is the nine-acre, mid-Man
hatten site occupied by Penn Station. The road already gets $13.2 million from real estate rental of which only a small part came from parking lots and station con
cession. The hopes for Penn Station so far have reached the stage when new buildings are under way with builders for a group of modern
buildings to replace the passe
enger station or complement it.

Another company that has made a significant switch is W. H. Grace & Co., which once depended for the big profits on the Grace Line and its operations in the southern portion of the hemisphere. Grace also looked to the chemical field for its new look as well as the petroleum business in which it is a joint operator with Standard of Jersey and Texas Gulf Producing Jp Libya where two oil fields have already been discovered. The prof
its from the oil venture, however, are a couple of years away.

The chemical business is thriving and first quarter earnings ran to 71 cents a share against 55 for the comparable period a year ago, indicating that the company will boost 1961 overall profits by at least half a dollar over the $3.22 reported last year, a year when for the first time in a long while the steamship contribution to the results was nil.

Dow Chemical is the laggard in the prime chemicals but despite some striking recently the shares still have moved over a range of
only a baker's dozen points. More significant is that the shares are still available at the price where they could have been bought back in 1956.

In the last four years alone the company spent almost half a billion dollars, all of it generated internally, on its expansion and was able to keep the growth curve of sales going although price pinches make earnings a bit er
ratic. Dow also started off this year with a new pharmaceutical subsidiary, Allied Laboratories which it acquired as 1960 ended. It is also building plants abroad and, like other companies, is ac
ively studying conversion of oil to fresh water. For all of its varied interests, its sales growth record and its potentials, Dow, at about the same price, it was available four to five years ago would have to be listed as a definite laggard.

Several analysts, cutting through the list, by coincidence came up with a defense contractor, Pneu

90,000 Shares

BERLAND AUTOMONITOR CORPORATION

Common Stock

(Par Value $.01 per Share)

Offering Price: $2.00 per share

Copies of the Offering Circular may be obtained from the Undersigned in any State in which the Undersigned may legally offer these shares.

D. E. LIEDERMAN & CO., INC.

June 15, 1961

NEW ISSUE

90,000 Shares

BERLAND AUTOMONITOR CORPORATION

Common Stock

(Par Value $.01 per Share)

Offering Price: $2.00 per share

Copies of the Offering Circular may be obtained from the Undersigned in any State in which the Undersigned may legally offer these shares.

D. E. LIEDERMAN & CO., INC.

June 15, 1961

NEW ISSUE

120,000 shares common stock

OFFERING PRICE: $2.50 per share

This company is an operating Casualty Insurance Company.

Underwriter Co-Underwriter

Copley and Company Pacific Coast Securities Co.
Colorado Springs, San Francisco,
Colorado California

For

For

For
New Plant Financing

By Richard F. Torrey, Director of Area Development, Niagara Mohawk Power Corp., Syracuse, New York

Corporations confronted with new plant and/or expansion construction financing problems are being aided by the Federal Reserve System. Typical examples of the services its Regional and Community Development Corporations can provide are discussed, and a good word is included for the helpfulness of a local utility's area development department.

Thousands of new plants will rise on the industrial skyline as manufacturers prepare for the years ahead. But, whether a corporation plans an addition to its present plant or plans to build a new one in a different location to better serve its customers, there is one common problem: How to finance the construction?

This is a problem that has been stated in one form or another in its most basic form by millions of dollars' worth of loan applications. It is a problem that has been expressed by the management of any number of industries in different parts of the country. It is a problem that has been solved by many companies in a variety of ways.

How to finance the construction? With the aid of the Federal Reserve System. The System offers a variety of methods for financing new capital expansion of industrial facilities. These methods are known as "new capital" because they are designed to assist companies in the construction of new facilities.

Frequently Used Methods

The most frequently used method of financing is the industrial first mortgage. This is secured primarily by the value of the real estate, with due consideration of the credit of the company. Such mortgage financing is usually the most economical method of financing new facilities.

When undertaking a plant expansion many companies have found it feasible to issue a bond of stock to raise all or part of the capital necessary. This provides the money, but it also means additional stockholders and the exercise of stockholders' option to dilute the earnings. A factor not to be overlooked in bond issues is the cost of maintaining and servicing the stock once it has been sold.

Debentures, essentially a credit note secured mainly by the value of the real estate or other fixed assets, are secured by the general credit of the firm and represent a frequently used method of industrial expansion financing. The present value of the mortgage is determined by the good and credit standing of the company, the current market value of the real estate, and any claims against it. This type of financing is particularly suitable for companies in the early stages of development.

Another method of debenture financing is the industrial first mortgage. Under this arrangement, financing starts out as a debt which can be converted into common or preferred shares later at prices more favorable to the investor. This gives the buyer of the debenture an opportunity to own a part of the company without actually becoming a stockholder. This can also be converted into common or preferred shares when the company reaches a certain stage of development.

Under any of these systems a portion of the cost must be paid by the company itself. This has left many a firm with a heavy burden of debt and a lack of capital to finance the construction of new facilities. The only way to solve this problem is to provide working capital, purchase capital, land, or equipment for the expansion or construction or even to provide money to defray costs of new construction other than new construction of plant and equipment. It is important that these costs be kept as low as possible.

The purpose of this article is to give the reader an understanding of the different methods of financing new capital expansion of industrial facilities. It is hoped that this article will serve as a guide for companies in the selection of the best method of financing their new capital expansion.

Regional and Community Development Corporations

The Federal Reserve System has established Regional and Community Development Corporations in many parts of the country, and these are being used to provide a variety of services to companies in the construction of new capital expansion of industrial facilities. These services include:

1. Providing information on available funds for new capital expansion of industrial facilities.
2. Assisting companies in obtaining financing for new capital expansion of industrial facilities.
3. Providing assistance in the development of new capital expansion of industrial facilities.
4. Assisting companies in the selection of the best method of financing their new capital expansion of industrial facilities.

These services are provided at no cost to the companies, and the Federal Reserve System is proud to be able to offer these services to companies in the construction of new capital expansion of industrial facilities.
BANK AND INSURANCE STOCKS

This Week—Insurance Stocks

Insurance Company of North America is one of the largest factors in the insurance industry. It ranks first in the sale of life insurance. The all-line insurance underwriters in premium volume and is the largest as measured by the book of capital and surplus. The company has been engaged in the property insurance business since its founding in 1858 and operated the casualty line of business in 1865. In 1959, and has been writing life insurance since the formation of a new subsidiary in 1957. Total premium volume in 1966 was in excess of $384 million.

INA is respected as one of the most aggressive of the major companies in the insurance field. It has maintained a consistently high level of underwriting results. Through the development of the company's underwriting policies, cumulative results have shown a high degree of profitability for the company and a high degree of public confidence in its ability to continue to maintain its high standards of underwriting efficiency and experience and expense control.

Through the setting of rates based upon its own underwriting experience and expense control, INA is able to sell insurance at the public at rates below those of the traditional rating bureaus. In recent years management has developed the "champion" auto policy which was designed to meet the company's underwriting goal of offering reduced rates to high quality risks. The company is currently working on the development of a single package insurance policy which will combine all insurance needs, including life insurance, which will be marketed under the concept of "one-stop insurance selling."

INA operates through approximately 20,000 agents on a nationwide basis. All lines of insurance are written with no one particular line representing more than 13% of total premium volume. Thus the company has achieved both geographical and underwriting diversification which lessens the effects of catastrophe such as hurricane "Donna" on over-all underwriting results.

The company has recorded an excellent record of growth and profitability over the past decade. INA's average underwriting profit margin over that period of 4.6% is well above the industry average of 3.3%. Premium volume has more than doubled since 1959. Management has also established in the past ten years a net annual growth of 16% per year over the next decade. If the 16% annual growth rate is attained, premium volume will reach $1 billion in 1979.

Selected Statistics—Growth and Underwriting Results

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<td>23.1</td>
<td>$904.7</td>
<td>63.4</td>
<td>74.2%</td>
<td>$353.3</td>
</tr>
<tr>
<td>1959</td>
<td>$357.8</td>
<td>25.1</td>
<td>$1,101.8</td>
<td>60.1</td>
<td>71.4%</td>
<td>$357.8</td>
</tr>
<tr>
<td>1960</td>
<td>$372.2</td>
<td>22.2</td>
<td>$1,164.1</td>
<td>66.9</td>
<td>73.7%</td>
<td>$372.2</td>
</tr>
<tr>
<td>1961</td>
<td>$340.1</td>
<td>10.1</td>
<td>$1,182.3</td>
<td>66.9</td>
<td>73.7%</td>
<td>$340.1</td>
</tr>
</tbody>
</table>

First quarter.

The Life Insurance Company of North America was formed in 1858 and was among the first of the new companies, one of the fastest growing companies in the life field and already ranks among the top 10% in size among all life insurance companies in the country. Originally management set a goal of $1 billion of insurance in force by 1967. As of Dec. 31, 1960, life insurance in force was in excess of $700 million and the $1 billion level is expected to be reached in 1965, two years ahead of schedule. INA, continued to sell more policies to the general public during 1960, bringing the total capital investment to $25 million. It is not expected that INA will record earnings in the absence of the company's life operations for a number of years because of the heavy expense incurred in a rapidly growing life insurance business. In its investment operations INA has consistently favored equities of long-term growth, rather than short-term, stocks presently amounting to nearly 50% of total invested assets.

This relatively high exposure to a stock market decline is balanced by the low rate of dividends written to policyholders. The growth of the market value of the stock portfolio has been the principal factor in the sharp rise in the book value of INA's common stock in recent years. At the end of 1960, the market values of the securities held exceeded cost by $13 million. The five largest common stock holdings are Standard Oil (N. J.), Gulf Oil, Texaco, Philadelphia Electric, and American Electric Power.

Net income increased 9% to $2.22 per share in 1960, continuing the steady upward trend of the past decade. New investments were concentrated in municipal bonds reducing the effective tax rate on investment income to 13.1%. During 1969 the total market value of the investment portfolio gained $3 million in hurricane "Donna." The major portion of the gain over the previous year in both volume and profitability was obtained through casualty lines.

First quarter underwriting results were on an unprofitable basis for INA, as was the case for most insurance companies. Results in property insurance lines were satisfactory principally because of the severe winter weather conditions experienced in most parts of the country during January and February, which resulted in record fire losses. Premium volume increased 8% over the first quarter of 1960, but total earnings declined from $6.7 to $2.24 per share. It is anticipated that an earnings increase will be recorded in 1961 over the same period of the previous year and the higher investment income.

The common stock of Insurance Company of North America is currently selling at a price of $55 on the New York Stock Exchange. At that price, a yield of 1.9% is obtained on the $25 stock at market and the common stock is trading at a premium of 48% over its presently estimated liquidation value, and at 30.5 times the estimated net income for 1961. The stock is selling near its recent all-time high price and reflects investor confidence in INA's ability to continue its excellent record of growth and profitability in the future.

$11,275,000 San Francisco Bonds Offered

A Bank of America, T. & S. A. underwriting syndicate, which includes the combination of the American Trust Company of San Francisco and the Bank of America, has accepted an issue of $11,275,000 of First National City Bank of San Francisco, to be sold in the form of $2,500,000 School Bonds, $1,000,000 Safe Harbor Bonds, $7,500,000 Airport Bonds, $25,000,000 Civic Center Auditorium Improvement Bonds, and $1,500,000 Civic Center Auditorium Improvement Bonds.

Net interest cost to the city and county was 2.96% on the

Recreation and Park Bonds, 2.97% on the Firehouse Bonds and 2.99% on the Civic Center Auditorium Improvement Bonds.


Hartford Fire Insurance Co.

Secondary Sold

June 15, 1961, it was reported that 20,000 shares of this firm's par capital stock had been sold through Wood, Struthers & Co., New York City. Proceeds of the offering will go to the selling stockholders.

The company, whose address is 980 Avenue Avenue, Hartford 15, Conn., and whose subsidiaries write practically every form of insurance. The company operates in all states of the U. S. Washington, D. C., Puerto Rico, Virgin Islands and Canada.

Eastman Dillon Branch

LONG BEACH, Calif.—Eastman Dillon, Union Securities & Co. has opened a branch office at 138 Locust Avenue under the management of Mellott D. Peak.

This is not an offer of these securities for sale. The offer is made only by the Prospectus.

NEW ISSUE

500,000 Shares

Power Designs Inc.

Common Stock

(14c Par Value)

Price $2 per Share

Copies of the Prospectus may be obtained from the underwriter only in states in which the underwritten is qualified to act as a dealer in securities and in which the Prospectus may legally be distributed.

PISTELL, CROW, INC.
June 13, 1961

60,000 Shares

MECANAIR INCORPORATED

Common Stock

No Par Value

Price $3.00 per Share

You are invited to ask for an Offering Circular describing these shares and the Company’s business. Copies may be obtained in any State only from such dealers, including the underwriters, whose names appear hereafter under Securities laws of such States.

Old Colony Securities Corporation
Stoneham 80, Massachusetts
Telephone HANcock 5-5730

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Offering Circular.

The Commercial and Financial Chronicle, Thursday, June 16, 1961
Elements in Financing of Utility Industry's Needs

By Charles G. Glavin, Vice-President and Director, The First Boston Corp., New York City

Preference for negotiated sale to competitive bidding when the issues are expressed by New York investment banker. Also covered by Mr. Glavin are some of the reasons why it is important to improve utility's financing flexibility, and what should be done to get existent utility financing through SEC registration processing sooner.

I believe it is self-evident that the investment banker has played and will continue to play a vital part in the raising of new money for the utility industry. The apparent function of our industry is the purchase of securities and distribution to investors. But the function of the investment banker can and should be far more than simply a merchant or an impersonal conduit. Perhaps by discussing some of the problems of today and tomorrow's market place, I can better point out the additional functions an investment banker can perform.

Change times and change come new and different problems and opportunities to meet the problems and to seize opportunities there must be flexibility—flexibility in financial thinking and in practice. At times I wonder if many utility financing men have not become too orthodox and rigid in their thinking and financial habits.

Virtually all companies in the industry today have achieved a financial soundness sufficient to permit flexibility in the selection of financing media. Gone are the days of the 1930's and the Securities and Exchange Commission's ABC formula. Most companies today have pretty well balanced corporate structures with enough equity to support the all-important reserve of borrowing power. Each company no doubt has arrived at a desirable and appropriate financial structure for its individual needs and objectives—perhaps arrived at in conjunction with the investment banker. I don't intend to discuss capitalization ratios, but I do feel that once a company has established its basic objective, it should not hesitate to deviate from the pattern it has decided is orthodox.

Very recently a client of our firm had planned to sell a bond issue, which of course calls for the kind of thing to do in a normal financing sequence, but with one advice changed. They had selected a common stock issue to take advantage of what appeared to be an excellent equity market. Another client in the same industry, but one selling a bond issue to a convertible preferred issue to take advantage of its strong market at this type of security at a time when a straight common sale would have been inadvisable because of a temporary poor earnings situation. Still another client sold a large amount of preferred stock, again out of orthodoxy. They had suggested the possibility of substantial return on a large block of preferred stock for what may have been a temporary tax situation with the institutions. These three examples were all variations from the orthodox, but variations that paid off handsomely because the issuer was in a flexible financial position and because of management of the issuer was flexible in its thinking.

Reforming SEC Registration Procedure

Flexibility in financing is equally important. By flexibility in financing I don't suggest a policy of ignoring future markets; and my warning right now is that this is not a function of the investment banker either. Quite the contrary, do your financing as you need the money. Proper use of bank lines gives some flexibility in this regard, partly to avoid issues of uneconomic size and partly to avoid locked up funds. But the most important thing is being in position to act quickly. A major step in this direction is doing all you can to avoid the serious roadblock of the SEC's present registration and processing procedures. That is no good reason why utility securities, and particularly senior securities, should not in effect be exempted from the SEC's long-drawn-out SEC processing.

In cases of companies with securities listed on a national securities exchange, where security issuance is approved by a state or Federal regulatory body, where the company has been through SEC processing before, where the quality is clearly superior as measured by SEC standards—combination of these factors should be the basis for automatic effectiveness of any or effectiveness of any effectiveness notification.

At the present time the SEC is overwhelmed with new issues registration and must have been thrown to the logjam. The suggestion I make would help their problem, but above all it would help the utility industry, and I would hope that it would support this type of procedure to go through the SEC and be directly appeal to Congressional representatives. I am sure this procedure will be effective by administrative rulings under existing legislation.

Finally I would like to touch on the subject of flexibility as to the method of sale. I don't want to re-argue the subject of competition versus negotiated business. Both methods have their place and their time. But it is, in my opinion, highly desirable that you do everything possible to keep within management discretion the selection of the best method of sale at a given time. To the extent that you are subject to regulatory requirements for competitive bidding, you should fight to convince your regulatory authority that all interests are best served by an open mind. I can recall instances of cases where clients of ours have abandoned plans for a competitive offering of bonds or preferred stock and have done private placements instead.

These moves have made quick action possible and, in my opinion, have been an important benefit. A second area is an area of choice to meet market conditions. Not infrequently utility has a special selling effort and in such case a negotiated sale is inevitable versus you than a sale at bidding.

When Negotiated Sale Is Practicable

We are also witnessing a growing problem—the problem of size. Companies who sold $10 million issues 20 years ago are now sell-
SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Keep Tax Records and Don’t Overlook Anything

If you are a commission salesman, you know that when you work and produce you get paid—that is, if your government puts its hands on your checks and takes out all that it can eject from your bank window check each week. Member this: every dime you can legally deduct as a legitimate business expense must be accounted for. And you should take the time to record all expenses, incidental to your business that are legitimate and deductible. In this country today, the only way an honest, hard working individual, such as a commission salesman can keep what belongs to him, is to be able to prove his expenses and be able to make them stick. Here are some suggestions concerning deductions you should record in a diary. Be sure you do this regularly, record the dates of the transactions, people involved, and trips that were primarily of a business nature.

If you are selling securities probably spend much more than people in other lines of work daily papers that are invaluable to you. Your own newspaper bill each week averages about $3, and this reading is important to you. In addition, you may subscribe to trade papers, investment services, and purchase many magazines just to read the advertising and keep up on new ideas in industry and business. This reading would easily cost the average person a dollar a year and it is a legitimate business expense for the selling of securities. Remember that you may deduct magazines you purchase, and the services you receive by name; and this expense can, and should, be a deductible item against your gross earnings.

If you entertain clients at your home be sure and make a note of those that you are in your entertainment. If you also hired a maid for the evening, you can deduct it. If you spent an extra $25 on liquor and $50 on food, itemize it. If you wore a diamond on your engagement ring consumed by your wife and family. If you take a trip and you buy the gas, have your car serviced, washed, greased, garaged, and pay tolls, make a note of these expenses as they are deductible. Who would want to drive up to a client’s home in a dirty, dusty car? After all that $10.00 can be your total expenses, and if you do this over the year, these items 25 to 50 cents per week, with a trip each week to clip you for from $18.75 to $20.00 just on washing your car. Add in all the tolls you pay, the parking fee, and the car expenses and you are entitled to use your car for business transportation, and you may find out that the extra work of keeping a tax diary can amount to quite a saving to you.

Possibly your firm deducts the toll charges and telephone calls you make from your net commission earnings each month. Don’t forget to record them in your own diary and deduct them next year when “some boys” are after you again. Also, if you make telephone calls connected with business from your home, itemize those which are a proper deduction and charge them off each month. Your telephone, telegraph, and meter calls are a definite business expense if you talk with clients, or are working on deals. Every dime you save on taxes is yours. Taxes you pay when you should not, will go to subsidies, defense, foreign countries, welfare, and the great American “give away.” But who ever thought of giving you a break? Stop and think of what you can do.

With Apologies To Ayn Rand

My column in the May 4 issue was based on Ayn Rand’s book entitled “FOR THE NEW INTER¬LUCTUAL. THE PHILOSOPHY OF AYN RAND,” published by Random House. Owing to the erroneous use of quotation marks in some instances, what was actually printed did not appear in print as being specific quotations from Miss Rand’s book. This error is particularly in light of the fact that in certain socio-economic areas touched on in the column, my own training and philosophy is not shared by Miss Rand. JOHN DUTTON

Corporate Bond Traders Elect

Frederick R. Eisele, a partner in the investment firm of Freeman & Company, was installed as President of the Corporation Bond Traders Club of New York Saturday evening.

Mr. Eisele will succeed John J. McCoomas, F. S. Smithers & Company.

Thomas E. Cestyle, Goodyl & Co., has been designated as Vice-President of the Club, which was founded in 1894 and is comprised of corporate bond traders and underwriters.

Other officers installed were John J. Meyers, of John J. Meyers & Co., as Secretary, and Vincent Hurley, of Bach & Company, as Treasurer.

Courts & Co. To Admit Partner

Courts, Co., members of the New York Stock Exchange, on July 8, will admit Norman A. Coolidge to membership. Mr. Coolidge will make his headquarters at the firm’s New York office, 25 Broadway Street.

A.G. Edwards Sons To Admit Two

ST. LOUIS, Mo.—A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges, on June 22 will admit Raymond J. Kalinowski and Chester V. Seger to membership.

Reimer & Co. to Admit

On June 8th Michael J. Metrinko will acquire a membership in the New York Stock Exchange. He will become a partner in Reimer & Co., 52 Wall Street, New York City.

To Be Kingley, Boye

Effective July 1 the firm name of S. J. Kingley & Co., 27 Wall Street, New York City, will be changed to Kingley, Boye & Co., William E. Boye will become a general partner in the firm and Edna H. Boye a limited partner.

Connecticut Brevities

Three world helicopter records, formerly held by Russia, were broken in a molded aircraft. Kamman Aircraft Corporation of Bloomfield was responsible for this record of 25,814 feet for a helicopter of this size carrying a 2,565 pound load. The feat was accomplished by Mr. W. W. Myrick, Manager of the company’s H43 "Hustle" which flew 1,833 feet higher than the previous mark established by the Russian in March, 1950. The "Hustle" is also the world altitude record for an empty machine. Sikorsky Aircraft of Stratford, a division of United Aircraft Corporation, has broken two speed records once held by Russian helicopters. Sikorsky’s H-1 helicopter set the record for 460,000 miles at 542 miles per hour. It was also used as part of a $5 million contract for a future submarine. The contract was $5 million and was one of the ten largest of the year.

A New Connecticut corporation, At Electronics, Inc., has been formed to be operated as a subsidiary of American Tube & Wire Co., 15 Broadway Street, New Haven. The new corporation will fabricate and distribute coaxial cable for the missile, rocket, spacecraft, telemetry and communications equipment of the Royal McBee’s Electronics’ operations will be conducted at the American Tube & Wire Bending Plant.

The Royal McBee Corp. with principal plants in Hartford, in addition to its home office and trading schedules at its large typewriter factory in the Connecticut capital. The electronics division of the firm has been prompted by the increased demand and a low inventory of strategic materials. Board Chairman Allan A. Ryan stated that the reorganization of Royal McBee’s sales program should substantially improve the company’s marketing of its products. Royal McBee has also formed a new application development department to combine the activities of its design analysis group, computer center and research investigations group.

Electric Boat of Groton, a division of General Dynamics Corporation, was awarded a $76,200,000 contract to furnish Logistic Equipment for the construction of two Polaris missile submarine. Electric Boat will built a new plant to build eight of the current total of 10 full size Polaris submarines. On June 15, Secretary of the Navy, John J. Connally, will be the principal speaker when Electric Boat launches the Thomas Edison. This 6,000-ton ballistic missile submarine under construction is designed to fire the long range, 1,500-mile Polaris.

Southern New England Telephone Company, New Haven, has introduced a new service to speed long distance calls and cut costs for Connecticut subscribers. The service, designated WATS (Wide Area Telephone Service), is offered on a full time or limited-calling basis. A full time cus-

tomer may make unlimited calls to any telephone within a chosen area at a flat monthly rate. A limited-calling customer is allowed 15 hours monthly of calling at a fixed price.

Bolding Heminway Co., with corporate offices in Putnam, pro-"
Compensating Balances
And Regulatory Agencies

By Edward B. White, Vice-President, The First National Bank of Chicago

Utility commissions are asked to take a further look at the real function of compensating balances. Mr. White outlines the economies derived from such compensating balances in facilitating long-term financing which he says warrants including its cost in the weighting of loan rate. He says that the annual volume of term or intermediate bank credit in recent years to utilities amounted to $2 billion and could be advantageously larger if we were encouraged to operate more efficiently.

My paper is divided into two parts: (1) outlining the function of the compensating balances in financing the utility industry's construction program and (2) explaining the necessity of compensating bank balances. I wish the second part were as easy to explain as is the first.

Commercial banks, in fact, provide the means to facilitate economic long-term financing. This is accomplished through interim bank loans and by a wide range of financial services which a commercial bank can furnish to its customers.

Interim bank loans are economical—usually at the prime interest rate for maturities less than one year. There are no legal fees, or extensive documentation involved. Terms may be arranged to give the borrower complete flexibility. He may borrow, prepay without penalty, or renew, depending upon his needs.

Permits Economies in Long-Term Financing

The economies of interim borrowing can be transferred to economies in long-term financing. To illustrate, I quote from a recent statement issued by a well-known utility holding company:

"Substantial economies in the permanent financing of the company's continuing expansion can be realized if the company were permitted to consolidate its current capital requirements for a longer period of time through interim borrowings and thus enter the money market for larger amounts of capital and at less frequent intervals."

In other words, a bank credit can enable a company to market to a company once a year instead of twice because the bank agrees to provide funds to pay the construction bill. The savings involved in less frequent long-term financing are substantial.

One of the major advantages of available bank credit is the back-up it provides reliable, long-term financing. This advantage is well-recognized by a recent release from another electric company:

"At the 1960 year-end the company had written down $19,000,000 of its $19,000,000 line of credit with banks. This credit management complete flexibility in scheduling payments of permanent securities. If market conditions are favorable, this flexibility is expected to be common shares. These probably will not be sold before next fall.""?

The economies in picking an advantageous time for entry into the capital market are obvious and substantial.

While there are two schools of thought on the advisability of the use of interim bank credit, we have found that the use of bank

Edward B. White

prices of the bookkeeping which would otherwise have to be done by the customer at his own expense. The money-center banks provide a wide variety of services and, in addition, have the capacity to supply credit over and above the lending limits of the area banks.

Commercial banking is highly competitive, which provides the incentive for a bank to devise a program of providing better and better services for its customers. In the final analysis the usefulness of a bank to its customers determines the success of its pool of their deposit balances which the bank is likely to get.

In order for any bank it is essential that the banker understand and his customer's business, anticipate his requirements and help solve his problems. As applied particularly to serving the public utility industry, many banks have specialized Public Utilities Departments whose primary function is to mobilize the entire resource of the bank to assist in the banking and financial problems at hand. Banks are in a position to advise corporate management on major policy decisions, such as procedure to be followed in the light of economic and financial conditions.

Banks need investment in the long-term, and as the flexibility of loan arrangements.

In determining the amount of credit which a bank is willing to extend to a customer, there are three limitations to be considered: (1) the use of capacity and capital of the borrower; (2) the legal limit of the bank which, in the case of a National Bank, is 10% of its capital and surplus; and (3) the amount of compensating balances which the customer has maintained on a continuing basis.

Customers' anticipated needs for credit are usually satisfied under the "line of credit" in effect for one year or under a commitment to make a term loan. Over a period of time, compensating balances have come to mean deposits which generally have been invested in an annual basis, 20% of the bank's commitment to provide credit. Once balances are established, the bank must be in a position to provide funds for loans up to the aggregate amounts of the lines with the bank's commitments in force. For this reason, compensating balances are related to the full amount of the available credit and not to amounts actually borrowed. Compensatory balances are by no means dead or static balances. They are turned over in the normal course of business. Averages are commonly raised through deposits of long-term financing for a period prior to investing in bills, if that is necessary.

Continued on page 2
Distribution—Vital for the Utility Industry

By Dr. J. A. Hutcheson,* President in Charge of Engineering, Westinghouse Electric Corporation

In projecting the phenomenal building in store for this country and the electricity it will entail, Dr. Hutchinson reviews the factors of the $40 billion in capital spending and their relationship to the development of electric power.

The fact that we have historically given more thought to, and proportionally more of our resources behind, improvements in generation and transmission, rather than in distribution, is equivalent to the behavior of a man who is building a great factory and-school building, and spending less time and effort on the road which he proposes to build, to carry everyone back and forth to these giant structures.

We are dealing with such a giant and difficult problem that it is imperative that we make the best use of what we have, and that we think carefully about the possible future after it is built.

The war has accelerated the need for the development of a better electric distribution system. Furthermore, distribution systems which are growing at a tremendous rate, are becoming more and more important in their effect on society, and must be planned carefully to provide the right kind of service to the public.

The rapid increase in the demand for electric power has been great in recent years, and the growth is expected to continue. It is important that we consider the factors which will affect the future development of electric distribution systems.

The future development of electric distribution systems will depend on many factors, including the rate of growth of electric power, the availability of fuel, the cost of construction, and the efficiency of operation.

It is necessary to plan for the future, to consider what will be needed in the years to come, and to plan accordingly. This requires careful planning and a thorough understanding of the factors which will affect the future development of electric distribution systems.
Union Tank Car
Debentures Sold

Public offering of $40,000,000 Union Tank Car Co. 5% sinking fund debentures due 1966 was made June 8 by an underwriting group headed by Smith, Barney & Co. Inc. and Blunt Ellis & Simmins. The debentures were priced at 100%.

Net proceeds from the offering, together with $5,000,000 to be obtained from a new term bank loan and treasury funds to the extent required, will be applied to the retirement of $40,000,000 outstanding bank loans due 1961-1963. Annual sinking fund payments will begin Aug. 1, 1966 and are calculated to retire 82½% of the debentures prior to maturity; the company may increase its sinking fund payment in any year by an additional amount not exceeding the required payment for that year. For the sinking fund the debentures will be redeemable at 100%.

The debentures also are optionally redeemable by the company at prices ranging from 100% through July 31, 1962 to 100% after July 31, 1963, except that they may not be redeemed prior to Aug. 1, 1966 at an interest cost of less than 5% annually.

The company has applied for the listing of the debentures on the New York Stock Exchange.

Texaco in Trinidad is a big investment in the development of oil—and individuals.

A visitor to this lovely, lively island will see thousands of Trinidadians at work where once such opportunity did not exist. He will see boys, 16 to 20, enrolled in Texaco training courses, continuing as on-the-job-with-pay apprentices. Students showing unusual aptitudes are awarded Texaco scholarships for university study. For all, it is a dream of success and security come true. Texaco in Trinidad is creating new futures for the people, sound growth for the economy of the island. 

TEXACO: SYMBOL OF WORLD-WIDE PROGRESS THROUGH PETROLEUM

Straus, Blosser
To Name Partners

CHICAGO, III.—Straus, Blosser & McDowell, 29 South La Salle St., members of the New York and Midwest Stock Exchanges on July 1 will admit Nat E. Geiman, Robert F. Lee, Philip E. Peltino, and Nathan M. Silberman to partnership. Mr. Lee is manager of the firm's Milwaukee office.

Bacon, Stevenson Branch
SAND LAKE, N. Y. — Bacon, Stevenson & Co. has opened a branch office on Taborton Road under the management of Newton Buckner.

Puritan Chemical
Common Offered

In an offering circular dated June 22, 1961, Dunne & Co., and J. P. Howell & Co., New York City, publicly offered 500,000 shares of Puritan Chemical Corp. 10 cent par capital stock at $1.25 per share. Net proceeds, estimated at $525,000, will be used by the company for promotion and advertising, inventory, sales, accounts receivable, and working capital.

The company of 2 South Broadway, Lawrence, Mass., is engaged in the business of developing, manufacturing and selling certain types of deodorizers, principally "Scent-A-Room," "Cedar-Scent" and "Towel-Dee-Carts." After completion of this financing, authorized stock will consist of 1,000,000 common, 500,000 of which 935,000 will be outstanding, Meadow Brook National Bank, 79 Pine St., New York City, is transfer agent for the company's stock.

Uhlmann & Co. Inc.
NYSE Member

CHICAGO, Ill.—Uhlmann & Co. Inc., 314 Wacker Dr., will become a New York Stock Exchange member corporation. Frederick G. Uhlmann, Secretary of the firm, will hold the Exchange membership. Other officers are Richard A. Uhlmann, President; James S. Schoneck, Vice-President; Robert L. Davis, Treasurer; and John F. Benjamin, assistant secretary.
Electric Utility Issues
As Investment Medium

By Roger W. Babson

Dene of financial advisers praise highly the investment merits of electric utility common, cumulative, non-cumulative, preferred, and bonds. He also explores the possibility that "there could be a terrific drop in many new popular stocks," but suspects it "may now be too early to sell and take profits on electronics stocks and reinvest in electric power stocks."

At one time electric light and power stocks were as popular as electronic stocks are today. The favorite was Electric Bond & Share, which shot way up in the stock market boom of the 1920's and then plummeted down to practically nothing. There were so many similar cases that President Franklin Roosevelt had Congress pass legislation to take the "water" out of these stocks and dissolve utility electric holding companies.

Why Securities and Exchange Commission

It was at this time that the Securities & Exchange Commission was formed, with President Rennett's father as Chairman. And it was as a result of this house-cleaning that Electric Bond & Share dropped almost out of sight! In fact, instead of a "stock dividend" there was a "reverse split" which forced stock owners' shareholdings virtually out of existence. I fear that the present exaggerated craze over "electronics" may later run into similar troubles for some of the companies.

Electric light and power stocks have since become both safe and popular. This has been due to the growth in population and also to the numerous uses for electricity in every home, store, and factory.

Bonds rates are the lowest in history and consumption per family has increased eight times. I believe that much more growth is ahead with the greatly expanded use of electricity for heating and air conditioning.

First Mortgage Bonds and Preferred

The safest electric utility securities for the small or large investor to buy today are the first mortgage bonds of an electric light and power company. Local banks should be glad to select such bonds for an investor. Otherwise, purchase from a broker such a bond issued by the company which sends out bills each month. One should then get a yield of about 4½%. One must, of course, pay regular taxes on the income from the bonds and for other securities of an electric company (with a few exceptions).

In addition to the bonds, most electric companies issue both preferred and common stock. The preferred stock carries a fixed dividend, if earned, which usually yields over 5%. Be sure that any preferred bought is "cumulative" and, if possible, "non-cumulative." A cumulative as used by Invest & Security, Inc. If the dividend is not paid in any year, it must later be made up and surely paid before the common stock is considered to get a penny. "Non-cumulative" means that the company cannot call in the stock and pay you off for it if money rates go down. A "cumulative" preferred is a case of "heads or tails"—with the odds in favor of the company. If the stock is "non-cumulative" and the money rates go down, the company will not call the stock. If money rates go up, the company leaves you "holding the bag," so to speak. However, other things being equal, one can buy preferred of his local company.

Electric Utility Common Stocks

If one is young and patient, the best investment may be in the common stock of the local electric power company. This has no fixed or cumulative dividend, but the stockholder is entitled to all the earnings (less proper reserves) after the fixed interest is paid on the bonds and the accumulated interest is paid on the preferred stock. Such common stocks are "growth" stocks. They do not yield much income when bought, but the income should increase every year with the growth of the population and the prosperity of the country.

There is an exception to all rules, and it may now be too early to sell and take profits on electric stocks and reinvest in electric power stocks. Much depends upon the international situation. If the two present customer of the electronic companies is the U. S. Government. Electronic devices are an important part of every missile, and some of our defense expenditures. But this wild spending race cannot continue forever. Either some form of international disarmament must come about, or else World War III will follow. Although there would develop thousands of new uses for electronics under a peace regime, yet in the meantime there could be a terrific drop in the country.

Intercontinental Motels, Ltd.

Common Offered

In an offering circular dated May 18, 1961, T. J. McCord, Inc., of Washington, D. C., publicly offered 150,000 shares of Intercontinental Motels, a new stock issue in the hotel field. Net proceeds, estimated at $20,000,000, will be used to enhance, improve and operate the La Concha Motor Hotel at Atlantic City, N. J., to get it into first class, and for expansion.

The company, whose address is the Towne House Motor Lodge, Martinsville, Va., has the 60 unit structure at Martinsville and a 50-unit motor lodge at the Somerville of internal Deal 31, 1966, it had total assets of $1,153,000 and authorized capital of $2,000,000 10-cent par common shares. Upon completion of this offering there will be 541,975 shares outstanding.

Prerequisites to Assure Electric Power's Future

By Philip Sporn, President, American Electric Power Company, New York, N. Y.

Outnotes assessment of the basic principles being electric utilities. This is a "healthy attitude" toward price and amicable practice of selling both gas and electric. Taking Thomas Edison as his guide, Mr. Sporn explores the pursuit of a gas-powered test cell to provide electricity in a combination package no alternatives, if they are to serve electric energy, but to accept the challenge and responsibility as the single or universal source at a lower price. The utility head decries an almost unbelievably enormous and exciting future of opportunities and accomplishments with improving leadership in production, meeting electrical needs to forestall public power growth, defending itself properly, attracting capable experts, and, having confidence in the world of three billion, generated a little more than two trillion kwh. This United States, with only about 6% of the world population, produced and used almost 40% of the world's electric energy.

There are several important observations to be underscored at this point. Electric power was higher, invented, promoted, and developed by private enterprise in the United States 80 years ago. Throughout all these 80 years our industry has not only been a major share of the basic advances in every phase of electric energy technology. For the last 30 years, despite the electric growth in the rest of the world, we were primarily in the newly developing nations, this country has concentrated to count for about 40% of the world's electric energy. More significant, the share of total energy converted to the electric form has risen consistently until by 1960, despite the dramatic improvements in the efficiency of conversion, it reached a figure of 19.5%.

The electric power industry in the United States has pioneered in planning, in projecting, in bringing into being and operating what is today the largest single aggregation of capital facilities of any industry ever developed by human enterprise and human ingenuity. Over its nearly 80-year history the growth of the industry has been at the phenomenal long-term average growth rate of close to 6% per annum every 10 years.

The industry has pioneered in the development of mass-scale generation, especially of thermal generation, and in the movement of power by high voltage, and in this movement throughout its history, under all circumstances—world wars and peace-time booms—the industry has maintained the American

Primary Markets

Bank and Insurance Stocks

Christiana Securities

Unlisted Securities

 Corporates & Municipal

Underwriters

Dealers

Distributors
people an abundance of electric energy without the need for rationing, conservation, or any other restrictions on use. This is a revolution that has reached anywhere else in the world.

With that kind of history of successfully finding and meeting the country’s needs, and with an eight-fold increase in the generation of over 750 billion kwh by the year 2000, the best estimate is that the total energy use of the country will be 4 billion tons of coal equivalent, and the generation of 6 trillion kwh by the electric utility industry will account for 45% of the total energy, or the equivalent of 1.6 billion tons of coal—an amount almost equal to the total energy consumed in the United States last year.

Thus electric energy in the four decades 1960-2000 will have multiplied eight-fold compared with a two-and-a-half-fold increase in total energy. At the same time, while the relative position of hydro, coal, oil, and gas in the national energy picture has changed, electric energy will have had no problem in doubling its position in the national energy picture from 19.5% to 40.9% by virtue of two important considerations:

(1) The increase in efficiency of conversion of conventional energy to electric energy, and
(2) The new sources of energy that will have become available to electric energy; namely nuclear fission energy, with all the prospects of a possible beginning of fusion energy.

This clearly points to the enormous and exciting opportunities for the electric utility industry, but at the same time accents the challenge and the grave burden of responsibility confronting the industry. With the estimated cost of the new energy picture from 19.5% to 40.9% by virtue of two important considerations:

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(2) The new sources of energy that will have become available to electric energy; namely nuclear fission energy, with all the prospects of a possible beginning of fusion energy.

What Can Go Wrong?
And yet, even as one contemplates this picture, one cannot help but listen to the overriding and insistent question: Is there anything wrong with the picture being painted? How sure can one really be that these things not only can but will come to pass?

It must be admitted that when boldly questioned this way and when one looks up to it in the light of what has been happening in recent years, the insuperable answer must be that there is plenty that can go wrong with this rosy and fascinating picture. There is plenty that can prevent this kind of future from coming to being.

Because, while there are those who recognize this exciting and beckoning future as a summons to strenuous effort and to days, weeks, and years of difficult planning and building to bring many large complexes into fruitful operation, there appear to be others who believe there is a simpler way. They seem to believe that in preordination: that they can sit back and let these things that are portrayed to them rather vaguely on the screen of the future come into being by some process of auto-conception; and, of course, at the proper time they will step in and reap the rewards of what will have come in place so effortlessly, painlessly — almost automatically. They do not seem to understand that this kind of future cannot and will not come into being by itself. They do not realize there is much, perhaps far too much, that needs to be done, and even much more which, if left undone, will prevent the realization of these bright prospects.

It is to examine some of the things that remain to be done both by way of new pioneering and by way of re-emphasis and re-affirmation of just ideas and ideals that the industry has permitted to become neglected or has become lax about observing; it is to re-examine basic ideologies, basic economic faith, and specifically faith in the ability of the predominantly investor-owned industry to fully hold its own in the continuing and, perhaps, to be strengthened competitive struggle; it is to re-explore the industry’s basic economic science, in technology, and their further development as sources of strength of this industry that was founded upon science and technology.

I would like, therefore, to focus on the problems of this paper on the proposition that the great future of private enterprise in electric power so clearly indicated by our projections is contingent upon our recognition of and proper response to the following critical challenges that face us, or lie ahead.

Challenging Problems Lying Ahead

The big job of meeting the telephone needs of up-and-coming communities throughout America has been the traditional aim of the Leich Electric Company, a subsidiary of General Telephone & Electronics.

As a manufacturer of telephone instruments and switchboards for business offices and smaller telephone exchanges, Leich is a leading supplier to the more than 3,000 Independent telephone companies situated in the areas of the nation where the growth rate is highest.

Leich has maintained its position in the forefront by continually advancing the quality and versatility of the specialized equipment it produces. This is just one of the many ways we make it our business at General Telephone & Electronics to bring together the talents of many people and the facilities of many companies — all working to advance the science of modern communications through sight and sound.

By developing new methods and new products for industry and home, General Telephone & Electronics is building for what it believes is bound to be — a growing future in a growing America.
Prerequisites to Assure Electric Power's Future

Continued from page 27

generation functions on the basis that it is among the most attractive required in the utility industry to run a successful business. Perhaps it has — for now. But how about the future?

For one thing, in establishing the price of energy as a commodity sold, I fear that they tend to overlook the historically great influence which the general trend in the price of our product on the demand for utility power is to the industry to its present position.

And the manufacturers, who have so much to help the industry grow, develop, prosper, and in turn have prospered from serving the industry, have tended to forget the gage of this downward trend.

The unsavory feedback relationship, with reduction in cost opening up new avenues of service and new avenues of service making possible growth in the business and therefore growth in scale and efficiency of generation, transmission, distribution, and every other phase of our operations, is too vital to be given up lightly. It is so important that one cannot help but feel distressed by a complacency of attitude that is based, so often, on the following: "Well, our business is successful and we will make the most of it."

I believe this latest attitude for the electric utility industry. 

One of the things that the public may not realize is, however, that this increase has got to be disavowed as a necessary payment to be taken under extreme conditions. But this idea that price is no object, because the service already is a good bargain or, even what is the public good, is not doable. It is none of this is good sense, nor good utilitarian-economics, in the United States at any rate.

Let us take the first one: the public may not realize is, however, that this increase has got to be disavowed as a necessary payment to be taken under extreme conditions. But this idea that price is no object, because the service already is a good bargain or, even what is the public good, is not doable. It is none of this is good sense, nor good utilitarian-economics, in the United States at any rate.

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I think the important thing to remember is that the demand for being a versatile and, for some purposes, an indispensable tool, offsets efforts by the various citizens of agencies in a complex society to get involved in its affairs. In the case of TVA, which accounts for about 30% of all the nation's electricity, its activity, is its entry into that field and the expansion of its position were the result, among other reasons, of a complex series of opportunities that were missed or sidestepped by the private or investor-owned utilities and taken advantage of by TVA. Among the missed opportunities can be mentioned the failure of the original peripheral neighbors of Muscle Shoals to integrate that operation properly into their systems and the failure of too large a percentage of the investor-owned industry to recognize both their opportunities and responsibilities to electrify rural U.S.A. in the early and middle thirties.

Further, it might be noted here that fully half of TVA's total generation represents the supply to the Atomic Energy Commission which in turn represents some 4% of the current national total. TVA was able to obtain this market because the initial diffusion plants were located at Oak Ridge and because the private utilities either did not have an opportunity or did not see their way to find a mechanism for offering to AEC service and rates which were competitive. It was not until Electric Power Inc. and OVEC came along that it was clearly demonstrated that capable as was TVA there was nothing unique in this aspect of private enterprise could not watch or surpass. But this kind of alertness may have been missing earlier. And this lack of a 'ertness to both overcapacity and uncompetitiveness again and again has accounted for the growth of public power.

I do not mean to say by this that there are not strong political slants to public power. There are, of course, even active members of Congress and in both parties who are firm believers in more government and more government power, at least in their areas. But even here the conviction in many cases held with great earnestness and tenacity, are based on misunderstanding and improper analytical information and can be challenged. But the change can be accomplished only by a difficult, usually unfruitful and earnest effort to bring about a proper understanding of the technical, economic and social-economic considerations. But this represents a separate challenge.

(4) The Ability to Defend Itself

In this is a sales challenge—and an especially tough one selling the idea of private enterprise in public power. But it may not be in public power but in other fields as well, the industry has been and will continue to be confronted with many legislative proposals that would do little or not well to the interests of individual power companies, of the industry as a whole, and in many cases to the interests of large regions of the country, or even of the United States. In this difficult field of action, there has been a lot of damage, and the damage for the people of the industry, the heads of the various power enterprises, to do better for themselves and their interests vigorously and in person.

The Way to Inform Congress

To do so effectively means in many cases frequent appearances before Congressional committees. I have never found, except in minor cases, anything but the utmost consideration being given by the members of our Congressional committees, even those of different political or social-economic faith, to anyone who represented a major economic interest that was threatened and who appeared and explained it and knowledgeably and sincerely pleaded his case. It is possible to convert people in Congress to a point of view with regard to a piece of legislation different from the view they had when it was first introduced, but it takes a lot of hard work and it is no job for mercenaries or the hired men. It cannot be done by long distance, by radio or television; it cannot be done by advertisements; and it cannot be done by feeding matter to newspapers. All of these activities may help, but I do not believe it is possible to have any effective influence in Washington if one stays away from Washington. As a matter of fact, this convention should not have been held in New York where it is being held right now. It would have been much better to have been in Washington.

In early May the National Association of Broadcasters held its annual convention in Washington. Broadcasters argue constantly in the public eye, and no matter how much programs please many people, there are always many others who object. Stations are licensed for three years and are subject to complaint and pressures, including pressures to have government operate them. But the broadcasters seem to find it wise to meet in Washington from time to time. I see no reason why they would keep on doing it otherwise. They know they will get some strong criticism and even threats, but appear to be willing to face the music and fight back—and also to work to improve their performances.

This year the National Association of Broadcasters had on their speaker list President Kennedy, who brought along as his guests Commander and Mrs. Alan Shepard, as well as Vice-President Johnson. Others who talked included the new F.C.C. Chairman, Newton Minow, Secretary Ribicoff, Major General Medaris, Dr. Edward Teller and a panel of the seven F.C.C. commissioners, who answered questions submitted in advance as well as questions from the floor. There were many other speakers from the field of education, engineering and public service.

Not all the speakers were kind or flattering in their remarks. Chairman Minow delivered a searing critique of the TV industry's programs. Calling them a "vast wasteland" he pointed out to the broadcasters their obligations not only to look to popularity but also to serve the nation's needs.

Chairman Minow's demand for better TV was seconded by Secretary Ribicoff. Interestingly, NAB's own new President, the former governor of Florida, LeRoy Collins, also deplored the low

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There is a separate challenge.
Firm Trading Markets in—

(a) Operating Utilities

(b) Natural Gas Companies
Transmission, Production & Distribution

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30 (2626)
Utility Financing in a Strengthening Economy

By George W. McKinsey, Jr.* Assistant Vice-President
Irving Trust Company, New York City

Mr. McKinsey estimates electric utility financing in 1951 will total $5.7 billion, and $3.9 billion for large gas companies, up to $10 billion for the fourth quarter. Also, he forecasts a strong upward economic expansion accompanied by an upward drift in interest rates. Furthermore, he points out that unemployment as a whole and with increasing higher spending, and favors tax reform so economic recovery does not choke itself off.

We are now well along the road to recovery from the briefest and the mildest of the postwar recessions. Strong upward pressures are being exerted in a vast many areas, and a self-sustaining cumulative expansion is underway in the far greater part of the economy. No longer is the question "is the recovery fact or fiction?" but "how strong will it be, and how fast will it proceed?" Although the best way to find out is to wait and see, most of us can't afford that luxury. Our business decisions have to be made now - in the light of our best appraisal of the prospects for future inflationary or deflationary developments; they cannot await that certainty of knowledge which only history can bring us.

Those facts which are now available to give many indications that as 1951 unfolds, pressures should expect the economy to continue to strengthen. Production increased upward in a spectacular rate in April from March by the recovery in steel and automobiles. Production continued to expand throughout May, and apparently is rising to even higher levels. Output of both electrical and non-electrical equipment, both of which are leading movements, is having an upward increase in production. Construction expenditures - a very important 11% of the total economy - are on the rise.

There are increasing indications that the inventory liquidation which sparked the recession, and, indeed, while continuing, is, for virtually the entire economic contraction - inventory liquidation is already at an end and is being followed by a more substantial upsurge in inventories, which may well provide a further significant stimulus to future production growth in the months to come. Sales of merchandise to other countries fell in April from the near-record levels reached in March, but are still providing an important impetus to the economy and will probably continue at quite high levels most of this year. Business profits have held up better than in previous recoveries and profit margins are improving. Consumer spending activity stepped up somewhat in May, and recent surveys give the impression that consumers will continue their spending further as income levels rise. Government spending has increased sharply throughout the Federal, state and local levels, and the rate of increase does not appear to be slackening.

Utility Financing Calendar

One of the natural and inevitable results of such expansion in economic activity is higher demands for credit. After a light first quarter, corporate financing calendars have been running quite heavy and there is more to come. The Irving Trust Company Financial Calendar indicates that $15 billion in 1951 financing by large electric companies will total $11 billion and for companies $800 million—about the same as in 1950. The bulk of the offerings yet to come will probably be crowded into the heavy fourth quarter.

Corporate demands for credit will be competing with other pressures for credit needs. The heavy municipal calendar is being reflected in recent municipal securities. The Federal Government will be up to $10 billion of gross (green) free year-end. Mortgage credit demands are quite strong. But before the season-by-season outlook for the year, it should be noted that the stage is set for another substantial upsurge in consumer credit.

Predictive Rise in Interest Rates

As demands for credit grow, interest rates can be expected to rise. The rate levels have been in 1950, and they have been held to be desirable by Secretary Dillon, Council of Economic Advisers. Chairman Helmer, the Joint Economic Committee of Congress, and President Kennedy. What has caused the confusion over the past time to curtail optimism that, in the face of a boom of the magnitude which 1951 will witness, there is no possibility of a recession in the years to come.

The objective in respect to long-term rates has been described by Chairman Martin as facilitating "the flow of capital into productive investment activities." Since an adequate flow of capital can be available without forgoing rates down to levels of 4% or 5%, the logical conclusion is that interest rates will drift upward with the increase in productivity and that they will be upwardly as sharply upward as in 1950. This is consistent with the testimony before a Congress Joint Congressional Committee last June 1 by Chairman Martin. Federal Reserve Board, who told the Congress that the pressure on capital should not be asked to force rates down to levels of 4% or 5%, and Federal Reserve actions can only mitigate the tendency of interest rates to rise when business conditions continue to rise.

The short run outlook for the economy, then, is for a strong economic expansion, with an accelerating rate of demands for credit and an upward drift in interest rates. Further, there is sufficient slack in the economy to permit a quite substantial expansion in production before significant inflationary pressures are touched off.

Warn Against Poor Economic Policies

But this should not obscure the fact that there is considerable slack in the economy — leads to the observation that despite the rapid short-run outlook all is not well in the economy. Looking ahead a little further, there are economic problems and policies-economic problems of real importance.

One of the more significant is the need to maintain the present very strong growth in the economy although it gives us a tremendous degree of confidence for real economic growth, is at the same time one of the more significant longer run problems in the economy. Much this unemployment will disappear with general economic expansion; this is itself one of the reasons for very favorable outlook for the economy. But it should be noted that the problem of the unemployed are the unskilled, the semi-skilled, those possessed of skills which are obsolete and are no longer needed. These workers must find in the skills needed by a growing economy, the new way and where to look for jobs which can utilize their work into the movement areas into which their skills are needed by the free enterprise system. This is illustrated in other ways. Yet an ill-conceived policy, one which would subsidize location of workers in depressed areas—would do more harm than good —to the extent of attempting to solve technological unemployment by easy money and high spending. It is also harmful inflationary pressures.

Removing Tax Incentives

Don't overlook this:

- A second political-economic problem of considerable importance, one about which we will be hearing more as time goes on, close by quoting this passage, written in 1830:

"The present moment is one of great distress. But how small will that distress appear which we think over the history of the last 40 years; a war, compared with which all other wars sink into insignificance; taxation, such as the most heavily taxed people of former times could not have conceived; a debt larger than all the public debts that ever existed in the world added together; the food of the people studiously renounced dear; the currency imprudently debased, and imprudently restored. Yet is the country poorer than in 1789? We fully believe that, in all of all the misgovernments of her rulers, she has been almost constantly becoming richer and richer. . . . On what principle is it that, when we see nothing but improvement behind us, we are to expect nothing but deterioration before us?"


With Samson Associates

Rose Saccardi Farrell is now associated with Samson Associates, Inc., as account executive in the 680 Fifth Avenue, New York office, it has been announced.


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A. C. Allen & Co.

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American Stock Exchange (Associate)

A.C. Allen & Company

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[Incorporated]

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AS WE SEE IT

Continued from page 1

The monthly review of long-term issues of the Federal Government—and by indirection upon private mortgages—are to be foreseen and kept low without return to some of the worst of the practices of the war and early postwar period is far from clear—the more so if now the Treasury is to be required to find substantial additional funds. Efforts to finance a growing deficit can hardly fail to add dangerous fuel to the inflation fire.

Now, of course, labor union leaders read the newspapers—and they have economists to make certain that they do not miss the true inwardness of what is going on in Washington and elsewhere. Should improvement in the general business situation continue even at the present rate we may be quite certain that it will not bring too long before we hear of demands for higher wages, larger "fringe benefits," or other changes which will add to the cost of production. We can not recall a case in recent years where recovery from even a mild recession did not bring forth a multitude of such demands and in the great majority of cases success in obtaining them.

The presence of considerable unemployment, particularly if the government is looking after the unemployed, is rarely much of a deterrent.

Higher Costs, Higher Prices

The likelihood that sharp increases in labor costs would quickly bring higher prices is rather greater than usual at the present time in view of the falling profit margins of recent months. Increasing volume of output tends, of course, to reduce unit costs somewhat and may act as a brake in some instances to slow down the conversion of higher labor costs into higher prices which the consumer sooner or later must pay, but margins are too close to permit such a factor to be controlling, particularly if demand substantially increases for the goods and services that are being produced. There is, therefore, good reason to fear a recurrence of the cost inflation type of upward price movement if and when there is a sustained improvement in business and an apparent prospect of a continuation of that improvement. Naturally, inflationary programs in Washington will not help at all to restrain or discourage it—but will rather tend to support it.

This danger has apparently been foreseen in one degree of clarity or another by Administration officials and advisers who refer to it at intervals without much evident disturbance of mind. It is therefore of interest to in-

Continued from page 1

sisting of influential labor leaders and employers of labor whose function it is to seek out modes of procedure by which costly industrial relations conflicts can be avoided and, presumably, restrained on the part of both wage earners and businessmen. There have been organized certain groups con-

crease per man output and thus reduce labor costs is another goal of these groups. Not much has been heard of all this of late, and so it is far from clear what headway, if any, is being made.

What of "Self Restraint"?

What, we should be asking ourselves very earnestly, is to be a product of exhortations about "self restraint" as a means of preventing inflation? A very low opinion of it seems to us to be inevitable if one is to take into account the ordinary attributes of mankind and the teachings of a very considerable experience with the technique. We feel certain that it will con-

The Commercial and Financial Chronicle . . . Thursday, June 15, 1961
Municipal Bond Club of New York
28th Annual Field Day


Lee Hauptfleisch, Goldman, Sachs & Co.; Bill Muller, Halacy, Stewart & Co., Inc.; Lew Lyons, Mercantile National Bank (Dallas)

Glenn D. Thompson, Carl M. Leach, Shaw & Co.; William W. Hibbard, Trust Company of Georgia; Lauren F. Logan, Wood, King, Daumsey & Logan


Bill Muller, Halacy, Stewart & Co., Inc.; Lew Lyons, Mercantile National Bank (Dallas)


John E. Varley, Federation Bank & Trust Company; John J. Ward, Chase Manhattan Bank; David E. Akers, Eastman Dillon, Union Securities & Co.; William A. Darvis, Reynolds & Co.; Merrill Freeman, Salomon Brothers & Hutzler
Friday, June 9, 1961

Rollin C. Bush, First National City Bank of New York; Fred F. Johnson, Bercus, Kindred & Co. (Chicago); Frank L. Luchs, Laddow & Co.


Charles F. Kavanagh, Bacon, Stevenson & Co.; Reginal M. Schmidt


Dean B. Spudder, First National City Bank of New York; Daniel O'Day, Northern Trust Company; Harold Young, Equitable Securities Corporation; Dave Healy, Harkness & Hill, Incorporated (Boston); Bob Swinarton, Dean Witter & Co.; Edwin J. Cross, Roosevelt & Cross, Inc.
At Westchester Country Club


At Westchester Country Club


At Westchester Country Club


At Westchester Country Club


At Westchester Country Club

tinue to be futile to rail at labor union leaders and their membership for insistence upon higher wages and all the rest when they believe (probably correctly) that they can succeed with a campaign for these gains. These gentlemen are human beings like all the rest of us, and they want to get all that they can from their daily labor. The fact that they are so uniformly successful in recent years goes directly back to the monopoly position they hold in the field of labor. So long as we permit them to rejoice in us by granting them this sort of position in the economic world we need not expect much from repeated requests that they not exercise it.

Can’t Ignore Costs

Employers are, of course, much more exposed to the rigors of competition, but let it not be forgotten that competition can at best only keep prices down to a reasonable margin over inevitable costs.

If labor costs are to continue to rise, and tax costs to move up in an effort to meet added outlays by Federal Government, there is little hope that prices can be kept down either by exhortation or by any other device available to the authorities. Any inflationary stimulant added in Washington must greatly complicate this situation all along the line. Inflation inspired demand — demand which is created by purchasing power which does initially emerge out of the production process — is inevitably a direct temptation to sellers of goods.

Against all such factors exhortations to self-restraint are not likely to be of much avail.

Sanford, Hanauer
Form Coast Firm

SAN FRANCISCO, Calif.—Organization of the new San Francisco investment firm of Sanford, Hanauer & Co. has been announced by Laurence Sanford and Carl Hanauer.

The new firm is a dealer in over-the-counter securities, specializing in life insurance stocks and municipal bonds. Offices are in the Russ Building.

Mr. Sanford formerly was the proprietor of Sanford & Company, Mr. Hanauer is the former San Francisco resident manager of J. B. Hanauer & Co.

Mr. Sanford entered the investment business five years ago with Schwabacher & Co. and later joined Walter C. Gorey & Co. He entered the firm five years ago.

Mr. Hanauer is the son of Leonard Hanauer of Ira Haupt & Co., and the nephew of J. B. Hanauer. He entered the investment business with the firm of Ryan, Hanauer & Co. in Newark, N. J., and joined J. B. Hanauer & Co., when he came to California in 1957.

Guaranty Nat’l
Insurance Co.
Common Offered

In an offering circular dated April 29, 1961, Copley & Co., Colorado Springs, and Pacific Coast Securities Co., San Francisco, publicly offered $200,000 shares of this firm’s common stock at $2.50 per share. Net proceeds, estimated at $250,000, will be added to the company’s capital and surplus accounts.

Guaranty National of Ohio, a company of San Francisco, Denver, Colo., was organized on March 5, 1953, and received its Certificate of Authority from the state insurance department to write all forms of casualty insurance and under the laws of Colorado.

It operates on a non-admitted basis in eight other states and receives approximately 50 of its totalpremium from these states. Capitalization consists of 1,000,000 common shares (par 50 cents), of which 228,550 will be outstanding upon completion of this sale.

Amott, Baker Branch

BROOKLYN, N. Y.—Amott, Bae¬ker & Co., incorporated, members of the New York Stock Exchange, have announced the opening of a branch office at 730 Fifth Ave.

John R. Frattalloni, Jr., and Donald R. Miller are co-managers of the new branch; registered representatives are William R. Bourne, Anne Elizabeth Frawley, Jack J. Hansen, Salvatore A. Scianis and Stanley Yagarman.

Kamil Paul Troutaba is the mutual fund representative.

Philip C. Fons Opens

(Special to The Financial Chronicle)

WOODBAND HILLS, Calif.—Philip C. Fons is conducting a securities business from offices at 22911 Ventura Boulevard.

George M. Humphrey,
Thomas E. Millis and Paul H. Carnahan, top men at National Steel Corporation, talk about...

NATIONAL STEEL’S $300 MILLION OF NEW CONSTRUCTION...

and what it means to you

The huge program begun three years ago by National Steel is nearing completion. Costing in excess of $300 million, it is a signal of continuing progress at National Steel. It is the result of a never-ending search for the new and the better.

It is tangible evidence that private citizens have firm confidence in the future and are willing to back this confidence with huge amounts of private money. It is the kind of thing, throughout our economy, which provides the solid foundation for widespread American prosperity...

and for which there is no substitute.

There are obvious benefits, of course, that will result from this construction program.

TO OUR EMPLOYEES—it means better, more secure, more stable jobs.

TO OUR CUSTOMERS—this expansion means the assurance of steel supply in volume during periods of peak demand. In any period, the expansion means steel of the highest and most uniform quality ever produced.

TO OUR COMPANY—it means higher efficiency, greater stability and lower costs throughout our operations...

factors which provide us with a stronger competitive position in the market place.

TO YOU AS A CONSUMER of STEEL—it means better products because of better steel. It means greater value for your dollar in the products you buy.

TO YOU AS AN AMERICAN—it means a powerful weapon against inflation; it means more strength for America faced with competition against the low-cost labor and newly added modern techniques of foreign producers. And it means a greater industrial base for our national security.

As National Steel’s new facilities come into operation during the months ahead, we’ll tell you more about them. And we think you’ll agree that it will be good news for our employees, our customers, our company and for you.

NATIONAL STEEL CORPORATION
PITTSBURGH, PA.

STEEL PRODUCTS

NATIONAL STEEL CORPORATION
WOODLAND HILLS, CALIF.

SUGGESTIONS AND SAVINGS

BY NATIONAL STEEL

OUR NEW RESEARCH CENTER will be National Steel’s headquarters for the expanded, continuing exploration of new and better raw materials, facilities, manufacturing processes and products of steel.

A BASIC OXYGEN STEELMAKING SHOP, including two of the largest vessels ever built, is now under construction at Great Lakes Steel in Detroit to increase the flexibility and efficiency of our operations.

AT WEIRTON STEEL In Weirton, W. Va., new and improved facilities throughout this division will increase the production and improve the quality of Weirton’s flat plate, galvanized sheets and cold-rolled sheets.
Some Factors to Consider in Electric Utility Financing

By Frank D. Chatterton, Industry Specialist, Massachusetts Investors Trust, Boston, Mass.

Analysis of the percent of market value to book value of 121 electric utilities in May shows: (1) stocks of 65 companies did not sell high enough to cover book values due to loss of control in the open market, (2) a profit to the investor, and (3) 56 companies occupied an intermediate position. Mr. Chatterton notes investors' willingness to pay a premium on stock if management services are on the upswing or if advice on management as to what they should do to earn this confidence and, thus, make equity financing easier. He discusses utilities' lower rates of return as compared to stable rates of return on dividends and the need of an improving one to widely fluctuating returns; and details typical, alarming extent to which net plant values in current dollars represents unrecorded excess value, per share, compared to original cost.

The "open-end" Mutual Fund industry, like the Utility's, is a service industry. We service those individuals and institutions who do not care to assume the duties and responsibilities of investing money. We like to think that we are doing a good job—that the methods of evaluation and investment available funds in the best profit factors are our due.

M.I.T.'s net assets are 4.6 times what they were a decade ago and in March 2 totaled about $1.7 billion. The last four years have added 12.9% of the portfolio, compared with 10.4% at the close of 1959. Aside from the rapid growth in these figures, which indicates a growing source of security funds, the interesting factor is the great change in the composition of the electric utility portfolio during the past 10 years. Currently, about 75% of our electric portfolio is invested in states which we classify as Fair Value or Fair Back turn states, with 25% in original. Our states. Ten years earlier, these percentages were almost reversed. It is fair to say that our objective for the future is to have an increasing percentage in the more favorable situation category. A high or increasing overall rate of return is what we are seeking. This means that a favorable regulatory environment is essential.

The back-up for this data is presented in Table I. Our holdings in states which we currently classify as fair value-fair return are based on lines 1 to 13 in the order of decreasing importance. Our holdings in states currently classified as original cost are on lines 16 to 27, also in the order of decreasing importance. Several things may be pointed out:

(1) Four states currently account for 51.5% of our current holdings;
(2) With two minor exceptions, our holdings in states which we classify as fair value-fair return states have increased per centagewise, or remained constant during the past 10 years. Some of the increases are substantial.
(3) Three original cost states are of great importance to us: New York, Georgia and Louisiana. In our portfolio, Louisiana holds in a state several original cost states have been sharply reduced or eliminated.

Table II shows the electric utility portfolio holdings of M.I.T. and the Growth Stock Fund in millions of states, with the weighted average overall rate of return for each of the five years, 1955 to 1959, inclusive, together with the five-year average. The order is based on the rate of return earned in the most recent 10 years, 1950-1959, with the highest at the top of the list. The 25 states with the highest rate of return are listed on the half of the table, and the rest are listed on the bottom part.

Note on line 20 that M.I.T. and the Growth Stock Fund are involved in $775 million and $40 million, or 85% and 98%, respectively, in states in which the original cost or the 15 year balance in M.I.T. which is invested in states in the lower half of the table, 4.1% is in two fair value states where improvement is expected, and 6.6% is in companies which are doing better than the median rate of return for 1959 of 6.17%.

Rates of Return
The rates of return earned by the various companies are compared with what is available in the industrial category. The median overall return for electric utility portfolio in 1960 was 6.4% as compared to the distribution chart of the rates of return earned by the 121 utilities companies in the M.I.T. portfolio on March 31, 1961, based on the latest data available. As of May 1, 1961, shows: The median is 10.4% of the returns in the 9.0 to 9.5% interval.

The ten industrials earning less than the median rate on electric utilities represented 6.2% of the total for the two trials. Most of the issues in the ferrous and steel industries which had a poor year in 1960. We would expect that the future rate of return would be reduced either by organizational changes resulting in elimination from the portfolio. Simi¬larly, in the past, our electric portfolio is expected to increase both through improved operations and through security transactions.

In the event, the rate of return earned by the industrials does not restrict improvement in the rate of return.

From our data, it is evident that we have received a net value of $218 per year.

Recognized
Table III is a tabulation which is typical of one which I have used in discussions with some commissions and will use in the future.

Unrecorded Value
Table III is a tabulation which is typical of one which I have used in discussions with some commissions and will use in the future.

This is the area at which the decline in the value of the dollar is offset and the line 20, 29%, which is the percent of book value adjusted by the Handy-Whitman index to the actual book value. This is the area in which the value factors in the reconstruction

<table>
<thead>
<tr>
<th>State</th>
<th>Fair Value</th>
<th>Fair Back Turn</th>
<th>Original Cost</th>
<th>Classification</th>
</tr>
</thead>
</table>

Table IV

34 (2630) The Commercial and Financial Chronicle... Thursday, June 15, 1961

Serving the Southwest's need for MODERN COMMUNICATIONS

The Commercial and Financial Chronicle... Thursday, June 15, 1961
cost new, less depreciation, is recognized.

(3) At line 13, the median of the group.

From this table, it is evident that the stocks of 45 companies are considered. The following table indicates the set the loss due to the depreciation of the property.

Despite the good utility markets

in the last year or two, only 29, or 52%, are placed as a profit to the investor when com-

pared with the 1919 or 1920 profits, the value of the properties which have been dedicated to public services.

Fifty-eight companies of the

companies occupy an inter-

mediate position.

The future, however, may be

better than the past. Some years hence, the present and recent past and per-

haps the future, was a period of stock market growth. Certainly, we have all observed that investors have been willing to purchase a large number of shares of those companies where quick profit was expected. Their earnings and dividends fairly consistently in the years ahead.

Differential Growth Stocks

From Non-Growth Ones

I shall not speak on the subject of what the market will be like. Much has been written, but rather on why some electric utilities are considered growth stocks and are considered as such by the investor. In my opinion, such a differentiation is not altogether correct. We are dealing with two distinct distribution curves; for, one is a growth curve, and one for one for non-growth. Actually, there is but one distribution curve—the difference between the one and the other is due to a minimum of 50%. Only electric utilities have the potential of such growth, which is a higher price. Whether they do so well as a matter of facts, depends, to a large extent, on the ability of management, and management, in turn, depends on what gives its stock a premium value.

What is it, then, that the investor seeks? He seeks increasing earnings and dividends. He seeks a maximum dividend for a given cost and a minimum deviation from this trend. If management pro-

duces such records for a reason-

able period of time, then one is going to bid that stock up.

By way of illustration: company A is earning $2.00 per share, on the basis of the record, no earnings growth may be expected. The market for this stock might well be something over $25 per share.

Company B is currently earning $2.50 per share, but the investor is convinced that, on the average over a long period of years in the future, it is reasonable to assume an expected growth of $0.25 per share per year. It is my guess that such a stock will command a market price of more than $40.00.

In other words, these figures imply that, in time, the investor will be willing to pay an $8.00 premium when he is convinced that the earnings will increase 10c per share per year indefinitely in the future. In brief, the investor is willing to pay a premium equal to 100 times the assumed annual increase in earnings. The size of this ratio must vary directly with the degree to which it does not. Of course, such a high ratio will not be attained overnight and may be determined after certain conditions. Cer-

tainly, this price-to-earnings ratio is a reward to challenge the best efforts and imagination of manage-

ment. If any management adopts such a goal and is able to reach it, there will be renewed vigor and excellence in every aspect of the enterprise — especially if there is a stock option plan.

Guide to a Growth E xpectation

The following are but a few of the areas which might well be considered in the development of this goal:

(1) The importance of an ade-

quate and stable rate of return or an improving rate of return will

be obvious. Anything less will be unsatisfactory.

(2) A complete re-examination of the past structures may be called for. Are the incremental profits on added business improving the rate of return? If not, decide in advance of the rate in this area is indicated.

(3) Is the capital expenditure program overly ambitious? Is the reserve capacity excessive? Can unneeded blocks of power be sold to a neighbor? Can needed power be purchased from a neighbor, deferring a unit for a year or so?

(4) Budgetary control and fore-

casting more than one year in advance will assume even greater importance than in the past.

(5) Sales promotion activities will be scheduled with great care.

If management is convinced of the importance of this earnings objective, it will not be long be-

fore management will demonstrate its ability to bring about the desired earnings trend. But how is this confidence to be trans-

ferred to the investor and to the market place?

Management must come to the decision as to what the annual or monthly goal should be. Then they should select that percentage of the annual increase in earnings which might reasonably be paid out in dividends for each year. This is the best way to know for management to transfer its enthusiasm and optimism to the shareholders. For some or other, dividend action is a lan-

guage which all investors seem to understand perfectly.

When your shareholders say to themselves and to others, "I re-

expressed an 8c increase in dividends, the XYZ utility in the first quarter of this year, and I am sure that I will get another one of like amount in the first quarter of next year," your stock will then be a full-fledged "growth stock."

In short, you will be able to tell all the equity financing you need to do, while strengthening, rather

than diluting, the interests of the old investor.

* * * * * * * * * * *

Offer Course on

Stock Movements

A course on the "Technical Ap-

proach to Stock Market Movements," geared for the business-in-

vestor rather than the Wall Street professional, will be offered dur-

ing the Summer Session, begin-

ning July 19, at the New School for Social Research, 66 West 123rd St.

Conducted by investment analy-

sit John G. Miller, the course will run for seven weeks, on Monday and Wednesday evenings, from 6 to 8:30 p.m.

The course will emphasize the "line charting" approach to stock market movements. It will in-

clude the mechanics of building charts, use of various indices, an-

alysis of cycles, use of options, and other aspects of market anal-

ysis as they apply to both the technical approach and the funda-

mental or economic approach.

Registration for the course is

now open, and will continue through July 6. Information may be secured by writing to The New School for or by phoning 56-2700.

Philadelphia, Pa.,—William}

Lippman, President of the

and Treasurer of American Viscose Corporation, will be guest speaker at a luncheon meeting of the Philadelphia Securities Associa-

tion to be held on Monday, June 19, at The Barclay Hotel.

Frank A. Sturges, President of Drexel & Co. is in charge of ar-

rangements.

R. Baruch Branch

Baltimore, Md.—R. Baruch

Branch will hold a branch office at 225 East Redwood Street under the management of Conrad Lippman.

Gallagher-Roach Office

Cleveland Heights, Ohio —

Gallagher-Roach and Co., Inc., has opened an office at 2639 Lee Blvd., under the management of Howard L. Rubin.

...ask Niagara Mohawk

WHAT DO YOU WANT to know about

UPSTATE, New York? Just ask Niagara Mohawk's area development specialists. They've got facts about labor supply, market potential and raw materials right at their fingertips. What they don't have can they quickly assemble for you. They can even help you track down the perfect plant site within a particular area. For example, they helped one manufacturer find a spot where the water is just right for their special requirements. They helped another company track down a labor force needed for the manufacture of industrial photographic supplies.

WE THINK you'll be passing up a good

bet if you don't consider UPSTATE, New York in your planning. New York is highly diversified in the Union. And it has the highest average of skilled workers and foremen in its labor pool. Natural resources/UPSTATE have clear, clean water in quantity, big timber tracts and plenty of low-cost elec-

tric power. Our transportation facilities are excellent, providing overnight access to the great metropolitan markets of the northeast. And you can reach the seaports of the world through the new St. Lawrence Seaway. Our educa-

tional system is second to none, and there's plenty of leisure time for fishing, hunting and other leisure activity.

WE COULD go on for hours about the

profit potential UPSTATE. But why not tell us your problem so we can get down to specifics, such as which com-

munities offer financial assistance and incentives for new industry. A phone call, wire, or letter will get the ball rolling.

Contact Richard F. Torrey, Niagara Mohawk Power Corporation, Dept. MV, 300 Erie Blvd., West, Syracuse 2, N.Y.

Telephone GOrge-4-1511.

NIAGARA MOHWAK

INVESTOR-OWNED-TAXPAYING

(Dollars)
Present Outlook for Arrival Competitive Atomic Power

Continued from page 1

make this type of natural uranium plant the most economical for high-cost areas.

Experience with their cost structure, it is stated that atomic power will fall below the cost of conventional power as base load by the end of this decade. However, in England it is now generally recognized that greater economies will be achieved only by the use of higher temperatures and slightly enriched uranium.

Experience in construction or operation of such advanced plants is not yet available, whereas the English program to date, although extensive, does not give us a short range solution for competitive power in the high-cost areas of the United States.

The Hanford Plant

The next type of plant considered for power for which an extensive operating experience, at least for the reactor part, is the proposed dual-purpose plant at Hanford. There is probably more operating experience for the Hanford-type, water-cooled, graphite-moderated plants for any other type. However, we have no experience in construction and operation of reactor for producing power.

After many engineering and cost studies it has been concluded that it would be economically beneficial to generate by-product electric power with the new plutonium production reactor now under construction at Hanford.

The electrical plant found to be most economic in the latest studies was a plant capable of generating 400 megawatts when operating as a dual-purpose plant. The 250-MW reactor would be used in its existing 1.6% of the cost of the electrical plant and consists of the following addition to the electrical plant.

By considering that previous monies allocated for building and adapting this plant to power are in the form of a general fund, the largest cost for the construction of the new plant would be the licensing fee for the electrical plant.

First of this Size

This unique sulfur-hexafluoride-gas-filled circuit-breaker—in service on the 220,000-volt transmission line out of the Company's new Brunner Island steam-electric station—is the first of its high voltage in commercial use. This big unit is the result of cooperative effort between the Company and the manufacturer in searching for more efficient ways of safely switching power at high voltages.

The new circuit breaker is smaller than conventional units of the same capacity, so less physical space is needed. It requires less maintenance, too. And, because the sulfur-hexafluoride gas does not burn, there are added safety benefits.

In many ways, every area of its operations, P&P is constantly seeking out new methods and new equipment that mean more efficient and economical operation. This year, the Company realized the PROGRESS nec-

ecessary to effectively meet increasing customers' needs, attract and retain competent people and maintain investor confidence.

be considered more as a single type whether closed, open or dual-purpose plant. In this regard, General Electric Company have made the detailed descriptions for a 450-megawatt unit competitive with the 360-MW type, the 325-MW plant, the 300-MW unit (or 125-MW units combined in a 2 or 3 combination). In the short-term, or not it is open or closed-cycle, a combination of both.

Successes in U. S.

In considering the closed-cycle water reactors, the United States since 1953 has completed and operated at least three successful reactors of the same type as the plants shipped to Nippon and Yankee. The wealth of data accumulated from the construction and operation of these plants provided the firm foundation for the still needed improvements that will allow continued reduction in costs of power.

The Indian Point plant being built by Consolidated Edison and the Seabrook plant being built by Edison-Volta in Italy will furnish additional experience and information.

The present state of the art for this type of plant is probably best exemplified by the proposed design for the plants in France, rated at 259-megawatt units, with the French Atomic Energy Commission to be used in the France in the Atomic Energy Commission to be used in the France in the United States.

The nuclear fuel now being shipped to France is the 325-MW reactor. The South ern California Edison plant represents the Western World's first full commercial atomic power plant. The reactors are not yet available for the West Coast, but the first reactors are scheduled to be in service in 1958.

During this discussion I will not try to resolve the relative merits of closed-cycle versus open or dual-cycle plants. In Chi cago, General Electric Company has shown that the closedcycle power plant is the most economic type of plant.

In the present proposal pending before the Atomic Energy Commission asks the government for financial assistance for research and development, and will be approximately $77 million.

In the case of the present proposal pending before the Atomic Energy Commission, they should be constructed and every support should be given by the government to that they are constructed.

Looking at the problem from another point of view, I am reasonably optimistic that atomic power will make considerable inroads into the 2c-3c per million Btu or medium-cost of electricity areas.

I have little doubt that from a technical point of view we can meet the problem and develop the best method to attain this program. Certainly in the water reactors we can attain these by use of new things such as improved plant and the new type of atomic reactor. The new type of atomic reactor will make it possible to be more successful in this area.

In the gas-cooled types of reactors it is necessary to use higher temperatures and enriched fuel to improve these units. Likewise, progress may be made with the large gas-cooled reactors in large sizes, and the operating experience that the cycle may turn out to be the more attractive, and certain will have its place ultimately as a way to get the most available supplies of uranium.

Utility Industry's Problem

Consumers facing the utility industry is that no one of these reactor types is the obvious answer to the most economic, power. Care must be taken here to be sure that the industry does not scatter its support too widely. Care must be taken to insulate that only the number of projects that the industry can economically support are undertaken.

There should be a follow-through on concepts well along that might not be as good as they appear at first glance, the more optimistic. Also, a greater effort must be made to develop the new technology. The integrated power industry must develop the needed experience and be able to develop the new technology.

In the present proposal pending before the Atomic Energy Commission there is no guarantee that the fuel will be available in the near future, and the new type of atomic reactor will make it possible to be more successful in this area.

Moreover, our shipping industries and our transportation costs must be reduced if fossil fuels are to compete with atomic power in the high-cost areas.

The late three years the price has dropped more than 15%, but we are now more alert to the competition of atomic power in the high-cost areas. The operating factor for the last two years has been 97%. Consoli dated they are on the way at this time that they could build a much larger power plant on the Atlantic Coast at a considerable saving over normal means of producing power.

They have hopes that they can compete with the cost of consuming the size of the pipeline and by better methods of making every effort not only to hold on to the market but to encourage reduction in freight rates and are also making efforts to improve coal by transpor ting coal. The Consolidated Power Company, for instance, is providing the shipping effort in liquefying coal and moving it by pipeline. The commer cial line existing for the supply of liquefied coal.
date that atomic power will be competitive in any given price area, and it would have to be relentlessly in toward our good sources.

Fuel Supply Monopoly

There are also political and administrative factors that may have an impact on the market price of atomic power. For example, there is presently a government monopoly on the purchase and sale of atomic power, a monopoly that is, in effect, a monopoly on the actual cost of atomic power. This is due to the fact that the price of U235 could be reduced by about 50% if the government were to permit the smallscale buildup of atomic power, as it should in the interest of the general public.

For example, the additional cost of constructing new uranium plants under construction as use time were prices were established in 1954 is estimated to cost approximately $2 billion. Subsequently, they were completed with a saving of approximately $60 million, make a significant difference in the price of uranium ore. The government encourages the development of new mining and milling uranium and such developments will lower the price of uranium ore. For however, the large cost for price of uranium ore, it is likely that the price for fuel would need to be lowered for the next 10 years and ultimately may stabilize at $5.00 and $8.00 per pound. Right now, the government is encouraging the development of new mining and milling uranium and such developments will lower the price of uranium ore.

On May 29 the Atomic Energy Commission announced a price reduction of U235. The new price is based on the average price of ore of $3.50 per pound. Reduced sales may lower the price to $5.00 to $8.00 per pound, but the average price of ore continues to decrease. The buy-back price for plutonium producers is $11.00 per pound. It is probable that the price will stabilize at $5.00 and $8.00 per pound in the future. The reduction is due to the fact that the government is encouraging the development of new mining and milling uranium and such developments will lower the price of uranium ore.

Linked to the new price reduction is the question of a private versus government ownership of atomic power. The government owns a large part of the atomic energy utility industry and some government owned industries are based on a limited private ownership of atomic fuel, with the view of avoiding government control and decreasing government regulation in the future. It should be borne in mind, however, that private ownership would increase the cost of the fuel inventory and make the disposal of plutonium more difficult. If the fuel inventory is stored at a rate of, say, 1.2% per year, the cost would be in the order of 0.1 to 0.2 mill per kilowatt-hour, which would be more than the savings resulting from price reduction in U235. The economic advantage of this reduced price could be minimized by the method of a gradual transition to private ownership.

The government has a great deal of deferred installment payment somewhat similar to the European Agreement to Pay for fuel. This would be to make private ownership of fossil fuel possible for the next 10 years, and after the option expires, the installment payment is to be purchased and paid for on an installment basis, either in the government or in the market.

This deferred installment plan would have the advantage of private ownership to approximately one-quarter of what the government would have been allowed to sell at a transition period. However, the price of private ownership of fuel will not decrease. Another factor that could have a beneficial effect in the atomic power industry is to be permitted the toll processing of nuclear fuel. Although the reduction in the price of U235 eliminates much of the former high cost of toll processing, at least the acceptability of this practice by the Atomic Energy Commission would be in the interest of the private owners of nuclear fuel. Likewise, the attitude of the power industry toward support of this new industry may not affect the rate of achievement but also the extent and nature of government participation in the program.

In conclusion, it is wise to emphasize that real progress is being made in achieving economic atomic power. Specifically, we can achieve atomic power competitive with fossil fuel by a significant high cost area to the Atomic Energy Commission objective date of 1968. If proper decisions are made at this time. Further, there is every reason to believe that they can make the atomic power competitive in the high cost areas but also in the low cost areas of the United States. However, these predictions are based primarily on technical progress and present agreement for the low areas.

Administrative and political decisions may affect this schedule, depending on the decisions made. Likewise, the attitude of the power industry toward support of this new industry may not affect the rate of achievement but also the extent and nature of government participation in the program.

*An address by Gen. Nichols before the Joint Convention of the Electric, Gas and Water Utilities Committee, New York City, June 5, 1961.*

Form Industrial Secs.

DENVER, Colo.—Industrial Securities Corporation has been formed with offices in the C. A. Johnson & Company, New York City. The business offices are William M. Sugarman, vice-president; F. E. Landier, secretary; and E. C. Hofner, treasurer.

Miller Opens Office

SAN FRANCISCO, Calif.—George S. Miller has opened offices at 114 Sutter Street, to engage in a securities business.

Joins Evans MacMarrick

Los Angeles, Calif.—Guy Herrin has been joined by Evans MacMarrick & Co., 403 South Spring Street, members of the Pacific Coast Stock Exchange. Mr. Herrin has been in the investment business for many years and was formerly with Dempsey-Tegler & Co.

N. H. Bankers To Convene

The New Hampshire Bankers Association will convene for its annual business meeting and convention on June 16 and 17 at the Wentworth-by-the-Sea, according to a announcement made by William J. Barrett, President of the Association and President of the Nashua National Bank. The June meeting is held joint membership of the New Hampshire Association of Savings Banks.

At the business meeting to be held Friday afternoon June 16 the member banks will hear reports from the executive board and from the several standing and special committees. A meeting of the New Hampshire members of The American Bankers Association will be conducted by Harold L. Goodwin, ABA State Vice-President for New Hampshire and President of The First National Bank, Portsmouth to elect a member of the ABA Executive Council to succeed Ralph A. McInerny, former President, Merchants National Bank, Manchester who is completed his term of office. Also to be elected are members and alternate member of the ABA Nominating Committee which will convene at the ABA Convention in San Francisco in October. Also to be held will be a meeting of the stockholders of the New Hampshire Building and Loan Association at 14401 North Main Street, Portsmouth to elect a member of the ABA Nominating Committee which will convene at the ABA Convention in San Francisco in October. Also to be held will be a meeting of the stockholders of the New Hampshire Building and Loan Association at 14401 North Main Street, Portsmouth to elect a member of the ABA Nominating Committee which will convene at the ABA Convention in San Francisco in October.
Aiming for the Future and Thwarting Nationalization

Continued from page 3 believed, with various degrees of enthusiasm, that the pricing of electricity would require the public utility industry to be under some regulatory control. All this is now in the air, and it is the assurance that this is to be done in such a way that the utility companies are not likely to lose their present economic position that is the major point that the investor-owned utility companies have been trying to establish with the public.

Thus, in the case of Ohio Edison, it is said, we have evidence of the operation of a new philosophy in the operation of the utility companies. The Ohio Edison Co. has been trying to establish a new philosophy in the operation of the utility companies, and this is the assurance that this is to be done in such a way that the utility companies are not likely to lose their present economic position that is the major point that the investor-owned utility companies have been trying to establish with the public.

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The availability of meetings and industry technological advancements have produced significant improvements in the generation of electricity in conventional thermal plants. The availability of larger units has made it possible to construct both capital costs and operating costs. Indeed, the very sharp increase in labor costs which has occurred during the war, the operating costs per kilowatt of installed capacity in our power plants are lower than ever before.

Interconnection and Pooling
In order to take advantage of these technological developments, which are contributing significantly toward holding down costs, we have had to find ways of enlarging our integrated operating areas. During the first half of this century, the growth of service areas of the corporations through the acquisition of one corporation by another is a logical process. During the period 1930 to 1945, however, the pattern has changed, and the most practical answer is to pool our resources, so that we make use of the best available technology in our marketing plans.

The availability of the nuclear power system is a significant step toward the development of this country's electric power system. It is the first major logical step toward the development of the country's electric power system.

In planning for the future, we must consider the efficiency and operation of all electric power facilities. The best thing for this country. Most of their public utilities are in a position to be able to operate efficiently and effectively.

Fed's Administration's Power Plans
I refer anyone who questions the facts to the front page of The Wall Street Journal, Thursday, May 25, 1961, headlining "Power Switch," by Daniel M. Burnham. This article shows the elaborate plans of the interior department, which, if carried out, would constitute the first and present financial stabilization of our industry. These plans sound very much like the ideas expressed by Mr. Stephen Rauschen, in the socialistic paper, The New Leader. That is the case with the idea of integration.

These views of Stephen Rauschen and others were being promulgated by Mr. Stephen Rauschen, and were expected to prove that it works. We must demonstrate the effect of a nationwide trust, coal, power, railways, and to tell us correctly which the next steps are, and then take them and identify them with the national plan.

Our long-term aim is the abolition of the profit system for private use. Our strategy is to make our industry operate in a cooperative manner. We will promote the development of the social system and the government-owned companies in the power business. But all of their efforts are directed toward the creation of an integrated and expanding the area of government power operations.

Analysis of Power System
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Analysis of Political and Economic Climate Ahead

Continued from page 5

In the larger and smaller lines, the money lender and possessing the power to make men move, grow, think, express, and criticize. You do not bite the hand that feeds you.

Companies today find the government to be such an important customer that their officers are subdued, or speech-paralyzed, on key issues and the future of our country. Governmentcollaboration is a choice in a world that threatens; its power to damage the enterprise is so great that the mere existence is too large to be ignored.

Once the National Government becomes the important source of teachers' salaries, teachers will have to be cautious both in discussing education questions and other public issues, whereas under local finance any teacher put upon can move over to the next county or city. Hackly and will cover more and more people, making them political eunuchs.

National Government Biggest in Everything

Today the national government is the biggest employer, landlord, landowner, forest owner, grazing landowner, mine owner, farmer, the biggest tenant, debtor, lender, warlock, insurance company, publisher, insurance writer, grain owner and store, power producer; every single one of the innumerable items; the biggest consumer, the biggest producer, the biggest part of the economy. The government, biggest deficit operator, biggest depositor in banks, biggest taxpayer in the world.

Furthermore, government, considering its relative size, is our fastest growing industry. It will dominate (if not dictate) our lives as far as we can see into the future—unless informed opinion takes stock of the situation and is able to stop it. This all has profound implications for the future of our political and economic climate and our personal freedom.

Many of these activities (the effect of controls and intervention) of government compete unfairly with the private effort of the citizenry to produce, and make the private market work less well, and much more inefficiently. Much of this intervention and competition is tainted with immoral and unethical practices or at least with such overtones.

The Post Office, for example, has the same problem as the rise in the public debt since, but the debts would have been much larger had the postal service paid property taxes on its assets, charged depreciation on its depreciable assets and paid for services rendered to it by other government divisions. Thus the real economic costs are falsified by the accounts and statistics.

Much the same could be said about Social Security’s de¬
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A people gets the type of leadership it helps to enthone. Much of the press, particularly the New York Times, with excited emotional exuberance on CBS, and Jack Parr on NBC brought this to their TV viewers in a context of the kind of a salvior, a demi-god; when in real life the occupation of shaping interna
tional policy, it is at high time that we raise the right questions. It is no accident that the world found the promises in May of 1961 of the British Foreign Secretary with the slogan "All the news that’s fit to

The rise of the intelligent, ar
ticulate conservative (not reac
tives) of the 1960s, the Americans for Freedom on some
college campuses, a growing con
defensive literature (both maga
nize and books), the development of the Charlatans. The U.S.A. of economi
c understanding, in practical politics — all these as examples are hopeful. But

When Dictatorship Is Inevitable

If people are not dedicated to the concepts of the dignity of man, the rule of law, limited govern
ment and constitutional stability — values we inherited from the English — dictatorship can come. If a people does not understand the key importance of the philosophy of limited government and the dispersed and diffusion of power, and their ownership in the material and economic power (property, investment, industry, employment, etc.) into the same and a single government control (that is, create collective), society is destined for a loss of human free

Government in the United States is being led down this road, chiefly by politicians and their henchmen (in government and others) who are in com
petition with one another for public office and the emoluments thereof. Our country, our world, far in excess of our capaci

ty to deliver, will make for biger

and bigger government. The tax burden will swell, unless the new Administration has acquired men of high IQ and education 

Lord Acton (who were Classical liberal enablers of a type) and other notable exponents of liberty would find (1) a false notion, (2) that the primary purpose of all these 

must necessarily have a good understanding of laws, of government and legislation, of economics and our economic sys
tem, none of whom are subjects. It would seem, then, that if the quest for freedom 

In this connection, it is impor
tant to emphasize that govern
ment actions are not mutually excluse, although legislation which lacks a clear consensus and a more particularly, discriminatory legislation (deviations from the rule of law goes in fact abridge human liberty.

Continued from page 2

have been forced to see their products sell at substantial dis
tal. In general, the vacuum cleaner sold by the direct selling companies is a higher priced unit than those sold through normal retail outlets. The Running Selling Companies estimates that the prices of the units sold at an increased at an annual rate of around 7.5% a year.

With Richard K.

SOUTH ORANGE, N. J. — Jay Rosenberg has become associated with John & Co., Lackawanna Plaza.

Mr. Rosenberg is a mutual fund specialist and served in the New York Mercantile Exchange. He was formerly with Sutro Brothers & Co.

Joint Laird & Co.

Laird & Company, Corporation, 61 Benevento, New York City, mem-
bers of the New York Stock Ex-
change, have announced that Jay Q. Bonanno and James J. Hanley are now associated with their firm as registered representatives.
PUBLIC UTILITY SECURITIES

BY OWEN ELY

How Serious Is the Public Power Threat?

Two weeks ago in this column the problem of public power under the new Administration was discussed very briefly. It may be of interest to pursue this subject in greater detail and seek to determine whether it constitutes any serious threat to the present financial system and earning power of the private utilities.

The Kennedy Administration has made a number of appointments to Washington—Secretary Udall of the Interior Department is the most important— who seem sympathetic with the philosophy of public power and may become interesting in promoting the projects of this nature. Thus far, about the only concrete proposal is the "Federal power grid," but other projects are in the making. With its conservative political make-up, the present Congress may be counted on to some extent to withhold funds for many projects, but nevertheless investor-owned utilities are concerned about the possibilities.

The immediate proposal is for a high-tension transmission line to carry Bonneville power (of which there is a surplus at present) to California, where the best market might exist for low-priced blocks of power—although Pacific Gas & Electric has an ample supply of electricity and is planning for adequate expansion of its facilities. However, this would be only the preliminary step—eventually the Federal grid would extend throughout the West, it is proposed, and might eventually tie in with TVA, the Federal dams in the Missouri Valley, etc.

The idea of such a grid is not new: it was proposed by Dr. Paul Raver, head of Bonneville, some years ago, but at that time the transmission of electricity over high-tension lines for distances greater than 200 miles was uneconomical. Nevertheless, a considerable progress has been made in such transmission, especially in Europe. In Pennsylvania a 14-mile experimental line built by General Public Utilities is now transmitting electricity at 345,000 volts. Such a process is necessary, economical long distance, much closer now than it was when the grid idea was first proposed.

What’s the purpose of the grid? The reason for the first proposed high-tension line is that the surplus seems to be of excess production, not of peak load. Therefore, the public power agency "out of the red." There would be an ample market for power in California Northwest a few years from now, but Washington doesn’t seem to want to wait. However, the principal reason put forward in defense of the project that big blocks of power could be transferred (over the grid wires) from one area to another where different conditions—e.g., heavy, economic or climatic conditions—exist. But it seems doubtful whether the Interior Department has worked out any definite figures in support of this argument. It seems to cost money to move power from one area to another even with improvement in transmission methods; perhaps it would be cheaper to generate the extra power in the area where it is needed, by using less efficient generating capacity, as is done in generating power for "peak load" requirements elsewhere. Unless a net saving could be effected in transferring power from one area to another (over the carrying cost of the grid line), another would be an unwarranted expenditure of public funds.

Moreover, the private utilities have already made some progress in interconnecting large hydro developments, and have, (some might say, already) announced their own plans for a western grid.

The "first for" of public power policies has always been the Pacific Northwest. But the difficulty with new projects for hydro development in that area is that most of the good sites have already been developed. However, it seems likely that the four private utilities in the area—Stimson, Mountain Sheep—will be disappointed—the Nez Perce site may be subordinated, with Federal development. Over a period of 50 years to 18 years Canada is expected to build a series of dams on the Columbia (under International Agreement signed last year) which would provide a great deal of water to Oregon and Washington both for public and private use. Moreover, it is proposed to build several hydro plants at Hanford, in conjunction with the current construction of a plant to make plutonium for the Defense Department. Thus the private utilities in the Pacific Northwest would seem to be stymied somewhat in plans for future expansion, although the Electric Power Administration has established a successful program of private development of PUDs for developing hydro sites.

There is another notion of expanding public power which is more insidious and might have discouraging effects on the future expansion of utilities in some states such as Kentucky. REA co-ops are able to expand by borrowing money from the Treasury at very low rates (only 2%). Most of the private utilities in such states depend on their power to a large enough to make cheap enough to operate. While they were originally designed to furnish only in rural areas, it is quite possible that they might seek to sell power to the industrial area, in which case they might make a much better bid from the private utilities.

Fortunately, the co-ops are still a minor factor in the public power set-up so far as output is concerned—municipal power plants are much more important. A public power grid might easily weed some municipalities away from investor-owned utilities with a promise of lower rates. When franchises run out, municipalities could buy or depreciate the distributing facilities of the private companies in their areas.

Investor-owned public utilities should make every effort to foresee further inroads into their markets by private development of all types. Rather than relying on any form of government support, their best policy would seem to be to redouble their publicity regarding the achievements of the investor-owned utilities in lowering public rates and to appeal to those who have the power, and that someone besides the consumer must pay for, should also be widely advertised.

Futterman Corp. Stock Offered

Public offering of 1,000,000 shares of the Futterman Corp., class A stock, was made June 12 by Van Alstine, New York dealers.

Of the net proceeds, estimated at $11,055,000, the company will use $1,900,000 to acquire, or reimburse its treasury for the cost of acquiring, the equities in certain properties; $600,000 to repay the principal balance of certain notes and mortgage notes payable; and the balance to acquire additional properties or make other related investments.

The Futterman Corp., of 500 Fifth Avenue, New York City, is engaged in the real estate investment business, which includes the ownership, management, construction, acquires, leases, etc., of office buildings, low-priced residential buildings, apartment buildings, hotels, and other types of properties, throughout the United States, in metropolitan areas.

At March 31, 1961, the company owned or controlled in real estate investments, in addition to the office buildings, in 3 metropolitan areas.

The listing of the shares on the American Stock Exchange is in 1961, the company will use $1,900,000 to acquire, or reimburses its treasury for the cost of acquiring, the equities in certain properties; $600,000 to repay the principal balance of certain notes and mortgage notes payable; and the balance to acquire additional properties or make other related investments.

For the year 1960, the Futterman Corp. and its subsidiaries had consolidated income of $5,181,408 and a net loss of $430,920 for the year, due to amortization. Upon completion of the current financing, outstanding capital stock of the company will consist of $38,142,055 of common stock; 5,441,968 shares of class A stock, and 196,066 shares of class B stock.

WESTERN POWER & GAS COMPANY

The new name for the merger of Southern Colorado Power Company into Central Electric & Gas Company, effective May 1, 1961.

The current quarterly dividend of 25c per share is payable June 30, to common stockholders of record May 16. This new dividend rate is an increase for stockholders of the former Southern Colorado Power Company, and represents continuation of the same dividend rate which stokholders of Central Electric & Gas Company (reflecting the additional shares issued in May 1960 by the 6-for-5 stock split) will receive on April 28th. Stockholders of both companies received quarterly dividend payments in January and April, so this June payment by the newly merged company, which changes the "old" name, plus the quarterly payments to be made September 22 and December 21, 1961, will bring the annual dividend to 90c per share.

Consolidated assets of Western Power & Gas Company and telephone subsidiaries total approximately $290,000,000, with properties located in 19 states in several states. Favorable diversification likewise is evidenced by annual operating revenues in excess of $50,000,000, which include telephone operations and sales of electricity and gas in the Missouri Valley, and operation of utilities in 17 states and the District of Columbia.

JUDSON LARGE, President

DIVIDEND NOTICE

Utilities Company

Bellaire, Texas

The Board of Directors has declared the following quarterly dividends, each payable June 15, 1961, to common stockholders of record May 22, 1961.

DISTRIBUTION PER SHARE

PREFERRED: 8.5% Preferred Stock $1.05
8.4% Preferred Stock $1.00
1910 Series $1.00
1919 Series $1.00
1920 Series $1.00
1924 Series $1.00
1925 Series $1.00
5% Preferred Stock $0.50
COMMON

W. E. CRESSEY, President & Secretary
Compensating Balances
And Regulatory Agencies

Continued from page 23

management policy. Deposits may also be increased by borrowing in anticipation of actual need for use of the funds. Deposit of seasonal excess funds, particularly from gas sales, also builds up the average.

What Happens When Money Is Tight?

As pointed out at the outset, the primary use to which deposits are put is making loans to customers to assist in their financing programs. The remainder is invested in portfolio securities. As loan demands increase in an upswing in the business cycle and/or seasonal swings, which are characteristic of many industries, bank portfolios have to be reduced, often at a loss, to provide funds for loans. In periods of heavy loan demands, such as we experienced last year and in 1957, portfolios many reach an irreducible minimum required to maintain liquidity. At this stage of the game, banks are "lent out" and can get only temporary relief by borrowing from the Federal Reserve Banks. Competition for a dwindling supply of available loanable funds is severe, particularly for those, often extreme¬ly keen from all kinds of business.

It is at times such as these that a fair and logical method must be used to correlate available loan funds with borrowers' needs for credit. The compensatory balance record provides such a guide, as in all fairness the banks must first take care of credit needs of customers who, by keeping compensatory balances, have earned the right to call on the banks for funds when needed. The better market is "tight." Usually the demand for bank credit at this juncture is aggravated by unseel¬dier conditions in the long-range market which emphasizes the ad¬vantages of flexibility in timing of security issues which bank credit affords.

Keeping compensatory balances costs money. The expense may be

likened to the cost of fire insurance. Insurers make it look like a waste of money if there is no fire. But fire balances may seem a needless extravagance unless the value received for banking service, and particularly from bank credit availability, more than offsets the expense of insuring it.

Regulatory Considerations

Most regulatory commissions have taken the position that pub¬lic utility bank balances have been paid for in advance by the companies' customers, usually in the form of taxes accrued for future payment. For this reason, few cases are on record where an.

The Federal Reserve Bank of St. Louis, New York City, and Varnered, Chis-holm & Co., Savannah, Ga., have reported that the recent offer¬ing of 75,000 shares of New York's first common stock at $5.25 per share, has been all sold. Net proceeds, estimated at $341,107, will be used to repay debt.

Dodge Wire Corp.

Stock All Sold

Plymouth Securities Corp., New York City, and Varnered, Chis-holm & Co., Savannah, Ga., have reported that the recent offer¬ing of 75,000 shares of New York's first common stock at $5.25 per share, has been all sold. Net proceeds, estimated at $341,107, will be used to repay debt.

Dodge Wire, whose address is Industrial Blvd., Covington, Ga., produces woven aluminum screen fabric and window and door screens and to hardware and building material wholesalers. For the six months ended March 31, 1961, it had net income of $1,543 against $723,451 and $1,000, respectively, for the like period period. Authorized stock consists of 1,000,000 common shares (par $1) of which 246,454 are now out¬standing.

To Form Corporation

On June 8th the partners of Stern, Hoffman & Co., 22 Wall St., New York City, members of the New York Stock Exchange, will be dissolved and a new cor¬poration, Stern, Hoffman & Co., will be formed. Officers will be: Edward H. Aspinwall, chairman; Arthur H. Hoffman, president and treasurer; Herbert Dobue, vice-president and secretary; and

VITAL SERVICES
for California's expanding population

California Water & Telephone Company
300 MONTGOMERY STREET • SAN FRANCISCO 4, CALIFORNIA

California Water & Telephone Company is a water and telephone company serving communities throughout California. Established in 1884, the company is dedicated to providing quality water and telephone services to its customers.

New Orleans

INVITATION TO INDUSTRY

Over a billion dollars have been invested in new and expanded industrial plants built in the immediate vicinity of New Orleans since World War II. This record growth proves that New Orleans has become a key industrial center of the nation because it is conveniently located to serve the nation's major markets and is well served by air, rail, and water transport. New Orleans' location makes it an ideal location for business.

New Orleans Public Service Inc.
Serving New Orleans with Electricity, Gas, Transit
STATE OF TRADE AND INDUSTRY

Continued from page 19

No. 1 heavy melting grade is up $1.11 a ton. Mar. 1, when it was 10.82, now 11.93.

Steel Production Data for the Week Ended June 16

According to data compiled by the Federal Reserve Board, steel production during the week ended June 16, was 2,545,600 tons (119.6%) or 0.5% under output of 2,553,600 tons (119.1%) in the week ended June 9.

Production for the year to date, according to the Federal Reserve Board, was 74,425,300 tons (118.9%) or 0.5% under output of 74,500,000 tons (119.4%) in the year to date period ended June 16, 1960.

The institute's Index of Ingot Production by Districts, for week ended June 10, 1961, as follows:

<table>
<thead>
<tr>
<th>District</th>
<th>Index of Ingot Production for Week Ending June 10, 1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>101</td>
</tr>
<tr>
<td>South</td>
<td>114</td>
</tr>
<tr>
<td>East Central</td>
<td>104</td>
</tr>
<tr>
<td>West Central</td>
<td>98</td>
</tr>
<tr>
<td>South Central</td>
<td>112</td>
</tr>
<tr>
<td>Pacific</td>
<td>97</td>
</tr>
<tr>
<td>Total Industry</td>
<td>106</td>
</tr>
</tbody>
</table>

Auto Production Climbed to 28,985 Cars For Week Ended June 9

Regaining its late spring pace after an abbreviated Memorial Day week, U. S. passenger car production climbed to 28,985 this week, with the nation's two largest auto makers bringing their assembly lines back to capacity over the same week-year ago, Ward's Automotive Reports said.

Industry output was up 48% from 19,845 units produced last week and was equal to 91% of the 31,943 cars turned out in the comparable week of last year as well as last year.

Ward's Automotive Reports.

General Motors Corp. and Ford Motor Co. geared car production to a near-optimum level following encouraging sales successes for the month of May, when laggards of the automobile make exceeded production.

The statistical agency said that General Motors output for the week was the highest it has produced since mid-December of last year although the figure fell slightly below that of the comparable week in 1960.

Of the 46 assembly plants operated by the five major automobile makers, 44 were in operation for the week, Ward's Automotive Reports said.

The Lincoln-Thunderbird site at Wixom, Mich., and its Mercury plant at Wayne, Mich., were closed one day only.

Ford said its plant will close for the eight days and plant at St. Paul next week, but General Motors Chrysler Corp., American Motors and Studebaker-Packard have indicated that their plants will again be in full operation.

Of the week's output, General Motors accounted for 49.8%, Ford Motor Co. 26.9%, Chrysler Corp. 14.3%, American Motors Corp. 7.7%, and Studebaker - Packard 1.3%.

Business Failures Rebound from Holiday Low

Commercial and industrial failures fell to 349 in the week ended June 9 from 316 in the holiday week. This was a significant increase over the 238 occurring in the similar week a year ago and the 265 in 1959. As well, 25% more businesses succumbed than in pre-war periods, which was the toll in 1939.

Failures with liabilities of $100,000 or more climbed from 28 to 43, the highest level in four weeks and noticeably above the five-week level of 32 failures last year. Contractors involving losses under $100,000 also rose sharply to 36 from 23 in the previous week and 24 in the similar week of 1960.

The toll among wholesalers more than doubled, rising to 49 from 26, while casualties were half again as heavy as last week in construction, up to 63 from 49, and in commercial service, up to 28 from 18. Milder increases prevailed in mining, up to 15 from 10; in retail, up to 19 from 14; and in transport, down to 2 last year ago in all industry and trade groups except manufacturing.

Fright Car Loadings Show a Decline to Corresponding 1960 Week

Leaving of revenue freight in the week ended June 9 was down 4.6% to 27.6 million, which included the Memorial Day holiday week. This constituted a decrease of 12.1% from the corresponding period in 1960, and a decrease of 149,350 cars or 21.9% below the corresponding period in 1959. The 1960 week also included the Memorial Day holiday, but the 1959 week did not.

There were 11,831 cars reported unloaded with 10,015 more revenue highway trailers or highway con¬ainers (piggyback) in the week ended May 27, 1961 (week ended May 30, 1960, total). This was an increase of 271 cars or 2.3% above the corre¬sponding period in 1960. The 1959 week had an increase of 3,290 cars or 38.3% above the 1960 week. Cumulative piggyback loadings for the first 21 weeks of 1961 totaled 219,712 cars, an increase of 6,034 cars or 2.7% above the corre¬sponding period in 1960. The 1959 week included 68,940 cars or 42.7% above the corresponding period in 1960. There were 48 class I U. S. railroad systems originating this traffic, of which 19 were conti¬nental. The 1960 week included 63 cars or 42.7% above the year ago period in 1960. The 1959 week included 2,700 cars or 38.3% above the 1960 week.

Retail Trade Fractionally Exceeds Year Ago

Better weather in some areas stimulated retail sales during the week ended June 11, helping overall retail trade move up appreciably from a very low point in the four-week period from the prior year.

The week's increases in retail sales were the highest recorded since the depressed Memorial Day holiday week. Retail trade increased 1.4% above the 1960 comparable period.

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The week's increases in retail sales were the highest recorded since the depressed Memorial Day holiday week. Retail trade increased 1.4% above the 1960 comparable period.
MUTUAL FUNDS
BY ROBERT E. RICH

The Forward Look

In the decade between the close of World War II and the Anglo-French fumble of the Suez attack the oil stocks held more appeal for the investment community than any other group of companies. Their optimism for more than four years now, although companies like Texaco and a few others have managed to hold their trend downward against these equities in investment portfolios. Over the last few years the tendency of analysts has been to emphasize the negative in dealing with oils: a glut, a peril to the tax shelter, a threat from foreign unrest, a sticky price structure and much more of that sort of thing.

For a welcome relief we now have a forward-looking study by the Petroleum Shares of Group Securities, 20-30-page fund that specializes in oils and gas holdings. By 1975, says Petroleum Shares, our petroleum consumption will grow to three times the 1955 rate. It also calculates that petrochemicals show the greatest promise for dynamic growth. This dynamic petrochemicals, Field, with assets over $5 billion, is already deeply entrenched in every major segments of the industry, including the following areas: energy, transportation, and petrochemicals. The company has been investing in petrochemicals since 1931, and today it is the leading producer of ethylene, propylene, and butylene. Its petrochemicals business has grown exponentially over the years, and it has become a major player in the global petrochemicals market.

The Funds Report

Haydock Fund Inc. reports net total value at the close of its 1961 fiscal year was equal to $22.8 per share. This compares with $24.45 at the close of the preceding year.

Net assets of Incorporated Income Funds have increased from $345,580,000 to $118,816,605 during the year ended April 30, 1961, according to the fund's second-quarter report. Per share dividends have been raised to $0.01 from $0.005 to $0.0075 in the same period.

During the quarter, common stock holdings increased from 68.1% to 73.5% of the portfolio. Net cash was reduced from 1.8% to 1.2% of the portfolio, bonds and notes from 25.5% to 24% and preferred stock and bonds from 5.6 to 5.4%.

Selected shares held include American Motors, General Motors, and Ford Motor Co. Pacific Finance, Pure Oil Co., Gulf Oil Co., and Standard Oil of California specialize in the oil industry. They are all major players in the petroleum industry, with a dominant share of the market for oil and gas.

The Dominiack Fund, Inc.

A diversified closed-end investment company

Dividend No. 150

On June 13, 1961 a dividend of 5% was declared on the capital stock of the Corporation, payable July 15, 1961 to stockholders of record June 6, 1961.

THE Lazard Fund, Inc.

4 Wall St., New York 5, N. Y.

Dividend Notice

The Board of Directors today declared a dividend of 4% per share on the Capital Stock of the Fund payable July 15, 1961 to stockholders of record June 15, 1961. The dividend is payable from net investment income.

Lord, Abbott & Co.

New York — Atlanta — Chicago — Los Angeles — San Francisco

(2641) 45
Observations...

From page 4

President in the years to come, likewise move over to "the right?"

Significant Fund Item

The record of Mutual Fund Redevelopment, which is based on asset value by holders, as just up-dated through April, is quite significant.

During the month of April they rose over $69 million in April 1960. During the first four months, March, April, this increase also $239 million in the corresponding period of 1959. These totals constitute, respectively, 13 per cent and 25 per cent of retail sales. Calculated as a percentage of the total average assets (the redemption pool," a more realistic formula, the ratio rose to 2.4 per cent from 1.8 per cent in 1959.

The National Association of Investment Companies, the "trade association" under the aegis of Research Director Harold Ober, recently concluded a ten-year period study of redemption behavior. The analysis yielded the result that the cash-in to net assets, shows substantial correlation on a year to year basis, and Stock Exchange volume and the corresponding trend.

This correlation again indicates the fund holders' desire to protect and not to have an increased confidence in timing the market, nor to speculate on the subrogate the beneficial aims projected by the Fund technique, in the work towards the improvement of management, relieving the investor of the necessity of excessive portfolio decisions. Instead apparently the investor makes two sets of management decisions: one in choosing a Fund initially, and two in the closing-out or switching his Fund holder.

Another urgent reason for stepping up the investor's education.

From our mail bag

From our column "Rockets, Satellites and Investment Growth," of April 27, 1960, one that mentions corporate outlooks regarded as spurring expansion and set higher than usually expected, we are in accord that proper accounting procedures will be adopted, that is to say, at least according to the investor—and should be offset against increased awareness, as thus used by those dependent of the investor's ability to comprehend the increased earnings. We cited the recent "reported" earning and those frequent, "expediencies prompting by the need to match the improvements made by competition and the customers' changed living habits and purpose of apparently calls for at least partial defensive nature.

These conclusions elicited some disagreement among some investors, including one of the high officials of a national (department store) chain, who insisted on re-emphasis on research activities, along with course, one of its partially defensive nature.

On the other hand, the following editorial comment by the Executive Vice-President of another leading retail chain.

-Your editorial comment on investment growth represents a

inflation or deflation ahead?

Inflation continued from page 13 and faster economic growth. We

should not be surprised that the price level will continue to rise. Perhaps,

inflation represents a recognition that the economy has been growing at a

faster rate than in the past. The upward pressure of the demand for goods

and services is likely to continue. Inflation is also a natural byproduct of

economic growth. It is one of the consequences of our economic system.

It is possible that inflation will continue at a moderate rate, but

it is also possible that it will accelerate. The rate of inflation will depend

on a number of factors, including the growth of the economy, the

amount of money in circulation, and the actions of the Federal Reserve

Board.

Canada and the United States: A Study of the Interdependence of the Two Economies. This book, edited by William B. Robertson, has, since its publication in 1959, been widely acclaimed as a major contribution to the study of Canadian-American relations. The book contains a comprehensive study of the economic, political, and social relations between the two countries, with a special emphasis on trade and investment. It is an important reference work for students, researchers, and policymakers interested in the interdependence of the two economies.

Ezra Taft Benson, a former Secretary of Agriculture and a leading Republican, has written a book entitled "The Nation's Future: A Political and Economic View." This book, published by the American Enterprise Institute, offers a conservative perspective on the nation's future, with a focus on the importance of a strong economy, individual freedom, and limited government. The book also includes a detailed policy agenda for the Republican Party.

The Federal Reserve Bank of St. Louis is a Federal Reserve Bank that serves the Federal Reserve District of the Great Lakes. It is one of the 12 Federal Reserve Banks that make up the Federal Reserve System, which is the central banking system of the United States. The Federal Reserve Bank of St. Louis was established in 1913 and is headquartered in St. Louis, Missouri. It is responsible for carrying out the monetary policy of the United States and for providing financial services to banks and other financial institutions.
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:

### American Iron and Steel Institute

<table>
<thead>
<tr>
<th>Industry</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. production (barrels of pig iron)</td>
<td>7,650,000</td>
<td>7,650,000</td>
<td>7,650,000</td>
</tr>
<tr>
<td>Castings and castings (tons)</td>
<td>3,785,000</td>
<td>3,785,000</td>
<td>3,785,000</td>
</tr>
</tbody>
</table>

### American Petroleum Institute

<table>
<thead>
<tr>
<th>Type of Product</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude runs to Still—daily average (barrels of crude)</td>
<td>2,042,000</td>
<td>2,042,000</td>
<td>2,042,000</td>
</tr>
<tr>
<td>Refinery runs to Still—daily average (barrels of crude)</td>
<td>1,900,000</td>
<td>1,900,000</td>
<td>1,900,000</td>
</tr>
</tbody>
</table>

### Civil Engineering Construction

<table>
<thead>
<tr>
<th>Type of Construction</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total U.S. construction</td>
<td>650,000,000</td>
<td>650,000,000</td>
<td>650,000,000</td>
</tr>
<tr>
<td>Total domestic construction</td>
<td>650,000,000</td>
<td>650,000,000</td>
<td>650,000,000</td>
</tr>
</tbody>
</table>

### Zinc

<table>
<thead>
<tr>
<th>Grade</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aa</td>
<td>82.03</td>
<td>82.03</td>
<td>82.03</td>
</tr>
<tr>
<td>Ab</td>
<td>87.59</td>
<td>87.59</td>
<td>87.59</td>
</tr>
<tr>
<td>Ac</td>
<td>88.67</td>
<td>88.67</td>
<td>88.67</td>
</tr>
</tbody>
</table>

### Copper

<table>
<thead>
<tr>
<th>Grade</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>112.375c</td>
<td>112.375c</td>
<td>112.375c</td>
<td>112.375c</td>
</tr>
<tr>
<td>84.68</td>
<td>84.68</td>
<td>84.68</td>
<td>84.68</td>
</tr>
<tr>
<td>112.375c</td>
<td>112.375c</td>
<td>112.375c</td>
<td>112.375c</td>
</tr>
</tbody>
</table>

### General

<table>
<thead>
<tr>
<th>Type of Transportation</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Foreign</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
</tbody>
</table>

### Agriculture

<table>
<thead>
<tr>
<th>Type of Crop</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>12,474,000</td>
<td>12,474,000</td>
<td>12,474,000</td>
</tr>
<tr>
<td>Cotton</td>
<td>3,785,000</td>
<td>3,785,000</td>
<td>3,785,000</td>
</tr>
</tbody>
</table>

### Manufacturing

<table>
<thead>
<tr>
<th>Type of Manufacture</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>255,400,000</td>
<td>255,400,000</td>
<td>255,400,000</td>
</tr>
<tr>
<td>Iron</td>
<td>174,500,000</td>
<td>174,500,000</td>
<td>174,500,000</td>
</tr>
</tbody>
</table>

### Other General Statistics

<table>
<thead>
<tr>
<th>Type of Data</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total gross steel and iron shipments (tons)</td>
<td>3,785,000</td>
<td>3,785,000</td>
<td>3,785,000</td>
</tr>
<tr>
<td>Steel and iron shipments (tons)</td>
<td>3,785,000</td>
<td>3,785,000</td>
<td>3,785,000</td>
</tr>
</tbody>
</table>

### Financial Data

<table>
<thead>
<tr>
<th>Type of Financial Data</th>
<th>Current Month</th>
<th>Previous Month</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net income (in millions of dollars)</td>
<td>108.4</td>
<td>108.4</td>
<td>108.4</td>
</tr>
<tr>
<td>Total gross credit (in millions of dollars)</td>
<td>1,265,891</td>
<td>1,265,891</td>
<td>1,265,891</td>
</tr>
</tbody>
</table>
Securities Now in Registration

**INDICATES ADDITIONS FROM PREVIOUS ISSUE**
**ITEMS REVISED**

Allison Business Services, Inc. (6/26-30)  

Allstate Bowling Centers, Inc.  
May 31, 1961 (letter of notification) is 10,000 shares of common stock, of which 200,000 shares will be sold for the account of the company and 10,000 shares for All-State Properties, Inc. for the account of general partners. Price—$1 per share. Business—The construction and operation of bowling centers in several states. Proceeds—For expansion and working capital. Office—24 Yonkers Avenue, Floral Park, N. Y. Underwriter—Bear, Stearns & Co., New York, N. Y.

Almar Rainwear Corp. (7/3-7)  

Amcrete Corp.  
May 4, 1961 (letter of notification) 75,000 shares of common stock (par 50 cents). Price—$5 per share. Proceeds—To purchase related property and for general corporate purposes. Business—The sale of pre-con and pre-stressed concrete panels for swimming pools and pumps, filters, ladders, etc. Proceeds—For building test pools; advertising, research and development, and general corporate purposes. Office—1022 Mamaroneck Avenue, Mamaroneck, N. Y. Underwriter—Alexandria Investments & Securities, Inc., Washington, D. C.

Amcor, Inc., New York City  
May 26, 1961 filed 10,582 shares of class A common stock to be offered for subscription by stockholders at the rate of one new share for each 10 shares held. Price—To be supplied by amendment. Business—The company is engaged in research and development in the field of electronic communication equipment. Proceeds—For construction, new equipment, and other corporate purposes. Office—121 North Seventh Street, Philadelphia, Underwriter—Supplee, Yeatman, Mosley Co., Philadelphia.

American Facsimile Corp.  

Alix & Miami, Inc.  
June 17, 1961 filed 10,000 shares of common stock, of which 7,000 are to be offered by the company and 30,000 for the benefit of the shareholders as a partial liquidation prefer¬ence of women's wear. Proceeds—For working capital. Office—1841 Ave. Miami, Fla. Underwriter—Clayton Securities Corp., Boston (marketing).

Mecanair, Inc.  
Common Offered  
Public offering of 60,000 shares of Mecanair, Inc. common stock at the price of $3 per share. Proceeds—To purchase machinery and equipment, to be located in Cuyahoga Falls, Ohio. Business—The company manufactures special equipment such as hard steel tools, dies and molds, precision measuring and testing equipment, electron tubes, and other equipment.

Mecanair, Inc., of Sudbury, Ontario, Canada, has applied to the Canadian government for a licence to construct mechanical and electronic/mechanical devices. Since its inception in 1956, the company has been developing and marketing this technology, which is said to solve special problems, as well as for general use. The company also provides specialized machine shop work as a subcontractor.

Mecanair, Inc. is also offering all of the 480,000 authorized shares of common stock which will be outstanding.

In New Location  
OMAHA, Neb.—Bridges Investment Counsel opened new offices in Little Nee Building at 44th and West Dodge Road. The firm was organized in 1944.

The Bridges Investment Counsel provides securities portfolio planning services to individuals, institutions, and trust funds for pension and profit sharing funds.

The Commercial and Financial Chronicle . . . Thursday, June 15, 1961

American Micros Corporation
April 29, 1960 filed $1,000,000 4% 20-year, collateral trust bonds for the purpose of developing the Aries common stock. It is proposed that these securities will be offered for public sale in units ($500 common stock as investment certificates, each representing $500 of bonds and $738 of stock price. Price—$1,000 per unit. Proceeds—To be used for general corporate purposes. The company will use the proceeds for general corporate purposes. The company will use the proceeds for general corporate purposes.

Atlantic Fund for Investment in U.S. Government Securities
July 1, 1960, filed $1,000,000,000 of common stock. Price—$25 per share. Business—A diversified investment company, which will also be a real estate company, with redeemable shares upon the sale and issuance of the shares being registered. Proceeds—For investment in U.S. Government Securities and for corporate purposes.


Automated Gift Plan, Inc.
June 12, 1961 filed 100,000 (par $1) common stock. Price—$3 per share. Business—The manufacture and sale of gift equipment. Proceeds—For public sale. Proceeds—For public sale.

Automated Marketing Capital Corp.

Automotive Vacuum Control Corp.

BBM Photographic Manufacturing Corp.

Bet-Aire Products, Inc.

Berylhain Manufacturing Corp.

NEW ISSUE CALENDAR

June 15 (Thursday)
Southern Louisiana Construction Co. (26/30) Bond
June 16 (Friday)
Big Bay Properties, Inc. (26/30) Capital
Cable Carriers, Inc. (26/30) Capital
Chroma-Glo, Inc. (26/30) Capital
Commodify, Inc. (26/30) Capital
Curley Real Estate Co. (26/30) Capital
Dun & Bradstreet, Inc. (26/30) Capital
Julie Comex, Inc. (26/30) Capital
K & E Underwriter Co., Inc. (26/30) Capital
Motor Travel Co., Inc. (26/30) Capital
Mrs. Blauner (26/30) Capital
Shatten, Inc. (26/30) Capital

June 19 (Monday)
A-Drive Auto Leasing System, Inc. (26/30) Capital
Bluebird, Inc. (26/30) Capital
Brookline Union Gas Co. (26/30) Capital
Carroll, D. Co. (26/30) Capital
Consumer’s Automatic Vending, Inc. (26/30) Capital
Dillon, S. Co. (26/30) Capital
Dollar-Buy Co. (26/30) Capital
Erie Optical Co. (26/30) Capital
Empire Capital Co. (26/30) Capital
Fox-istanco Photo Products, Inc. (26/30) Capital
G-W. America, Inc. (26/30) Capital
Harvey’s Stores, Inc. (26/30) Capital
Jefferson Council Corp. (26/30) Capital
Marine & Electronics Manufacturing Co. (26/30) Capital
Model Vending, Inc. (26/30) Capital
Monarch Building Co., Inc. (26/30) Capital
New York Trap Rock Corp. (26/30) Capital
Pernman Corp. (26/30) Capital
Photronics Co. (26/30) Capital
Reinaire Foods, Inc. (26/30) Capital
Reinaire Foods, Inc. (26/30) Capital
Wrighter Corp. (26/30) Capital
Zorn Industries, Inc. (26/30) Capital

June 20 (Tuesday)
Consolidated Edison Co. of New York, Inc. (26/30) Bonds
Eurofund, Inc. (26/30) Capital
Faradyne Electronics, Inc. (26/30) Capital
Gulf Oil Corp. (26/30) Capital
Holiday Sportswear, Inc. (26/30) Capital
Industrial Control Products, Inc. (26/30) Capital

June 21 (Wednesday)
Development Corp. of America (26/30) Capital
National Mereantile Corp. (26/30) Capital
Union Oil Co. of California (26/30) Capital

June 22 (Thursday)
Northern Paper & Allied Corp. (26/30) Capital

June 26 (Monday)
Allison Business Services, Inc. (26/30) Capital
American Finance Co. (26/30) Capital
American Photography Co. (26/30) Capital
American Radio, Inc. (26/30) Capital
Anhe Telecasters, Inc. (26/30) Capital
Apache Corp. (26/30) Capital
Bookshelf of America, Inc. (26/30) Capital
Church Builders, Inc. (26/30) Capital

June 27 (Tuesday)
Compaq, Inc. (26/30) Capital
Faraday Electronics Corp. (26/30) Capital

Continued on page 50
continued from page 49

Fidelity Bankers Life Insurance Corp.—Common

(John H. Fielding Corp., and Shearson, Hammill & Co.)

Gordon Jewelry Corp.—Common

Cass A. Gordon & Co.

Hager, Inc.—Common

(Richard & Frank Ltd. & Co.)

Harwyn Publishing Corp.—Common

(William A. Moore & Co.)

Hunt Foods & Industries Inc.—Debentures

B. A. Hunt & Co. Inc.

Jefferion Inc.—Common

R. J. Jefferion & Co., Inc.

Micro Electroluminescent Corp.—Common

C. H. Northrup & Co., Inc.

Mowhawk Insurance Co.—Common

(J. F. Dew & Co., Inc.)

Recreation Products Inc.—Common

W. M. Simon & Co. Inc.

Southerncal Energy Co.—Common

(Pawnee, Jackson & Cortis Co.)

Standard Products Co.—Common

(Whitney, White & Co.)

Suval Industries Inc.—Common

Milton D. Blackley & Co. and Beckedahl & Co., Inc.

Tompkin Comm., Inc.—Debentures

(Hecker & Co.)

Triangle Industries Inc.

Armstrong & Co., Inc.

U. S. Home & Development Corp.—Capital

(Asthurius, Parker & Radrup)

June 27 (Tuesday)

Australia (Common Stock) $25,000

Bonds

(Morgan Stanley & Co.)

$25,000

Massachusetts Electric Co., 6 1/4% bonds

(Bailey & Co.)

$12,750,000

June 28 (Wednesday)

Special Metals Inc.—Common

(D. Fuller & Co.)

Tennessee Valley Authority—Bonds

(White, weld & Co. Inc. and Lehman Brothers)

June 29 (Thursday)

CMC Finance Group Inc.—Common

(Andrews, Bemelstock & Co.)

Capital Properties, Inc.—Units

(Units)

Electroe, Inc.—Common

(P. J. Corbin & Co. Inc.)

Empire Life Insurance Co. of America—Capital

(Corinthian Securities Inc.)

Hardigm (Paul), Inc.—Common

(J. Michael & Klein & Co. Inc.)

Income Planning Corp.—Common

(Units)

Kaiser Aluminum & Chemical Corp.—Common

(Units)

Nash (J. M.) Co., Inc.—Debentures

(Units)

Weij-It Expansion Products, Inc.—Common

(Units)

June 30 (Friday)

Automatic Cancloon Co. of America—Debentures

Offering to stockholders—induced by Lehman Brothers

Metropolitan Bowling Centers, Inc.—Common

(Bonhill E. Bond, Inc. and Williams & Lee Inc. and V. M. Heusser & Co.)

International Silver Co.—Debentures

Offering to stockholders—induced by Lehman Brothers

$22,000,000

Metropolitan Bowling Centers, Inc.—Common

(Units)

"Black Monday Money Corp.


"Big Boy Properties, Inc. (6/18)

March 20, 1961 filed 100,000 shares of common stock price—$5 per share. Office—101 East Colorado Street, Glendale, Calif. Underwriter—None.

"Blackstone Manufacturing Corp.

June 8, 1961 filed 72,500 class A common shares. Price—$5 per share. Effective—1700 W. Main St., Oklahoma City, Okla. Underwriter—Donald J. Hinkley & Co., Inc., Denver, Colo.

"Blossom-Maiden Corp.

May 1, 1961 filed 149,000 shares of common stock, of which 40,000 shares are to be offered for public sale by the company and 109,000 outstanding shares by the present holders thereof. Price—To be determined by amendment to be Offered—6/28 to 7/6/61. Effective—101 East Colorado Street, Glendale, Calif. Underwriter—None.

"Bonded Homes, Inc.

May 27, 1961 filed 10,000 shares of common stock, of which 12,500 shares are to be offered for public sale by the company and 7,500 outstanding shares by the present holders thereof. Price—To be determined. Offered—6/28 to 7/6/61. Effective—101 East Colorado Street, Glendale, Calif. Underwriter—None.

"Bookshelf of America, Inc. (6/28-30)

April 1 and June 19, 1961 filed registration and notification 74,490,000 shares of common stock (par 10 cents) and 74,490,000 shares of preferred stock (par $5). Offered—6/28 to 7/6/61. Effective—6/28. Underwriter—DeBartolo, Black & Co., New York, N. Y.

"Brooklyn Union Gas Co. (6/19)

May 1, 1961 filed registration of $9,700,000 sinking fund debentures due July 1, 1973, 600,000 shares of common stock, 240,000 12-year warrants (exercisable at $10 per share) and 40,000 options (exercisable at $25 per share), consisting of 500 of debentures, five common shares and one warrant per unit. Proceeds—To repay debt and for working capital. Underwriter—Sheares & Co., New York City (managing).

"Brisker Corp.


"Broadcast International, Inc.


"Brooks & Edwards Co. (6/15)


"Business-America Inc.


"Bramalea Consolidated Developments, Ltd.

May 1, 1961 filed registration of 6,442,000 sinking fund debentures due July 1, 1973, 600,000 shares of common stock, 240,000 12-year warrants (exercisable at $10 per share) and 40,000 options (exercisable at $25 per share), consisting of 500 of debentures, five common shares and one warrant per unit. Proceeds—To repay debt and for working capital. Underwriter—The company is building a planned industrial-commercial-residential community at Chinguacousy, Ont., near Toownto, Ont. Underwriter—To repay debt and for working capital. Office—P. O. Box 128, Brampton, Ont., Canada. Underwriter—Shields & Co., New York City (managing).


Consolidated Bowling Corp. June 12, 1961 filed 200,000 shares of common stock and 60,000 of 6% convertible debentures, due in July 1, 1961. Proceeds—For the purchase of equipment and for working capital. Office—First Southway Bank, New York, N. Y. Underwriter—Davis, Chadbourne & Silcott, New York, N. Y. Underwriter—None.
Hathaway Instruments, Inc.
May 3, 1961 (letter of notification) 30,000 shares of common stock, of which 8,000 shares are to be offered for public sale by the present holders thereof. Price—$5 per share. Proceeds—For general corporate purposes. Business—The manufacture and sale of electronic and electrical goods and equipment.

Hazard Industries, Inc.
May 26, 1961 filed 1,870,000 outstanding shares of capital stock (par $0.3333) to be offered for public sale by the present holders thereof. Price—To be related to the current market price at the time of the sale. Proceeds—For general corporate purposes. Business—The manufacture and sale of instructional and entertainment equipment.

Hedberg Company, Inc.
May 3, 1961 filed 28,000 shares of common stock, par 75.

Hedberg Industries, Inc.

Hedinger, Inc.

Hedinger & Co., Inc.

Hedinger & Co., Inc.

Hedinger & Co., Inc.

Hedinger & Co., Inc.
May 26, 1961 filed 1,870,000 outstanding shares of capital stock (par $0.3333) to be offered for public sale by the present holders thereof. Price—To be related to the current market price at the time of the sale. Proceeds—For general corporate purposes. Business—Manufacture and sale of precision electronic components.

Hedinger & Co., Inc.

Hedinger & Co., Inc.
May 26, 1961 filed 1,870,000 outstanding shares of capital stock (par $0.3333) to be offered for public sale by the present holders thereof. Price—To be related to the current market price at the time of the sale. Proceeds—For general corporate purposes. Business—Manufacture and sale of precision electronic components.

Helix Industries, Inc.

Henderson, Inc.
April 26, 21 filed 86,000 shares of common stock. Price—To be supplied by amendment. Business—The manufacture and sale of specialized bowling apparel for men and women.

Hendrickson Corp.

Hendrickson Corp.
April 26, 21 filed 86,000 shares of common stock. Price—To be supplied by amendment. Business—The manufacture and sale of specialized bowling apparel for men and women.

Hendrickson Corp.
May 9, 1961 filed 583,334 common shares to be offered for public sale by the present holders thereof. Price—$5 per share. Proceeds—For general corporate purposes. Business—Manufacture and sale of specialized bowling apparel for men and women.

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Hendrix Co., Inc.
March, 1961 filed 200,000 shares of common stock (par $.10). Proceeds—To be supplied by amendment. Business—The financing and sale of household food freezers and freezers for the freezer industry.

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March, 1961 filed 200,000 shares of common stock (par $.10). Proceeds—To be supplied by amendment. Business—The financing and sale of household food freezers and freezers for the freezer industry.
in and sell real estate mortgages. Proceeds—For investment. Office—311 Fifth Avenue, New York City. Underwriter—First Trust Co. of New York, N. Y.

Investors Funding Corp. of New York (8/17) May 1, 1961 filed $2,000,000 of registered unsecured notes due June 1, 1967 to purchase 20,000 class A shares and 40,000 shares of Class B stock to be used for public sale in units consisting of one $500 denomination and 20 $2,500 denominations per unit. Business—The buying, selling and investing in real estate mortgage loans, securities and other developments in the New York City area. Proceeds—For general corporate purposes. Office—331 Broadway, New York City. Underwriter—First Trust Co. of New York, N. Y....

Eisele & King, Libaire, Stotz & Co., New York City.


Israel-Rasco Investment Co., Ltd. March 27, 1961 filed 30,000 shares of ordinary stock. Price—$1.50 per share. The company may, however, be obliged to sell all or part in private in State of Israel bonds and stock—For the construction of hotels, office buildings, a shopping center and the like. Office—Teel Aviv, Israel. Underwriter—None.

Ivest Fund, Inc. Filed April 1, 1961 filed 3,000,000 shares of common stock. Price—Net asset value at the time of the offering. Business—The company will engage in the business of purchasing securities of other companies whose stated objective is capital appreciation. Proceeds—For investment. Office—One State Street, Boston, Mass. Underwriter—None.

Jefferson Construction Co. (6/25-30) May 19, 1961 filed 15,000,000 shares of common stock of which 110,000 shares are to be offered for public sale by the company and 200,000 outstanding shares by the present shareholders. Price—$15 per share. Business—The company plans to go public on contracts for the erection of dams, canals and powerhouses. Proceeds—For the construction of various commercial and industrial projects in the United States and Canada. Office—One Wall Street, New York City. Underwriter—None.

Johannesburg Manufacturing Corp. April 24, 1961 (letter of notification) 64,000 shares of $10,000,000 of common stock, $1.50 per share. Business—The manufacture of machinery and equipment for various industries. Proceeds—For repayment of a loan, working capital, and general corporate purposes. Office—Urban Avenue, Westbury, L. I., N. Y. Underwriter—Kearns, Bennett & Co., Inc., New York, N. Y.

Julie Research Laboratories, Inc. (6/16) May 23, 1961 filed 375,000 shares of common stock of which 250,000 shares are to be sold for the account of the company and 125,000 shares for the account of the present officers and directors. Price—To be sold by underwriter. Business—The manufacture of electronic components and related devices. Proceeds—For research and development leading to the design, manufacture and sale of precision electronic components and instruments for use in domestic and foreign markets. Office—603 West 130th Street, New York City. Underwriter—None.

Kaiser Aluminum & Chemical Corp. (6/29) May 23, 1961 filed 375,000 shares of common stock of which 250,000 shares are to be sold for the account of the company and 125,000 shares for the account of the present officers and directors. Price—To be sold by underwriter. Business—The company is a major producer of primary aluminum and a major manufacturer of value-added aluminum products. Proceeds—For working capital. Office—300 Lakeview Drive, Oakland, Calif. Underwriter—Drexel Burnham & Co., New York City. Underwriter—None.

Kane-Miller Corp. (7/10-14) May 21, 1961 filed 350,000 shares of common stock of which 250,000 shares are to be sold for the account of the company and 100,000 for the account of the present officers and directors. Price—$5 per share. Business—the company is a wholesaler and distributor of various products to the retail trade. Proceeds—For inventory, and working capital. Office—81 Clinton Street, York, N. Y. Underwriter—California, Securities Co., Inc., and Seymour Blauzer Co., both of New York City and J. J. P. & Co., Pittsburgh, Pa.

M. B. M. Corp. May 26, 1961 ("Reg. A") $300,000 of 6 1/2% sinking fund stock. Proceeds to be offered in units of $1,000. June 2, 1961 filed $25,000,000 of first mortgage bonds, series A, for the purchase of real estate located in the City of Oakland, and in the City of San Francisco, and working capital. Office—1301 Market St., San Francisco, Calif. Underwriter—Robertson-Dewey & Co., Atlanta, Ga.


New England Lithography Co. May 13, 1961 filed 500,000 shares of common stock. Price—$12 per share. Business—The predominant objective is to provide engineering and constructing services to the printing and allied industries. Proceeds—For investment and operating expenses. Office—52 Wall St., New York City. Underwriter—None.

Oakland Electronics, Inc. May 31, 1961 filed $25,000,000 of common shares (par 25 cents). Price—$3 per share. Proceeds—For research, working capital, and general corporate purposes. Office—3724 Oakl...
Outdoor Development Co., Inc. May 25, 1961 filed $2,750,000 of subdivided deeded calls for the purchase of 100,000 shares of common stock, and 326,600 shares of common stock to be offered for public sale in $4,100 units, each consisting of one share of common stock and one warrant to purchase two common shares, and six shares of common. Price—$8 per share. Business—The company is engaged in the development and distribution of housing. Proceeds—not to be returned to shareholders. Proceeds—To purchase land. Underwriter—Kranz, Marks & Co., New York City.

Pickwick Organization, Inc. May 25, 1961 filed $2,000,000 of shares of common stock. Price—$5 per share. Business—The company is engaged in the operation of a nationwide television network. Proceeds—Net proceeds, estimated at $444,000, will be used to buy land for stations and to construct the network. Proceeds—to be used for working capital. Underwriter—L. D. Shurman & Co., New York City.

Pickwick Recreation Center, Inc. April 21, 1961 (letter of notification) 100,000 shares of common stock. Price—$5 per share. Proceeds—to be used for working capital, construction and general overhead. Underwriter—Fair & Co., Los Angeles, Calif.


Rambach Development Co. Inc., June 1, 1961 filed 150,000 shares of common stock (par $10), to be offered for subscription by stockholders at the rate of $8 per share, to be sold to the public at the rate of $13.33 per share. Price—to be determined by amendment. Proceeds—to be used for the construction and development of real estate properties. Underwriter—Stern & Co., New York City.


Reher Simmons Research Inc. May 8, 1961 filed 150,000 shares of capital stock. Price—$6 per share. Proceeds—to be used for the construction of new facilities. Underwriter—New York City.

Rockey Corp. June 15, 1961 filed $650,000 of debentures, 6% convertible series due 1976, to be offered for public sale by the company. Price—$500 per bond. Proceeds—to be used for the construction of new facilities. Underwriter—New York City.

Rockwell Brothers, Inc. May 1, 1961 filed 140,000 outstanding shares of common stock (par $10) to be offered for public sale by the present holders thereof. Price—to be determined by amendment. Business—the retail sale of boys' and men's clothing. Proceeds—to be used for the construction of new facilities. Underwriter—New York City.

Rorer (William) H., Inc. May 24, 1961 filed 130,000 outstanding shares of common stock (par $10), to be offered for public sale by the present holders thereof. Price—to be determined by amendment. Business—the manufacture of pharmaceutical products. Proceeds—to be used for the construction of new facilities. Underwriter—Philadelphia, Pa.

Rowan Controller Co. May 24, 1961 filed 100,000 shares of common stock. Price—to be determined by amendment. Business—the manufacture of electrical equipment. Proceeds—to be used for the construction of new facilities. Underwriter—New York City.

Ruthe Outdoor Advertising Co., Inc. May 4, 1961 filed 100,000 outstanding shares of common stock (par $10). Price—$3 per share. Business—the manufacture of outdoor advertising equipment. Proceeds—to be used for the construction of new facilities. Underwriter—New York City.


**Science Capital Corp.**

May 8, 1961 filed 9,000 shares of common stock. Price—$6 per share. Business—A small business investment company, engaged in the ownership and management of small businesses, including dealers in automobiles, equipment, and other products.

**Seaboard Electronic Corp.**

July 3, 1961 filed 100,000 outstanding shares of common stock for public sale by the present holders thereof. Price—$0.50 per share. Business—The manufacture and sale of certain transistors and other electronic components.

**Southern American Fire Insurance Co.**

May 19, 1961 (letter of notification) 23,500 shares of common stock, par value 10 cents per share. Business—The insurance company is to be wound up and liquidated.

**Southern Electric Generating Co.**


**Southern Realty & Utilities Corp.**

May 26, 1961 filed $3,140,000 of 6% convertible debentures due June 1, 1966. Proceeds—To be offered for sale in units of $500 of debentures and $100 principal amount. Business—The development and operation of real estate projects in Florida. Proceeds—For repayment of debt. Underwriter—None.

**Southwestern States Telephone Co.**


**Special Metals, Inc.**

May 26, 1961 filed $5,000,000 of 6% convertible debentures due June 1, 1966. Proceeds—For working capital. Underwriter—To be determined by competitive bidding. Proceeds—For working capital.

**Speed-O-Print Corp.**

April 24, 1961 filed 500,000 shares of common stock. Price—$2.50 per share. Business—The manufacture and sale of precision judges, equipment, and other products.

**Sic Skiffs, Inc.**

April 19, 1961 filed 100,000 shares of common stock. Price—to be determined by amendment. Business—the manufacture of electrical equipment and devices, including electrical controls and accessories for the manufacture of electrical equipment, and for the manufacture of electrical equipment, and for the manufacture of electrical equipment.

**Slater Electric Corp.**

May 8, 1961 filed 25,000 shares of class A stock, of which 10,000 shares are to be offered for public sale by the company and 5,000 outstanding shares by the present holders thereof. Price—To be determined by amendment. Business—the manufacture of electrical equipment and devices, including electrical controls used in industrial, commercial and residential buildings. Proceeds—For repayment of debt. Underwriter—E. T. Andrews & Co., Hartford, Conn.

**Southern Security Life Insurance Co. of N. Y.**

March 27, 1961 filed 162,000 shares of common stock to be offered for public sale by the company and 50,000 outstanding shares by the present holders thereof. Price—to be determined by amendment. Proceeds—For the payment of debt. Underwriter—Sutro Bros. & Co., and Allen & Co., both of New York City, and Merrill, Lynch, Pierce, Fenner & Smith, Inc., both of New York City.

**State Loan & Finance Corp.**

May 10, 1961 filed $2,000,000 of sinking fund debentures due May 1, 1969. Proceeds—To be issued by amendment. Business—Consumer finance. Proceeds—Proceeds from the sale of certificate of trust to be used for the payment of debt. Underwriter—To be determined by competitive bidding. Proceeds—For general corporate purposes.

**Sterile Medical Products, Inc.**

June 8, 1961 ("Reg. A") 125,000 common shares (par 10 cents). Price—to be determined by amendment. Proceeds—For the manufacture of surgical blades. Proceeds—For general corporate purposes.

**Sun Valley Associates**


**Supermarkets Operating Co.**


**Superintendent Mountain Enterprises, Inc.**


**Supronics Corp.**

May 29, 1961 filed 90,000 shares of common stock. Price—to be determined by amendment. Business—the company is engaged in the distribution of wholesale electrical equipment and supplies. Proceeds—For the repayment of debt. Underwriter—To be determined by amendment. Proceeds—For general corporate purposes.

**Swaun Corp.**

March 20, 1961 filed 50,000 shares of common stock to be offered initially to stockholders and thereafter to the general public. Price—$3.75 per share. Business—the company is engaged in the manufacture and sale of certain equipment. Proceeds—For expansion of the business into other states and for working capital. Underwriter—J. Underwriter—To be determined by amendment. Proceeds—For general corporate purposes.

Taddie Bowling & Leasing Corp. (7/10-14)
March 31, 1961 filed $600,000 of 5% convertible subordinated debentures due 1971. 120,000 shares of common stock were offered to be sold for $2 per share. Business—the manufacture of precision instruments and related activities. Proceeds—for research and development, and working capital. Office—135 Con¬sequent Ave. N. V., Washington, D. C. Underwriter—T. J. McDonald & Co., Washington, D. C.

Tanglewood Mining Co. April 7, 1961 (letter of notification) 400,000 shares of common stock. Proceeds—for the acquisition of 100 cent gold property to be explored. Office—10 First Ave. N., Minneapolis, Minn. Underwriter—Barney; Roughead & Co., Inc., Minneapolis, Minn. Underwriter—T. J. McDonald & Co., New York, N. Y.

Turbiney Corp.
May 15, 1961 filed 2,500,000 shares of common stock. Proceeds—for the repayment of debt, property acquisitions, and working capital. Office—50 42nd Street, New York, N. Y. Underwriter—None.


U. S. Home & Development Corp. (6/26-30)


Tresco, Inc. June 5, 1961 filed 100,000 common shares. Proceeds—for the repayment of debt, re-
**ATTENTION UNDERWRITERS!**

Do you have an issue you're planning to register? Our Corporation News Department would like to hear from you! Please provide any pertinent information that may be useful. Participation is mandatory, and we reserve the right to edit and condense all submissions. Please submit your information by 15th of each month to:

**Prospective Offerings**

**Acoustica Associates, Inc.**

April 11, 1961, it was stated that this company is seeking to acquire other firms specializing in magnetic tape products; funds may be needed to finance current expansion program. **Business**—The company manufactures magnetic tape recording equipment, hospital surgical instruments and the metals for aircraft, space, and missile equipment; manufacturer of endless lighting fixtures and safety barriers. **Underwriter**—Ingram, Goodhue & Co., New York City (managing).

**Alamo Gas Supply Co.**

Jan. 29, 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, Texas. **Underwriters**—White, Weld & Co., New York City, and Underwood, Neuhau & Co., Houston, Texas.

**All American Airways Co.**

May 1, 1961, it was reported that a "Reg. A" will be filed in connection with this public offering. **Business**—An airline, business and pleasure air transportation and recreation park on 196 acres of land near Liberty, N. Y. **Underwriters**—Halsey, Stuart & Co., Inc.; First Boston Corp.; Gulf & Western, Chicago, and Eastman Dillon, Union Securities & Co. (jointly).

**American Playlands Corp.**

Dec. 29, 1960, it was reported that this company plans to refile a registration statement covering 330,000 shares of common stock. This will be a full filing. **Business**—Incorporated on Feb. 1, 1960, to engage in the development of various recreational and amusement parks in the South. **Underwriters**—Dunn, New York City.

**Appalachian Power Co.**

Feb. 1, 1961, it was reported that this subsidiary of Consolidated Gas Co. will sell $35,000,000 to $40,000,000 of bonds late in 1961 or early in 1962. **Office**—2 Broadway, New York City. **Underwriters**—Halsey, Stuart & Co., Inc.; First Boston Corp.; Gulf & Western, Chicago, and Eastman Dillon, Union Securities & Co. (jointly).

**Arizona Public Service Co.**

May 26, 1961, it was reported that this company is considering the sale of about $5,000,000 of preferred stock this summer and about $5,000,000 of first mortgage bonds in November. **Proceeds**—For construction. **Office**—161 South Third Ave., Phoenix, Ariz. **Underwriters**—Johnston & Co., New York City.

**Baltimore Gas & Electric Co.**

May 15, 1961, it was reported that this company plans to file a registration statement covering $5,000,000 of preferred stock (par 10). **Proceeds**—For payment of bond issues. **Business**—The manufacture and distribution of teaching machines, language laboratories, and program tests. **Underwriters**—Caldor, Boston, Mass. **Office**—Suite 406, 1020 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—To be named.

**Beav-Matic, Inc.**

May 24, 1961, it was stated that this company plans a full filing shortly after acquiring 105,000 shares of common stock of another. **Proceeds**—For the acquisition of United States Manufacturing Co. **Business**—The manufacture and distribution of Beav-Matic, a fully automatic Beanie-Making Machine. **Office**—919A E. Jefferson St., Lansing, Mich. **Underwriter**—First Boston Corp., New York City.

**Caro, Inc.**

March 15, 1961, it was reported that this company will file a full registration statement covering 500,000 shares of common stock and 15,000 shares of preferred stock. **Proceeds**—For the acquisition of United States Manufacturing Co. **Business**—The manufacture and distribution of Beav-Matic, a fully automatic Beanie-Making Machine. **Office**—919A E. Jefferson St., Lansing, Mich. **Underwriter**—First Boston Corp., New York City.

**Carbonic Equipment Corp.**

Dec. 8, 1960, it was reported that a full filing about stockholders of units, consisting of common stock, bonds and preferred stock. **Office**—230 West 35th St., New York, N. Y.
Federal Reserve Bank of St. Louis

Cosmetics, purposes.

Underwriter—To be named.

Central Louisiana Electric Co., Inc.

Probable underwriter—Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth, Crapo, & Co. and First Boston Corp. (jointly); Eastman Dillon, Union Securities Co., and White, Weld & Co. (jointly). The last issue of $700,000 was sold privately to employees in August, 1960.

Colorado Interstate Gas Co.

Underwriter—Rauscher, Pierce, Hardy & Co., and Smith Inc. (jointly); Merrill Lynch & Co., and Smith Inc. (jointly); Morgan Stanley & Co., and Smith Inc. (jointly); and Lehman Brothers (jointly). The last issue of $4,000,000 was underwritten by the same underwriters in July, 1961.

Columbia Gas System, Inc.

Underwriters—To be named.

Cincinnati 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. The plan calls for an offering of $30,000,000 or less in a referendum with subscription rights to present stockholders. Office—Cincinnati, Ohio. Underwriter—To be named.

General Telephone Co. of Florida

Underwriter—To be named.

Georgia Bonded Fibers, Inc.

Probable bidders for the bonds of Georgia Bonded Fibers, Inc. are Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth, Crapo, & Co. and First Boston Corp. (jointly); Eastman Dillon, Union Securities Co., and White, Weld & Co. (jointly). Previous bidders for bonds of Georgia Bonded Fibers, Inc. were Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Morgan Stanley & Co.; Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); and Lehman Brothers (jointly). The last issue of $10,000,000 was sold privately in August, 1960.

Georgia Power Co.

Underwriters—To be named.

Gluckin (Wm.) & Co., Inc.

Underwriter—To be named.

Hawaii Telephone Co.

Office—Fourtus, Mo. Underwriter—To be named.

Houston Fearless Corp.

Probable underwriter—To be named.

Houston Lighting & Power Co.

Underwriter—To be named.

Idaho Power Co.

Underwriter—To be named.

Illinois Terminal RR.

Underwriter—To be named.

About Second Securities Co.

Underwriter—To be named.

Texas United Office—1201 Telephone Bldg., Santa Monica, Calif. Underwriter—To be named.

Virginia Electric & Power Co.

Underwriter—To be named.

Yale & Towne Mfg. Co.

Underwriter—To be named.
In the business of manufacturing new products, a company in New York City has announced that it is considering the issuance of 100,000 shares of common stock. This move is part of the company's plan to expand its operations and diversify its product line. The shares will be offered for sale to the public, and the proceeds will be used to finance the company's growth and expansion plans.

The company has already made strides in the industry, and this latest move is expected to further solidify its position as a leader in its field. With a focus on innovation and quality, the company aims to continue its success in the coming years.

In other news, a well-known restaurant chain in New York City has announced that it will be closing its doors after 50 years of service. The decision was made after careful consideration of the company's financial situation and the competitive landscape of the industry.

The restaurant, which was a favorite spot for generations of New Yorkers, will hold a farewell event for its loyal customers before it officially closes on September 30th. The event will feature live music, food specials, and a chance for customers to say goodbye to the beloved establishment.

The closure of the restaurant is a loss for the city, but it also presents an opportunity for the company to explore new avenues for growth and expansion. With the proceeds from the event, the company may be able to invest in new ventures or restructure its operations to stay competitive in the industry.

Meanwhile, in the world of finance, a major bank has announced that it will be increasing its interest rates in the coming months. The move is expected to have a significant impact on the economy, as it will make it more expensive for borrowers to take out loans.

The bank cited rising inflation rates and an increase in the cost of borrowing as the reasons for the rate hike. The decision is likely to be welcomed by the stock market, as it may help to stabilize prices and reduce the risk of a downturn.

Overall, the business and finance news is filled with exciting developments and challenges for companies and individuals alike. Stay tuned for more updates and insights from the world of business and finance.
Southern Natural Gas Co.

Oct. 28. The directors of the company, Mr. Loren Mitch, company comptroller, that the utility is contemplating the sale of $20,000,000 of first-mortgage bonds at some time in 1964, with the precise timing depending on market conditions. Office—Watts Building, Birmingham, Ala.


Southern 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 working capital is also approved. Proceeds—For general corporate purposes.


Tampa Electric Co.

May 10. It was reported that this company plans to spend over $90,000,000 on new construction in the next three years. This financing is planned by this year but in 1962, it is expected that the company may issue bonds. Office—111 No. Dale Mabry Hwy., Tampa, Fla. Underwriter—To be determined by competitive bidding. Probable bidders: Tampa Electric Co.; Stone & Webster Engineering Corp., New York City. (Jointly).

United Aircraft Corp.

May 10. It was reported that this company is considering issuance of $55,000,000 of bonds to replace a seven-year term loan. Office—400 Main St., East Hartford, Conn. Underwriter—To be determined by competitive bidding. The company has not issued bonds, but its last offering of preferred stock on Sept. 7, 1954 was underwritten by Harriman Rice & Co., Inc., New York and associates.

Universal Oil Products Co.

July 17, 1961 was reported that this company may require financing through either bank borrowings or the sale of debentures in order to further expansion in a major field in which the company would not identify. No information has been made on whether the product, named "Compound X" will be produced. Business—The company is a major producer of chemical and petroleum products. Office—33 E. 31st St., New York City.

Trinity Fund Corp.

May 23. It was reported that the board of directors have approved a registration statement which will be filed shortly covering 250,000 shares of common stock. The company is engaged in the real estate business.—A consumer and industrial finance company. Office—1714 California St., San Francisco, Calif. Underwriter—Trinity Securities Corp., 40 Exchange Place, New York City. Offering—Effective July 29, 1961.

Trunkline Gas Co.

March 8, 1961 it was reported that this subsidiary of Panhandle Eastern Pipe Line Co., expects to sell $50,000,000 of bonds or preferred stock in September. Office—120 Broadway, New York City. Underwriters—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing).

Youngwood Electronic Metals, Inc. Stock Offered

Pursuant to a June 15, 1961 offering circular, D. E. Lieberman & Co., New York City, publicly offered 90,000 shares, which was the last day of the $8 per share offering. The company is located at 8525 Stellar Drive, Culver City, Calif.

Ohio Franklin Fund, Inc.

Stock Offered

Pursuant to a June 6, 1961 prospectus, The Ohio Franklin Fund, Inc., Columbus, Ohio, publicly offered 1,000,000 common shares of this new fund, at $10 per share. The minimum subscription for acceptable securities, with a minimum 12-month horizon. The exchange is based on one share of Ohio Franklin for each $20 of market value of acceptable securities (up to $25), less compensation to the December maturity date. Ohio Franklin Fund of 51 North High St., Columbus, which is a diversified open-end investment company with redeemable shares, was organized in February 1961. Its purpose is to provide investors holding acceptable securities with a method of diversifying their holdings without realizing gains or incurring income tax purposes at the time of the stock transfer, the Fund will not make any further offerings of shares, unless authorized by the SEC.

Florida Metal Supply Corp., Common Stock

Pursuant to an offering circular filed by the company, a public offering of 120,000 shares, of this firm's common stock at $7 per share. Proceeds, estimated at $840,000, will be used for the purpose of additional machinery and equipment, and for working capital.

Florida Metal Supply Corp.

May 24, 1961 it was reported that this company plans to sell 10,000,000 of preferred stock in the third quarter of the year. The company is a manufacturer of steel, aluminum, and steel, and is based in Ft. Lauderdale, Fla.


Florida Metal Supply Co.

250,000 shares of this firm's common stock at $7 per share. Proceeds, estimated at $840,000, will be used for the purpose of additional machinery and equipment, and for working capital.

DIVIDEND NOTICE

DIVIDEND NOTICE

CONTINENTAL BAKING COMPANY

Preferred Dividend No. 90

The Board of Directors has declared this day a quarterly dividend of $1.75 per share on the outstanding $5.75 dividend Preferred Stock, payable July 1, 1961, to stockholders of record at the close of business on June 16, 1961.

Common Dividend No. 65

The Board of Directors has declared this day a quarterly dividend, for the second quarter of the year 1961, of $54 per share, payable on the outstanding Common Stock, to the record holders of record of such stock at the close of business on June 30, 1961.

The stock transfer books will not be closed.

HEATHER LACE

BELAIR AUTO-MONITOR CORP.

Common Offered

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Youngwood Electronic Metals, Inc. Stock Offered

Pursuant to a June 15, 1961 prospectus, Bruno - Lenczner, Inc., Pittsburgh, Pa.; and Amos Trest & Co., Inc., New York City, publicly offered 75,000 common shares of this firm's common stock at $4 per share. Proceeds will be used to purchase additional equipment, erect a new building and a setting up of a new plant, as well as to repay loans, expand research and development in other corporate purposes.

The company of 204 North Fifth St., Youngwood, Pa., is engaged in the design, development and manufacture of precision parts in the semi-conductor industry.

Allan, Lee, Powers Owners

Allan, Lee, Powers & Company, Inc., has acquired 204 North Fifth St., Youngwood, Pa., is engaged in the design, development and manufacture of precision parts in the semi-conductor industry.

Allan, Lee, Powers, President; Allen H. Applestein, Treasurer; and Murray N. Meadow, Secretary.

Hostage Case

July 6, 1961

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WASHINGTON AND YOU

BEHIND THE SCENES: INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D.C.—The advocates of Federal ownership of power facilities are busy in the Department of Interior these days. While Secretary of the Interior Stewart Udall has been making some headlines, not always favorable for the Kennedy Administration, his assistants have been busy blue-printing a large new program in the years ahead of government-sponsored power projects. For those who hope to see the day when the Federal Government will dominate the power industry in this country, the Department of Interior currently is a bit ahead of the curve.

There are many socialists and extreme liberals in the government in Washington, but for the good of our country they are in the minority. Nevertheless, they have exhibited influence in the past and they will in the future.

Kenneth Holom, the Interior Department's Assistant Secretary for Water and Power, is presenting the Administration's plans for a great public power expansion program.

Incidentally, there are several agencies of the United States Government which deal with public power. In addition to the Interior Department, the Bureau of Reclamation, the United States Public Power Authority, the Rural Electrification Administration under the Department of Agriculture, the Army Corps of Engineers, and the International Joint Commission. Even the Water Commission which has jurisdiction over Lake Pontchartrain on the Mississippi River.

Some spokesmen for the investor-owned companies are insisting that some of the proposed Federal programs will undo all the Department of Interior's absolute socialization. They are out righting to compete against the Federal power network.

Federal Power Plans

Addressing the American Power Association, Mr. Holom pointed out the Administration's power policies. Excerpts from his address include: "President Kennedy has declared his policy to create a powerful national authority, and Secretary Udall has reiterated it several occasions, to prevent utilities from using the development of a nation-wide high voltage, common carrier transmission grid."

"This would make possible enjoying the economic advantages of greater economic development and high standards of living which flow from abundant supplies of low-cost power. It is our hope that the scheme can be achieved by the concerted efforts of all the governments of the utility-industry, public, and private and cooperative."

"Federal agencies will play a positive role in this great undertaking. This includes coordination of large capital expenditures between principal Federal power development agencies. The studies now under way are favorable to development in the Pacific Northwest—Pacific Southwest network, stretching a thousand miles from the State of Washington to Los Angeles, it could become the keystone major step in this new program."

"I believe the Kennedy Administration has made clear that not only this aspect, but all aspects of the Federal power policy are motivated by constructive purposes, framed in strict conformance with established Federal marketing policies and administered in the general interest of the American people."

"Our electric system must be the best in the world; it must be the elite electric system. We have the natural resources, our technical knowledge, and our own million-giant can develop. The times demand it."

"The Kennedy Administration believes in resource development, and it supports the Federal power system. Surely the lean hand muscle that you developed during your years of Eisenhower Republican Administration can still be present in the Federal government and your power development must proceed at a rapid pace as possible."

Regardless of how it is phrased, the proposed program is socialistic. If this column is intended to reflect the "behind the scene" interpretation from the nation's Capitol and may or may not coincide with the "Chronicle's" own views.

"Could you call later? He's deep in research right now."


June 17, 1961 (Milwaukee, Wis.) Milwaukee Bond Club annual outing at the Oconomowoc Country Club, Oconomowoc, Wis.

June 17-19, 1961 (California) California Group of Investment Bankers Association annual conference at Santa Barbara, Calif.

June 22-25, 1961 (Canada) Investment Dealers Association of Canada annual meeting at Jasper Park Lodge, Jasper, Alberta.


June 23, 1961 (New York City) Municipal Bond Women's annual outing at Morris County Golf Club, Convent Station, N. J.


June 30, 1961 (New York City) Syndicates annual outing at Nassau Country Club, L., I. N.

Sept. 8, 1961 (Cleveland, Ohio) Northern Ohio Group of Investment Bankers Association meeting.

Sept. 12, 1961 (Denver, Colo.) Rocky Mountain Group Investment Bankers Association meeting.


Sept. 15-17, 1961 Pacific Northwest Group of Investment Bankers Association meeting.