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Editorial AS WE SEE IT

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 regularly stimulates demand for investment funds where better yields are to be had than on government obligations.

Bailing Holders Out

The fact is that the recent change 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)

Present Outlook for the Arrival Of Competitive Atomic Power

By Major General K. D. Nichols,* *U.S.A., Retired Consulting Engineer, Washington, D. C.*

Former AEC general manager predicts competitive atomic power's achievement in our high-cost fuel areas prior to AEC's 1968 target date. Moreover, he is "reasonably optimistic" it will invade the 25-35 cents per million Btu or medium-cost fuel areas in the early 1970s — about half of 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.

Gen. K. D. Nichols

Looking at the short-range prospects first, only the water reactors, 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, both from 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 basis for saying whether atomic power is or is not competitive with fossil power 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, there are more than 15 million kilowatts of power 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 type of 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 which is due to go critical this month. This plant consists of two units and will produce 330 megawatts gross — 300 megawatts net — when in full operation in mid-1962. The cost of this plant is now set at $162 million which represents a cost of $490.00 per kilowatt for the gross installed capacity, or $540.00 per kilowatt net installed capacity. These high capital costs, even with anticipated future reductions, (Continued on page 36)

PUBLIC UTILITY INDUSTRY ISSUE

The Security I Like Best . . .

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

EDWARD H. BRADFORD

Vice-President, Research, F. L. Putnam & Company, Inc., Boston, Mass.

Delhi-Taylor Oil Corp.

Murchisons dominate the Delhi-Taylor Oil Corporation and characterize the investment interest to which stock of this company is best suited — medium to longer term growth on a well calculated basis with immediate prospects of a minor market rise. The company derives 65% of its present income from an oil business with a lively sparkle but its terrific punch lies in potash, petrochemicals, Australian exploration, and development of natural gas reserves.

E. H. Bradford

The "lively sparkle" of regular business is a five-year jump in sales from $52 million to $98 million, and in net from $1.6 million to $3.7 million, a doubling achieved largely as a result of a complete change in the company's marketing policy. Former tanker lot sales in the spot cargo market have been changed to private brands. Delhi acquired Southern Oil Company of Fort Lauderdale with 45 service stations in Florida. In 1960 the company also acquired a 35% stock interest in Billups Eastern Petroleum Company with 150 service stations in the south. With a swing up to central New York State, Delhi has recently completed terminal facilities in Utica, Rochester and Syracuse and leased facilities in Albany. Spectacular gains have been achieved through the new outlets with a 45% gain in refined products during 1960. Private brand sales which were zero in '56 are expected to reach $50 million in '61.

Domestic oil and gas properties center in the McAllen Field of Texas and the San Juan Basin of New Mexico with bits and pieces of varying importance throughout Southwestern and Rocky Mountain States. Management is emphasizing acquisition of gas reserves for an expected demand "explosion" on the west coast. A reserve build-up is unusually prohibitively high-cost and, consequently, Delhi has gone into partnership with some major companies. Typical is a deal with El Paso Natural Gas signed in 1960 under which El Paso is to develop 96,000 acres of Dakota Sand belonging to Delhi in the San Juan Basin. El Paso will drill from 150 to 300 wells at its own expense and Delhi expects to gain some 600 billion cubic feet of reserves. On a no-cash stock deal, Delhi has completed final acquisition of Three States Natural Gas Company and its properties. Delhi is believed to have proven, recoverable reserves of 39.4 million barrels of oil and 2.1 trillion cubic feet of natural gas without including gas to be gained in the El Paso, Dakota Sands deal.

Delhi has a tremendous play "Down Under" consisting of 129 million acres in the Great Artesian Basin of Australia. As in the case of the San Juan development, costs are to be shared in exchange for participation in discoveries. The deal in this instance is with Santos Ltd. and Broken Hill. If the airo-magnetometers, seismic tests or surface studies bring out a conclusive dome, Delhi stock will leap like a startled kangaroo. The thought, though speculative, is hard even for an analyst to suppress.

Interests in the largest, high grade potash deposit in the United States are to be developed under a favorable agreement with Texas Gulf Sulphur with a capital expenditure of $25 million by the latter. Delhi received $500,000 in 1960 for signing the contract and $1,000,000 in January of this year, an annual rate to be upped to $2.2 million in 1965. These are guaranteed minimums for the period with a 15% to 25% interest in profits extending over the life of the deposits. Texas Gulf's facilities are expected to be on stream in '63, producing one million tons of potash muriate annually, gradually increasing to one and one-half million.

Petrochemicals add further "growth" luster to Delhi. Without going into details, sales in this field which were only $2 million in '57 rose to $17 million in '60 and are set for $20 million in '61. The extent to which this business can develop under intensive research is hard to limit. Perhaps it is sufficient to say that it is steady and should be prolonged.

The company's finances are orderly and are well managed. Capitalization at the start of the present year included long term debt of $45 million with equity of $25 million. The latter was represented by 5,316,842 shares of common stock to which has since been added some 600,000 in completion of the Three States acquisition. Earnings have moved forward with surprising regularity for a business of this type. The refinery has made money in every year with the exception of 1958, a bad year throughout the industry. In 1960, per-share earnings were 72 cents which topped every year except 1957's 75 cents. In the first quarter of '61, earnings were 37% better than the similar portion of last year and the management predicts sales for the full year, '61 of $100 million, net of $5 million or about 85 cents per share based on the number of shares outstanding since the Three States deal. Gas prices in the McAllen field were raised last year with applications for other increases and a better sales trend.

Delhi's stock, traded in the Over-the-Counter Market, is not associated with cash dividends nor are they desirable to the type of investor who should be interested in the shares. The company is building up reserves and thereby constantly adds to the stockholder's value without exposing him to the constant drain of income taxes on cash dividends. While the oil and gas business promise steady improvement, the potash project has strong long-term potential with possibilities of a real speculative break-through in Australia. The stock at about $17\frac{3}{4}$ is some 30% below 1957 highs and, whispering in the background, are trillions of cubic feet of natural gas.

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

This Week's Forum Participants and Their Selections

KEITH WENTZ

Manager, Research Dept., Hooker & Fay, Inc., San Francisco, Calif.

Members: New York Stock Exchange, Pacific Coast Stock Exchange

Electrolux Corporation

The common stock of Electrolux Corporation, the largest manufacturer of vacuum cleaners in the United States, appears to have all the characteristics of an undervalued growth situation. One of apparent reasons for the stock's neglect is the current interest by both the financial community and the public in heavy industry, space-age, and fad stocks. Unfortunately, an unhealthy disregard for fundamental values has resulted in many common stock prices rising to levels which have very little relationship with past or possible future earnings. Electrolux, however, stands out as an excellent example of an overlooked security which I believe will eventually receive the recognition it deserves.

Keith Wentz

Since the present management assumed control four years ago, Electrolux has had an outstanding record of earnings as indicated by the following results: in 1957 the company earned $1.23 a share; in 1958—$1.79 in 1959—$2.47; and in 1960—$2.66 (excluding 25 cents a share from the sale of real estate). First quarter earnings in 1961 were 75 cents a share as compared with 61 cents in the corresponding period last year. This increase was largely due to higher prices on the recently introduced model which now has an automatic cord-winder. Even with unit sales equal to the 1960 level, earnings in 1961 should reach an all-time high of between $3.25 to $3.50 a share. Thus, the stock at its current price is selling at a very modest 10 to 11 times estimated 1961 earnings.

In addition to increasing earnings, Electrolux has a very strong financial position. As of Dec. 31, 1960, total current assets of $40.2 million, including cash items of $11.2 million, compared favorably with total current liabilities of $11.4 million. The company has $5 million long term debt and 1,230,000 common shares outstanding. Although Electrolux expects to diversify its operations through acquisitions, there are no plans for any public financing in the foreseeable future. Because of higher earnings and sound finances the indicated annual dividend of $1.20 a share is expected to be increased sometime this year.

The key to the company's successful operations has been its method of door-to-door selling. Companies which sell only on a door-to-door basis tolerate no price variations from their list price, while companies which sell through normal retail channels

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Aiming for the Future and Thwarting Nationalization

By Sherman R. Knapp,* *Retiring President, Edison Electric Institute, and President, The Connecticut Light & Power Company*

Reported Administration's plans to nationalize electric power, the acquisition of ample private financing for industry's continuing expansion, and the enlargement of power pooling are some of the urgent 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 continued doubling of loads in this decade; and calls for more public member support of the "Live Better Electrically Program"; forecasts education on the benefits of private power and greater alertness to attracting new investors.

On June 4, I had the distinct privilege and honor of participating in the ceremony by which Thomas Alva Edison was inducted into 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 Institute consisted of the presentation of the Edison bust, and I think it would be appropriate for me to repeat some of the comments which I made in connection with the presentation.

Sherman R. Knapp

"For thousands of years before Edison developed the first electric light system, men had lived without the countless conveniences electric energy has given us. In less than a century, electricity has wrought great changes which have advanced our whole life and kind of living. But these momentous developments were not accomplished by the waving of a wand, no matter how magical the contrast between then and now may appear. Human imagination, thought, and effort on the part of millions of people brought about the benefits from the mighty force of electricity.

"What we have seen in the first phases of electrical progress is marvelous enough. What may come in succeeding phases may well be beyond our present ability to comprehend, but it is not beyond man's power to create."

We most frequently think of Edison in connection with his various inventions, particularly the incandescent lamp. While undoubtedly the invention of a practical electric lamp contributed importantly to the development of the electric utility industry, I believe that other activities of Thomas Edison were more directly responsible for the development and growth of this great industry of ours than was the light itself.

Edison's Business Vision

It is clear from reading Mr. Edison's biography that he had in mind from the beginning the whole system of generation, distribution and utilization of electricity as a complete business. The development of the incandescent lamp was an important and, in fact, an essential part of the complete system, but without Edison's over-all concept and realization of the economic potential of the electric power business, I am sure that we would be a long way from where we are now. At the time of his death in October, 1931, just 52 years after the invention of the incandescent lamp, our industry had grown from nothing to a business with an investment in equipment and facilities of about $14 billion. Now, 30 years after his death, the investment of the investor-owned companies in our industry has more than tripled to a total of over $46 billion.

Edison deserves a full measure of credit as the founder of the electric utility industry. But he and many others who contributed to the industry's subsequent success as an important element of our free enterprise economy owe a great deal to the form of government under which they were permitted to operate. The early days of the formation of the Edison Electric Light Company involved many discouragements, but at least he was not faced with the problems of Federal Government competition and harassment which would undoubtedly have slowed his progress materially, or perhaps stopped it altogether because of utter frustration. Incidentally, I think Mr. Edison would have been thrilled by today's Live Better Electrically Program which features the word "flameless." In this connection I would like to quote the headlines from the front-page story in the New York *Herald* for Sunday, Dec. 21, 1879.

"EDISON'S LIGHT

THE GREAT INVENTOR'S TRIUMPH IN ELECTRICAL ILLUMINATION

A SCRAP OF PAPER

IT MAKES A LIGHT WITHOUT GAS OR FLAME, CHEAPER THAN OIL

SUCCESS IN A COTTON THREAD"

Role of Regulation

It was recognized early in the industry's history that it would be uneconomical for a given area to be served by more than one supplier because of the high ratio of capital investment to revenue. In this country, regulation of utility enterprises by governmental authority became the most widely used means of seeing that the public interest was protected against the basically monopolistic character of the public utility industry.

Almost from the beginning, there have been those who have

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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 Europe's railroads, we should bring their 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 railroad system. Specifically overlooked is its stemming from the pressure-group structure of our democracy. On both tthe local and national levels, the carriers supply 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 (as in prescribing minimum as well as maximum prices for their services); injurious subsidy policies; and maximum feather-bedding have 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 New York Central's President the other night we were shown the striking evidence. The $300 million worth of bridges and tunnels built by the Triborough Bridge and Tunnel Authority under the aegis of Robert Moses are magnificent and a communal necessity; but are not charged a penny in property taxes. Furthermore no income tax is paid on the $25 million of their annual earnings.

The bridges and tunnels for 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 also pay no property taxes And likewise the Port 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 out-of-pocket operating costs.

Although the Port Authority was originally charged with responsibility for all transportation in the area, 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 used exclusively for passenger service. In order to have the Major Deegan Highway built underneath, at the request of the government the Central's bridge was rebuilt. Although most of the costs of the bridge's construction were paid by the Federal Government, the property taxes levied on the Central, which had been $70,000 per year, were immediately raised to $490,000 when the bridge was turned back to it.

Discriminatory Property Taxation

Equally devastating to the Easy Target also at the State level, is taxation on the right-of-way. In New Jersey, for example, Central's taxes are approximately $10,000 per mile on the right-of-way. Not only is this many times higher than the tax levied in other states; 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 legislative action stimulated by Governor Rockefeller and Mayor Wagner.)

The Favored Thruway Competitors

The new state thruways compound the tax abuses. In the case of the New York State Thruway, for example, the gross revenues collected from its users are less than the taxes paid on the various parcels making up the Thruway when they were privately owned.

In the case of the Connecticut Thruway which parallels the New Haven Railroad, when the properties to be used for the Thruway came off the local tax rolls, the various communities naturally wanted to raise at least the same 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. In many cases the New Haven Railroad is the main property owner in a community; so it is saddled with the highest burden of the tax load for a facility which is to be used in direct competition with it.

Unfair, too, is the tax policy when railroad property is sold or tracks retired. In many cases where property has been on the tax rolls for a certain value when it was owned by the railroad, the assessment when it is owned by a nonrailroad company or individual is cut substantially. When tracks are retired from the right-of-way, the amount which should be the decline in railroad liability is merely spread over the remaining parcels of railroad property in that taxing district.

So we ask: must the pyramided sabotaging of the roads at both the state and Federal levels ultimately lead to nationalization— with a Mussolini thrown in to "make the trains run on time?"

* * *

THE DISILLUSIONED

Switching by individuals of their economic and social credos seems to be increasing, both in number and degree. Sometimes this reflects merely their positions relative to the community, whose ideology rather than that of the individual has altered. Often, too (as perhaps applicable to the second case cited below), it results from a shift in the individual's career from political opposition to responsibility (*viz.* the German proverb: "Wenn Gott ein amt giebt, dann giebt er also verdienst"). In any event, two instances of particularly drastic ideological-switching have just been highlighted in the economic area.

One of these changes in philosophy is reflected in a formal comment by Marriner S. Eccles in the forthcoming report by the top-flight Commission on Money and Credit. Mr. Eccles, Utah banker who aggressively served under both Presidents Roosevelt and Truman as Chairman of the Federal Reserve Board from 1936 to 1948, is a member of the Commission 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* economic philosophy thus: "In general, I subscribe to the recommendations of the Report. However, I have grave doubts that it will prove adequate to achieve the national economic goals which it seeks.

"The special weakness in the Report is that it fails to give adequate consideration and weight to the unstabilizing effects of the monopolistic power exercised by organized labor. It is unrealistic to gloss over the effects of its actions on prices, imports, exports, employment, rate of growth, and the deficiency in our international balance of payments.

"Wages and fringe benefits of union labor in this country are from two to five times that of other industrial countries. Thus, organized labor not only draws from the economy benefits in excess of increased productivity, but undermines our ability to compete in world as well as domestic markets.

"Until the government recognizes the seriousness of this situation and passes legislation which adequately deals with it, as it has with business, there is, in my opinion, not much chance of meeting the national economic goals which it seeks."

(And, significantly, Mr. Theodore Yntema, economist of the Ford Motor Co., registered his wish to be associated with Mr. Eccles' comment:)

In the New and Fair Deal Years

Typical of the same Mr. Eccles' views toward labor and business during his New Deal Association, was his support publicly given to John L. Lewis, President of the United Mine Workers Union, in his plea for a reduction throughout all industry in the daily hours of labor, and for a shorter work week.

Also recalled may be his epochal debate with the conservative Senator Byrd, in 1938, during which his widely publicized *letter* demanded "a higher standard of living for the working man."

New Arrival

Our other Switcher-of-the-Times is the junior Senator from Wisconsin, William Proxmire; who swooped down on the legislative scene with so much Fair Dealish enthusiasm. His vigorous and articulate "liberalism" and "frontier-manship" certainly carried through to the Democratic Convention last July.

Since then he has arrived at the position of registering a formal dissent from the prospending majority opinion of his Democratic colleagues on the Joint Economic Committee. In his dissent from the Joint Economic Committee's report, he said (as would that reviled 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 '31 through 1940. These deficits averaged 4% of gross national product. But unemployment was not reduced below 14%—twice the present level—during the entire ten-year period.

"Comparable Federal deficits today with our $500 billion economy would be a mammoth $20 billion per year, a gigantic $200 billion in ten years.

"As a practical matter, this policy is simply not going to be sold to the Congress or the people of the United States in a time of relative prosperity in spite of our serious unemployment problem. When the country is at peace and incomes are at a near record high, prudent men will not adopt a policy that argues for additional deficits as good things in themselves."

Far from confining such independence to legislative deliberations, the now free-economy protagonist is even carrying the controversy to the letters-to-the-editor section of the *New York Times*, mixing-it-up there with Professor Alvin Hansen, a dean of the compensatory-fiscal boys and his former teacher at Harvard. Senator Proxmire's letter of practically a full column concluded with this vigorous free-enterprise paragraph: "The steady, relentless climb in government spending, especially if accompanied by ever-larger deficits, constitutes a growing challenge to freedom in this nation."

Will perhaps our new young

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Analysis of Political and Economic Climate Ahead

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

A clarion call to devotees of freedom to engage in the public debate of the total-state issue is sounded by Dr. Schmidt. In predicting that the Government, unless curbed, will absorb 40% of our national income by 1970, 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 when, how, what and where problems 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 been maneuvered into a position under which foreign affairs and our international entanglements now dominate and will continue to dominate our domestic, political and economic climate. Our international position is weaker and far more dangerous than is commonly assumed. Nor have we been blessed with unusually high-quality domestic statesmanship.

Dr. E. P. Schmidt

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 climate is deteriorating and degenerating, the disease may not be fatal. Such pessimism need not lead to despair for at least two good reasons:

(1) Trends rarely persist in one direction indefinitely; they may plateau or even reverse;

(2) In some cases, conscious action of a smart and intelligent nature on the part of those opposing current forces may cause trends to pause or even change direction, although in international affairs we have reached a near-impasse.

Public Policy Criteria

If one is determined to alter trends or to improve the political and economic climate, it is important to have basic bench marks, criteria or anchors by means of which to test **both** general and specific trends and current policy recommendations. The authors of the Declaration of Independence, of the Constitution and of the Bill of Rights had clear-cut ideas of what they wanted; they were not confused and bemused as are most of us today. In the absence of some such general but precise principles—some basic goals and methods—every new idea, whether put forward by a politician, union official or socio-political experimenter, fails to fall into place in an orderly fashion. Then confusion takes over and divided counsel prevails.

As a specific example, recently our Committee on Economic Policy, wrestling with the problem of our targets, developed a report on **The Goals of Economic Policy** and was able to reduce these economic goals to five in number:

(1) Economic freedom

(2) Over-all economic efficiency

(3) Economic growth

(4) Economic stability

(5) Economic security

This comes to the opposite conclusions on key matters with former President Eisenhower's national commission on goals. It draws the line between "public" goals and government goals. These five goals embrace all economic goals; they may re-enforce one another, but to some extent they are in conflict. On controversial issues, a thorough grasp of these five goals, their harmony and their conflict, may lead to an improved resolution of differences and an improved political and economic climate; without some such anchors, confusion prevails and a cohesive and well-directed aggressive minority makes policy. The politician, long on promises and always adept at looking at only one or at most two goals at a time, can make himself out to be a hero, even though in the process he is weakening our society and deteriorating our international position.

Besides economic goals we also have other, non-economic goals, such as national security; government may be useful in attaining that goal and others.

But government is potentially dangerous because it has the power to tax (wring from the citizen involuntary contributions) and it has a monopoly of the use of force (it should have such a monopoly).

Concentration of power is the great threat to freedom. Where human freedom has failed, government has become the tyrant. The great enemy of mankind is overly concentrated government, a lesson which is being lost here and never learned in many, if not most, parts of the world. The purpose of a written constitution with a bill of individual rights is to reduce the dangers of what is now gripping the entire planet.

"Strong but Limited Government"

For this reason we need to have firmly in mind the proper structure, nature and function of government. We need strong but limited government.

Governments now absorb about one-third of our income. Government finance now rests on such a multitude of levies and so much upon indirect taxation (excises, payroll, corporate and withheld personal income taxes) that the taxpayer hasn't the vaguest idea of what he is paying (nor does the average taxpayer concern himself). This makes it easy to get public support (or even just public apathy—which is just as good from the politicians' viewpoint) for new spending programs and intervention, regardless of their merits. The alleged unmet government needs in our society would easily add up to the other two-thirds of our income. By 1970, governments will absorb over 40% of our income unless we develop a firm concept of limited government and evolve articulate support for this view. The political and economic climate of business will pass through much travail in the interim. Authoritarian government (with wage, price, investment and personal spending control) is not to be ruled out.

The major function of government should be the protection of individual freedom both from foreign and domestic enemies, to preserve law and order, to protect property and help to foster competition and economic stability through a sound credit and money policy. If government did these few things and did them well (and wasn't overloaded with side and minor issues), we would be far better off than we are by having government intervene on countless fronts as it now does. Our central government has lost all sense of the distinction between nation-wide problems (fire control, juvenile delinquency, etc.) and truly national problems which can only be handled by the central government.

Beyond these basic functions, government may at times enable us to accomplish jointly things **which need doing** but which we cannot do through the free market or voluntary private effort. But any such enlargement of government functions is potentially fraught with danger. We should not depart from the basic function of government unless there is a clear and undoubted informed consensus for doing so. By leaving the great bulk of activities to private effort and voluntary co-operation, we can then be certain that the private sectors of our society will act as a check on the powers of government and provide an effective guarantee of freedom of speech, religion and thought—goals of political freedom which are, or should be, superior, even to economic freedom, even though many people in Asia, Eastern Europe and elsewhere have learned the hard way (and too late) that economic freedom (private property, occupational choice, consumer choice, investor choice, etc.) **is an essential and indispensable counterpart** of this larger personal freedom.

If we are to have a sound political and economic climate, the next broad anchor is that government power should be dispersed and diffused. Suitable checks and balances should be built-in: a bicameral legislature, constitutional limits on the power of any one body, a judiciary which interprets the Constitution instead of catering, infant-like, to the whims of politicians and an executive who has some independence in suggesting and retarding legislation.

Furthermore, if government must exercise additional compulsory power it is better that it be near at hand at the local community level than at the county level, better in the county than the state, better by the state than in Washington. If you do not like what your local community does, you can move to another community; even though few citizens will take this step, the mere possibility acts as a check on arbitrary government. If a community or state offends, one can move to another. If Washington offends, there is no really open alternative. Thus, if we are to preserve freedom and improve the political and economic climate, the need for dispersing the power of government is obvious and this point has been well set forth by Felix Morley in his book, *Freedom and Federalism*. Under this approach mistakes will be small, major catastrophes will be minimized and more readily reversible.

Monolithic Approach

Those who want bigger government which will do more for the people (or who want to earn credits in a popularity contest) have, of course, a strong argument for by-passing local and state government—a single law at the national level is easier to put through and enforce than to deal with a myriad of state and local governments. Such a uniform, monolithic approach, however, is wasteful and arbitrary, particularly in a large country with greatly divergent conditions and situations. This argument for centralized government power has two sides: the power and authority to "do good" is also the power to do harm. What seems good to you, furthermore, may be evil to your neighbor. Those who wield the power and authority today may be replaced with scoundrels, or worse scoundrels tomorrow. The great tragedy to the pell-mell drive, here and abroad, toward the centralization of power is that it is so often led by men of good-will, but who do not know what good is, and who will be the first to denounce its consequences, once they are on the outside looking in—if they survive.

One basic and legitimate objection to undue bigness—whether in business, labor unions or agriculture—is its power to coerce, to compel or even threaten, by virtue of its bigness and power, the economic and other freedoms of the citizen. By government becoming unduly big, the dangers are multiplied. The government has the power of coercion. But perhaps even more importantly, by subtle, indirect and devious ways, the government, as a big

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TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The state and municipal bond market has done remarkably well during the past week in view of the perplexing circumstances that govern its movements. Although the *Commercial and Financial Chronicle's* tax-exempt bond yield Index indicates an average market decline of about ⅝ths of a point for selected 20-year general obligations, this performance seems highly respectable in light of the heavy state and municipal new issue volume, the nervously high long-term government bond market and the unsettlement within the corporate bond market.

Early Sellouts

Of the week's largest issues, $60,400,000 New York City serial bonds; $11,275,000 City and County of San Francisco, California serial bonds; and $41,425,000 State of Connecticut serial bonds all met with enthusiastic reception. The New York and Connecticut issues were immediate sellouts and the San Francisco issue is almost sold out. These issues were priced to yield from 10 to 25 basis points better than had obtained for comparable offerings a week or more ago. These price concessions particularly stimulated bank and trust company interest in these issues.

The money market continues to be generally easy and, until business further improves with consequent heavier credit demands, the Federal Reserve will doubtless support the low interest rate policies exhorted by the Administration. The dealer banks, perhaps recognizing their obligation as Reserve members to further its policies, have been aggressively participating in the bidding for high grade general obligation issues, even as the bond market has been giving some ground in response to traditional market factors. However, as business activity increases, further ease in the bond market level would appear inevitable.

Danger Ahead

The present pushing for lower long-term rates as the economy may be heading for a sharp rise is likely to engender an inflationary explosion, the likes of which we've not recently experienced, and the effects of which the last Administration was carefully trying to avoid. The progressively higher price being exacted for this economic rejuvenation begins to loom up as greater than sound fiscal policy may be able to support. A mighty economic paradox could be in the making.

There are many, some in high public office, that at least recognize this as a possibility. At a meeting of the Advertising Council, Treasury Secretary Dillon stated that the basic economic problem facing the nation is wage-price inflation. Others have pointedly played on this theme recently. By directing the public's attention to the likelihood of wage-price inflation, with inferences of public responsibility, the effect is to divert attention from the actual *modus operandi* of monetary inflation perpetrated by official policy. This would seem to be political to a disturbing degree and the public should be more aware of the possible consequences.

It seems worthy of observation that while substantial gains have been noted in general business activity, there is little evidence as yet of any sharp business rise. Retail sales continue to be below a year ago; likewise automobile sales. Despite the easy money situation commercial loans made by the large New York banks declined again last week. Thus far this year the decline has been over $500,000,000.

Toll Road Issues Imminent

This economic lethargy has not seriously effected the favorable trend of toll road revenues however. With but few notable exceptions the bond obligations of these projects improve with age. During this period of market uncertainty toll road bonds continue to show marked resistance to sell-off. The *Smith, Barney & Company* Toll Road bond yield Index averaged 3.75% on June 8, last reporting date. The week before the average yield was 3.73%. This represents a decline of about one-quarter of a point while the municipal bond average, based on shorter maturities, was off more than one-half of a point.

There will likely be a new toll road offering later this month. In the immediate future, the group headed by Allen & Co., John Nuveen & Co., B. J. Van Ingen & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith, A. C. Allyn & Co., Inc., and The Kentucky Co. plans to offer $120,000,000 Turnpike Authority of Kentucky serial (7/1/1967-1985) and term (7/1/2000) bonds. This Authority is an agency and instrumentality of the Commonwealth of Kentucky and the bonds will be payable solely from lease rentals or other revenues. Also looming on the horizon is the $177,000,000 Massachusetts Turnpike Authority issue to mature in 2001. This financing will be handled by an account under the direction of F. S. Moseley & Co., First Boston Corp., Blyth & Co., Inc., and Tripp & Co., Inc.

In the sphere of municipals, we continue to point out that tax-exempt bonds still make more sense to the heavy taxpayer, institutional or individual, than do taxable fixed income securities of investment quality. Should bond prices give way further, as they are likely to, purchases seem justified with even further inflation a calculated risk.

Recent Awards

The new issue calendar was again heavy this week, with a number of sizable issues up for competitive bidding. Last Thursday, June 8, the week's largest issue, $60,400,000 City of New York various purpose general obligation (1962-1986) bonds, came to market. Although advertised for public bids, only one merged bid was made for the issue. The consolidated group of underwriters was managed jointly by The Chase Manhattan Bank and The First National City Bank of New York and included among the many majors were Chemical Bank New York Trust Co., Bankers Trust Co., Manufacturers Trust Co., Morgan Guaranty Trust Co., Lehman Brothers, Harriman Ripley & Co., and Blyth & Co., Inc.

The issue was priced to yield from 1.70% to 3.80% for a 3.60% coupon and was oversubscribed upon initial reoffering. Since the offering, bonds in the 1970 to 1986 maturities have traded at small premiums. The bonds were realistically priced with the resultant favorable deal for buyer and seller.

Also, a week ago, Santa Clara County, California awarded $20,000,000 general obligation highway (1962-1986) bonds to the syndicate managed by Salomon Brothers & Hutzler which outbid a large dealer bank group headed by the Bank of America NT & SA. Included as majors in the winning account were the Crocker-Anglo National Bank, Equitable Securities Corp., Shields & Co., Ladenburg, Thalmann & Co., Wertheim & Co., A. C. Allyn and Co., Inc., L. F. Rothschild & Co., and Goodbody & Co. The bonds maturing from 1962 to 1984 were priced to yield 1.60% to 3.60% for various coupons. $600,000 bonds in 1985 were also reoffered at par for a

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MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978–1980	3.75%	3.60%
Connecticut (State)	3¾%	1980–1982	3.50%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978–1980	3.45%	3.35%
New York (State)	3%	1978–1979	3.35%	3.20%
Pennsylvania (State)	3⅜%	1974–1975	3.25%	3.10%
Vermont (State)	3⅛%	1978–1979	3.35%	3.20%
New Housing Auth. (N. Y., N. Y.)	3½%	1977–1980	3.40%	3.30%
Los Angeles, Calif.	3¾%	1978–1980	3.75%	3.60%
Baltimore, Md.	3¼%	1980	3.45%	3.35%
Cincinnati, Ohio	3½%	1980	3.40%	3.30%
New Orleans, La.	3¼%	1979	3.70%	3.55%
Chicago, Ill.	3¼%	1977	3.70%	3.55%
New York City, N. Y.	3%	1980	3.60%	3.55%

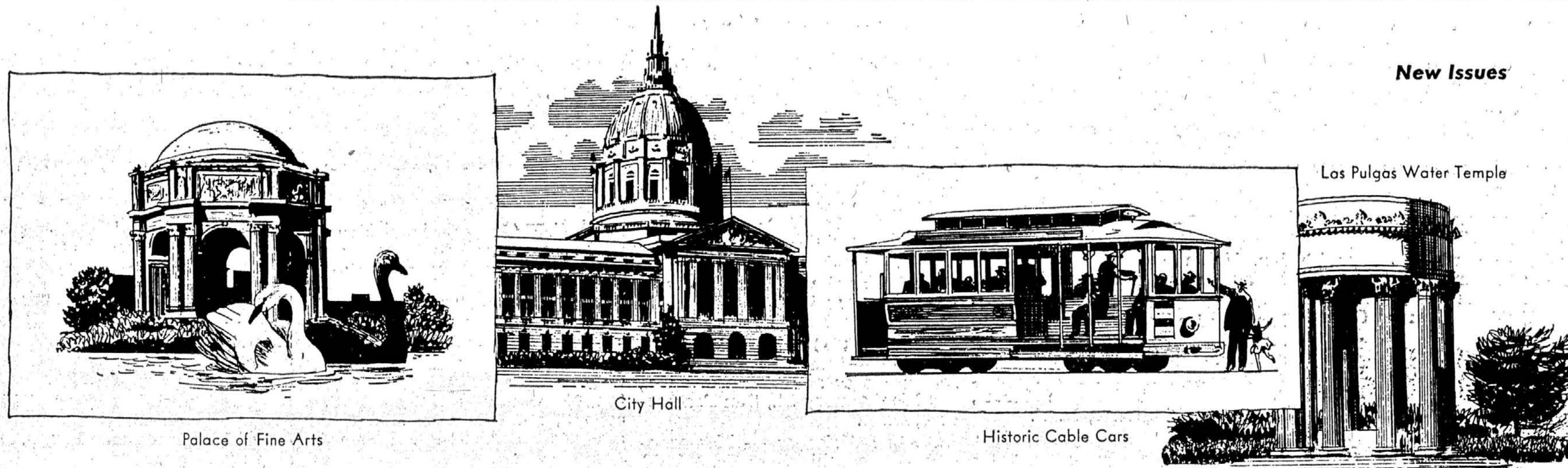
June 14, 1961 Index=3.388%

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

June 15 (Thursday)			
Honolulu City & County, Hawaii	3,000,000	1972-1991	9:00 a.m.
Lake Charles Har. & Ter. Dist., La.	7,000,000	1962-1991	10:00 a.m.
Metropolitan St. Louis S. D., Mo.	3,250,000	1962-1981	11:00 a.m.
Metropolitan Seattle, Wash.	20,000,000	1964-2000	11:00 a.m.
North Hempstead UFSD. 10, N. Y.	4,525,000	1961-1989	11:30 a.m.
Philadelphia, Pa.	24,957,000	1962-1991	Noon
June 16 (Friday)			
Colorado State University	1,867,000	1964-2001	2:00 p.m.
Greenwood, Miss.	1,600,000	1964-1983	10:00 a.m.
June 17 (Saturday)			
Hamilton County, Tennessee	5,000,000	1962-1981	1:00 p.m.
June 19 (Monday)			
Columbus, Ga.	3,000,000	1961-1990	2:30 p.m.
St. Louis Park Ind. SD #233, Minn.	1,000,000	1964-1981	8:00 p.m.
Tate County, Miss.	1,500,000	1962-1981	1:00 p.m.
Union Co. Regional H. S. D. 1, N. J.	1,500,000	1962-1990	8:00 p.m.
June 20 (Tuesday)			
Branford, Conn.	3,214,000	1962-1981	2:00 p.m.
Cudahy, Wisconsin	1,285,000	1963-1981	7:30 p.m.
Farmington Sch. Dist., Mich.	1,500,000	1963-1986	8:00 p.m.
Fullerton, Calif.	1,000,000	1962-1981	7:30 p.m.
Garden City, New York	1,784,000	1962-1991	11:00 a.m.
Greenburgh Unified S. D. 6, N. Y.	1,440,000	1962-1990	11:00 a.m.
Hamilton County, Ohio	1,460,000	1962-1981	Noon
Islip Unified S. D. 9, N. Y.	1,040,000	1962-1990	11:00 a.m.
Nashville, Tenn.	4,000,000	1963-1990	7:30 p.m.
Norfolk, Va.	7,000,000	1962-1986	11:00 a.m.
Oyster Bay, New York	3,600,000	1961-1939	11:00 a.m.
Pittsburgh, Pa.	5,220,000	1962-1981	11:00 a.m.
South San Francisco U.S.D., Calif.	1,325,000	1962-1936	10:00 a.m.
June 21 (Wednesday)			
Albany, New York	2,855,500	1962-1976	12:30 p.m.
Babylon Unified Sch. Dist. 3, N. Y.	4,577,000	1962-1990	2:00 p.m.
Dorchester County, Md.	1,000,000	1968-1986	Noon
East Niles Service District, Calif.	1,200,000	1965-1991	8:00 p.m.
Kent State University, Ohio	3,500,000	1963-2000	11:00 a.m.
Kettering City School Dist., Ohio	2,400,000	1962-1985	Noon
New Bedford Mass.	1,997,000	1962-1981	11:30 a.m.
Presbyterian-St. Luke's Hosp., Ill.	1,000,000	1963-2000	5:00 p.m.
Roanoke, Virginia	2,600,000	1962-1981	Noon
San Antonio, Texas	1,500,000	1962-1985	10:00 a.m.
San Antonio, Texas	2,000,000	1966-1989	10:00 a.m.
June 22 (Thursday)			
Loudoun County, Va.	2,000,000	1962-1981	Noon
Riga, Ogden, Chili & Sweden Cent. School District 1, New York	1,111,000	1962-1981	2:00 p.m.
Texas (State of)	25,000,000	1966-1991	10:00 a.m.
Warren, Ohio	2,850,000	1967-1999	11:30 a.m.
June 23 (Friday)			
Bexar County, Texas	2,200,000	1962-1979	10:30 a.m.
Delaware (State of)	10,630,000	1962-1981	11:00 a.m.
June 26 (Monday)			
Sioux City, Iowa	3,150,000	1962-1991	3:00 p.m.
June 27 (Tuesday)			
Georgia State Highway Authority	30,000,000	-------	11:00 a.m.
Marshfield, Wisconsin	2,000,000	1963-1987	2:00 p.m.
Newport, Ky.	3,000,000	1963-1992	10:00 a.m.
San Diego, Calif.	42,500,000	1967-2001	10:00 a.m.
Scottsdale, Ariz.	1,400,000	1964-1985	7:00 p.m.
Stanley County, N. C.	1,500,000	1963-1985	11:00 a.m.
June 28 (Wednesday)			
Columbia Hgts. Ind. S. D. 13, Minn.	1,100,000	-------	-------
Harris County, Texas	29,500,000	1962-2001	11:30 a.m.
Kentucky Turnpike Authority	120,000,000	-------	-------
[Offering date approximate. Issue may include $20 million serials, 1967-1985, and $100 million term, due July 1, 2000. Syndicate managers: Allen & Co., John Nuveen & Co., B. J. Van Ingen & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith, A. C. Allyn & Co., Inc., and The Kentucky Company.]			
Maryland State Roads Comm., Md.	15,000,000	1962-1976	11:00 a.m.
New Castle & Mt. Pleasant Cent. School District 4, N. Y.	1,265,000	1962-1991	2:00 p.m.
Tennessee Valley Auth., Tenn.	50,000,000	-------	-------
June 29 (Thursday)			
Altoona Sch. Dist., Pa.	1,000,000	1962-1986	7:30 p.m.
El Paso, Texas	2,520,000	1962-1985	9:30 a.m.
July 3 (Monday)			
Massachusetts Turnpike Authority	177,000,000	2001	-------
[Offering date approximate. Syndicate managers: F. S. Moseley & Co., First Boston Corp., Blyth & Co., Inc., and Tripp & Co., Inc.]			
July 6 (Thursday)			
Jackson U. S. D., Mich.	4,300,000	-------	7:30 p.m.

New Issues



Palace of Fine Arts — City Hall — Historic Cable Cars — Los Pulgas Water Temple

$11,275,000 City and County of San Francisco

CALIFORNIA

5%, 2½%, 2¾%, 3% and 3¼% Various Purposes Bonds

Dated July 1, 1961 ***Due July 1, 1962-76, incl.***

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 denomination 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 moneys 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 Gain, 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 on 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 by Messrs. Orrick, Dahlquist, Herrington & Sutcliffe, Attorneys, San Francisco, California, a copy of whose legal opinion will be printed on each bond.

ISSUES, AMOUNTS, RATES, MATURITIES AND YIELDS OR PRICES

(Accrued interest to be added)

$250,000 Firehouse Bonds—1952, Series E
Due: $ 20,000 July 1, 1962-66, incl.
15,000 July 1, 1967-76, incl.

$2,500,000 School Bonds—1956, Series F
Due: $170,000 July 1, 1962-66, incl.
165,000 July 1, 1967-76, incl.

$7,500,000 Airport Bonds—1956, Series D
Due: $500,000 July 1, 1962-76, incl.

$275,000 Recreation and Park Bonds—1958, Series B
Due: $ 20,000 July 1, 1962-71, incl.
15,000 July 1, 1972-76, incl.

$750,000 Civic Center Auditorium Improvement Bonds—1959, Series A
Due: $ 50,000 July 1, 1962-76, incl.

Amount	Coupon Rate	Due	Yield or Price
$760,000	5%	1962	1.55%
760,000	5	1963	1.80%
760,000	2½	1964	2.00%
760,000	2½	1965	2.20%
760,000	2½	1966	2.35%
750,000	2½	1967	100
750,000	2½	1968	2.60%
750,000	2¾	1969	2.70%
750,000	2¾	1970	2.80%
750,000	3	1971	2.90%
745,000	3	1972	100
745,000	3	1973	3.10%
745,000	3¼	1974	3.15%
745,000	3¼	1975	3.20%
745,000	3¼	1976	3.20%

Bank of America N. T. & S. A. — **The First National City Bank** *of New York* — **Blyth & Co., Inc.** — **Lehman Brothers** — **Harriman Ripley & Co.** *Incorporated* — **Wells Fargo Bank American Trust Company** — **Crocker-Anglo National Bank**

C. J. Devine & Co. — **Phelps, Fenn & Co.** — **Merrill Lynch, Pierce, Fenner & Smith** *Incorporated* — **R. H. Moulton & Company** — **Weeden & Co.** *Incorporated* — **Seattle-First National Bank** — **R. W. Pressprich & Co.**

Ladenburg, Thalmann & Co. — **William R. Staats & Co.** — **Paine, Webber, Jackson & Curtis** — **Shields & Company** — **Reynolds & Co.** — **J. Barth & Co.** — **Shearson, Hammill & Co.**

Bacon, Whipple & Co. — **The Boatmen's National Bank** *of St. Louis* — **Clark, Dodge & Co.** *Incorporated* — **F. S. Moseley & Co.** — **New York Hanseatic Corporation** — **Schwabacher & Co.** — **William Blair & Company**

Eldredge & Co. *Incorporated* — **The Illinois Company** *Incorporated* — **Kean, Taylor & Co.** — **A. M. Kidder & Co., Inc.** — **Republic National Bank** *of Dallas* — **Stone & Youngberg** — **Trust Company of Georgia** — **James A. Andrews & Co.** *Incorporated*

Dempsey-Tegeler & Co. — **First Southwest Company** — **Fitzpatrick, Sullivan & Co.** — **J. A. Hogle & Co.** — **Model, Roland & Stone** — **Northwestern National Bank** *of Minneapolis* — **Wm. E. Pollock & Co., Inc.**

Stern Brothers & Co. — **Wells & Christensen** *Incorporated* — **Brush, Slocumb & Co., Inc.** — **City National Bank and Trust Company** *of Chicago* — **A. G. Edwards & Sons** — **Industrial National Bank of Providence**

Kalman & Company, Inc. — **The National Bank of Commerce** *of Seattle* — **The Provident Bank** — **Dittmar & Company, Inc.** — **Ginther & Company** — **G. C. Haas & Co.** — **Hooker & Fay, Inc.**

Hutchinson, Shockey & Co. — **Kenower, MacArthur & Co.** — **Lawson, Levy, Williams & Stern** — **Irving Lundborg & Co.** — **Seasongood & Mayer** — **Shuman, Agnew & Co.** — **Stern, Lauer & Co.**

Thornton, Mohr, Farish & Gauntt, Inc. — **J. R. Williston & Beane** — **The Continental Bank and Trust Company** *of Salt Lake City* — **Granbery, Marache & Co.** — **Mid-South Securities Co.** — **Irving J. Rice & Company** *Incorporated*

Rodman & Renshaw — **State Street Bank and Trust Company** — **Underwood, Neuhaus & Co.** *Incorporated* — **Davis, Skaggs & Co.** — **Hill Richards & Co.** *Incorporated* — **Schaffer, Necker & Co.** — **Walter Stokes & Company**

Sutro & Co. — **R. D. White & Company** — **Arthur L. Wright & Co., Inc.** — **Cavalier & Otto** — **Elkins, Morris, Stokes & Co.** — **Wagenseller & Durst, Inc.** — **C. N. White & Co.**

June 13, 1961

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

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Attractive Laggards—Survey with particular reference to **Dana Corp., Dow Chemical, Goodyear Tire & Rubber, Illinois Central Railroad, Ohio Oil, St. Joseph Lead, Texas Gulf Sulphur, United Electric Coal** and **United Gas.** —E. F. Hutton & Co., 61 Broadway, New York 6, N. Y.

Canadian Oil Companies—Memorandum—McLeod, Young, Weir & Co. Ltd., 50 King Street, West, Toronto 1, Ont., Canada.

Canadian Review—Monthly bulletin—Bank of Nova Scotia, Toronto, Ont., Canada.

Cyclical Stocks—Survey with particular reference to **Caterpillar Tractor, Chicago Pneumatic Tool, Ingersoll Rand, Link Belt and National Acme**—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Fire Casualty Insurance Stocks—Survey of first-quarter underwriting operations.—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y. Also available is a memorandum on **Fireman's Fund Insurance Co.**

Investment Companies Fact Book—Describing operations and services of investment companies, with historical background.—National Association of Investment Companies, 61 Broadway, New York 6, N. Y.—25c per copy.

Japanese Market—Review—Nikko Securities Co., Ltd., 25 Broad St., New York 4, N. Y. Also available is a special report on **Citizen Watch Co. Ltd.**

Japanese Market—Report—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are reports on **Morinaga Confectionery Co. Ltd.** and **Kao Soap Co. Ltd.**

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

Life Insurance Stocks—Bulletin with particular reference to **Aetna Life Insurance Co., Connecticut General Life Insurance Co., Continental Assurance Co.** and **Travelers Insurance Co.**—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y.

Municipal Industrial Financing—Report of a special committee to study industrial aid financing by states and political subdivision—Investment Bankers Association of America, 425 Thirteenth Street, N. W., Washington 4, D. C.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 23-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Packaging Industry—Report with particular reference to **Standard Packaging.**—Hill, Darlington & Grimm, 2 Broadway, New York 4, N. Y.

Preferred Stocks—Bulletin.—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are data on **Pennsylvania Railroad, Sears Roebuck & Co., W. R. Grace & Co., General Public Utilities Corp., Chemical Bank New York Trust Co., R. Hoe & Co.** and **Thatcher Glass Manufacturing.**

Tax Sheltered Investments in Oil and Gas—Data—Admiral Oils, Inc., 600A Bettes Building, Oklahoma City 6, Okla.

Tobacco Stocks—Analysis with particular reference to **American Tobacco Co.** and **P. Lorillard Co.**—The Milwaukee Co., 207 East Michigan Street, Milwaukee 2, Wis.

* * *

American Express—Review.—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Anaconda Co.—Report.—A. M. Kidder & Co. Inc., 1 Wall Street, New York 5, N. Y.

Anheuser Busch—Memorandum. Dreyfus & Co., 2 Broadway, New York 4, N. Y. Also available are memoranda on **Armour, Aurora Plastics, E. W. Bliss, Canadian Breweries, Hebrew National, International Minerals & Chemicals, Singer Manufacturing** and **U. S. Rubber.**

Atchison, Topeka & Santa Fe—Report.—Purcell & Co., 50 Broadway, New York 4, N. Y.

Babcock Electronics Corp.—Memorandum.—Schwabacher & Co., 100 Montgomery Street, San Francisco 4, Calif. Also available are memoranda on **Interstate Engineering Corp.** and **John Sexton & Co.**

Black Hills Power & Light Co.—Annual report—Black Hills Power & Light Co., 621 Sixth Street, Rapid City, S. Dak.

Boise Cascade Corp.—Analysis.—L. H. Rothschild & Co., 52 Wall Street, New York 5, N. Y.

Borne Chemical—Chart analysis.—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

California Water and Telephone Company—Annual report—California Water and Telephone Co., 300 Montgomery St., San Francisco 4, Calif.

Canadian Celanese—Memorandum.—Greenshields & Co. (N. Y.) Inc., 64 Wall Street, New York 5, N. Y.

Canadian Javelin—Data.—Winslow, Cohu & Stetson Inc., 26 Broadway, New York 4, N. Y.

Canadian Pacific—Memorandum.—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also available are memoranda on **Sangamo Electric, Tidewater Oil, Standard Brands** and **U. S. Plywood.**

Chase Manhattan Bank—Review.—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y. Also available are reviews of **Great American Insurance Co., Phillips Petroleum Co., Republic Steel Corp., Sunray Mid Continent Oil Co., Cities Service Co., Dow Chemical Co.** and **B. F. Goodrich Co.**

Christiana Oil Corp.—Analysis.—J. Barth & Co., 3323 Wilshire Blvd., Los Angeles 5, Calif.

Citizens Utilities—Memorandum.—Mitchum, Jones & Templeton, 650 South Spring Street, Los Angeles 14, Calif.

Cluett, Peabody & Co. Inc.—Review.—Newburger & Co., 1401 Walnut Street, Philadelphia 2, Pa. Also available are reviews of **Eurofund, Fibreboard Paper Products Corp., Koehring Co., Union Tank Car Co.** and **United Carbon Co.**

Colgate-Palmolive Co.—Review—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are reviews of **Marquette Corp., Texas Gulf Sulphur, Armour & Co., Fairchild Camera, Hammermill Paper, National Steel** and **Resistoflex.**

Commonwealth Life Insurance Co.—Analytical brochure.—Equitable Securities Corp., 322 Union Street, Nashville 3, Tenn. Also available are reviews of **Gulf Life Insurance Co., Interstate Life & Accident Insurance Co., Life and Casualty Insurance Co. of Tennessee, Mississippi Shipping Co. Inc., Moore-Handley, National Life and Accident Insurance Co., Provident Life and Accident Insurance Co.** and **School Pictures Inc.**

L. A. Darling Company—Data—Moreland & Co., Penobscot Building, Detroit 26, Mich.

Dekcraft—Memorandum.—Granger & Co., 111 Broadway, New York 6, N. Y.

Dobbs Houses—Review.—Johnson, Lane, Space & Co. Inc., Florida Title Building, Jacksonville 2, Fla. Also available is a review of **Lewis Business Forms.**

Dun & Bradstreet—Memorandum.—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Duriron Co.—Review.—Penington, Colket & Co., 70 Pine Street, New York 5, N. Y. Also in the same bulletin are reviews of **Equitable Gas** and **Mission Corp.**

Edison Brothers Stores Inc.—Analysis.—A. G. Edwards & Sons, 409 North Eighth Street, St. Louis 1, Mo.

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

Fedders Corp.—Analysis.—Bache & Co., 36 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.—Stein Bros. & Boyce, 6 South Calvert Street, Baltimore 2, Md.

Firestone Tire & Rubber Co.—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y. Also available is a bulletin on **Garrett Corp.**

Frouge Corporation—Analysis—Van Alstyne, Noel & Co., 40 Wall St., New York 5, N. Y.

General American Transportation Corp.—Analysis—A. C. Allyn & Co., 122 South La Salle St., Chicago 3, Ill. Also available is an analysis of **McNeil Machine & Engineering Co.**

Ingersoll Rand—Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

Jonathan Logan, Inc.—Analysis—J. R. Williston & Beane, 2 Broadway, New York 4, N. Y. Also available is an analysis of **Ronson Corp.**

Liggett & Myers Tobacco Co.—Analysis—Edward D. Jones & Co., 300 North Fourth St., St. Louis 2, Mo.

Market Basket—Review—Cooley & Company, 100 Pearl St., Hartford 4, Conn. Also available is a review of **American Broadcasting-Paramount** and a list of interesting **Convertible Bonds.**

Micromatic Hone Corporation—Bulletin—DeWitt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y. Also available are bulletins on **Belco Petroleum Corporation** and **International Resistance Company.**

National City Bank of Cleveland—Analysis—Hornblower & Weeks, 40 Wall St., New York 5, N. Y.

National Steel Corp.—Report in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine Street, New York 5, N. Y. Also in the same issue are discussions of **Gladding McBean & Company, Standard Packaging Corp., Giant Food Inc., DWG Cigar Corp., Plastics Industry, "Freeze Dry" Foods** and **Texas Eastern Transmission Corp.**

Navajo Freight Lines Inc.—Memorandum—Peters, Writer & Christensen, Inc., 724 Seventeenth St., Denver 2, Colo.

Oklahoma Gas and Electric Company—Annual report—Oklahoma Gas and Electric Co., 321 North Harvey, Oklahoma City 1, Okla.

Pan American World Airways—Memorandum—Herzfeld & Stern, 30 Broad St., New York 4, N. Y.

Pneumodynamics Corp.—Analytical brochure—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is a review of the **Construction Industry** with particular reference to **Utah Construction and Mining Co., Arthur G. McKee and Co., Kaiser Industries Corp.**

Pneumodynamics Corp.—Report—Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y. Also available are reports on **Tappan Co.** and **Bowman Products Co.**

Pullman Inc.—Survey—Shields & Co., 44 Wall St., New York 5, N. Y. Also available are studies of **Amerada Petroleum** and **Warren Brothers.**

Russell Stover Candies, Inc.—Analysis—Stern Brothers & Co., 1009 Baltimore Ave., Kansas City 5, Mo. Also available are bulletins on **Consolidated School District of Orange Twp., Iowa, and Independence, Mo. School District Bonds.**

Salada Shirriff Horsey Ltd.—Analysis—Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

Salada Shirriff Horsey Ltd.—Memorandum—B. C. Christopher & Co., Board of Trade Bldg., Kansis City 5, Mo.

Sawhill Tubular Products Inc.—Analysis—McDonald & Co., Union Commerce Bldg., Cleveland 14, Ohio.

Slick Airways—Memorandum—H. Hentz & Co., 72 Wall St., New York 5, N. Y.

Southern Gas & Water Co.—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on the **Glass Container Industry, Socony Mobil Oil Co., United Shoe Machinery Corp.,** and **Westinghouse Electric Corp.** and a memorandum on **Monsanto Chemical Co.**

Southwestern States Telephone Company—Annual report—Southwestern States Telephone Co., 300 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 Motor Lines.**

Sundstrand Corp.—Memorandum—Dean Witter & Co., 45 Montgomery St., San Francisco 4, Calif.

Treasure Chest in the Growing West—28 page brochure describing industrial opportunities in the area served—Utah Power & Light Co., D. H. White, Mgr. Sales and Marketing, Dept A-5, Salt Lake City 10, Utah.

U. S. Servateria Corp.—Report—Loewi & Co., Inc., 225 East Mason St., Milwaukee 2, Wis.

Upper Canada Mines Ltd.—Report—Doherty Roadhouse & Co., 335 Bay St., Toronto, Ont., Canada.

Van Waters & Rogers Inc.—Analysis—G. A. Saxton & Co., Inc., 52 Wall St., New York 5, N. Y.

Vector Manufacturing—Report—Robinson & Co., Inc., 15th & Chestnut Sts., Philadelphia 2, Pa. Also available is a report on **Rese Engineering.**

Vornado—Memorandum—Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y.

Wallace Properties Inc.—Analysis—Parker, Ford & Company, Inc., Vaughn Bldg., Dallas 1, Tex.

West Coast Telephone Co.—Annual report—West Coast Telephone Co., 300 Montgomery St., San Francisco 4, Calif.

The State of TRADE and INDUSTRY

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

The June Survey issued by the Morgan Guaranty Trust Co. states that business and financial conditions to date provide "evidence that business improvement has continued to accumulate, confirming that a solidly grounded and broadly based upturn is under way. With February appearing to have marked the low point in general economic activity, the degree of recovery since that time compares favorably, on the whole, with that in the initial stages of previous postwar revivals.

"Gross national product in current dollar terms already appears to have more than regained all the ground lost during the recession. Its rebound has resulted chiefly from (1) a slowing in the rate of inventory liquidation, (2) an increase in governmental spending, and (3) some rise in consumer outlays. Preliminary indications are that GNP in the current quarter will approximate $510 billion, which would be $5 billion above its best reading before the recession began.

Strength in Industry

"The industrial sector of the economy is the area of greatest strength at this time, just as it was the area of greatest weakness during the recession. Industrial production, which rose slightly in March and sharply in April, may be assumed to have scored a third advance in May, judging from available weekly indices. The pacesetters in this rise have been the steel and automobile industries, but many other lines also have made a contribution. An examination of 16 industry groupings that make up the Federal Reserve's index shows 14 of them rising between February and April, one holding steady, and only one declining. More than anything else, this fact of broad diffusion gives the upturn its solid look.

"Underpinning the recovery in industrial activity have been three successive monthly increases in order placements. In April, the third month of increase, the total of new orders received by manufacturers rose to $30.7 billion, up more than $2 billion from the January low and higher than in any month since December, 1959, when the economy was flushed with catch-up activity following the steel strike. Not to be overlooked, of course, is the fact that one wave of order increases tends to generate a second, the second a third, and the third a fourth. Once established, as it now seems to be, an expansion is likely to be self-extending. Meanwhile, data on manufacturers' inventories also are encouraging. They clearly indicate that the brunt of the liquidation is over; and, with inventory-to-sales ratios generally low for the beginning of a recovery period, a phase of accumulation may be not far distant. In the case of steel, there are indications that one may already have begun.

Prospects for GNP

"These tendencies, together with other emerging strengths in the economy, suggest the prospect of a considerable further rise in general activity over the remainder of the year and on into 1962. Consumer incomes are on the rise, governmental spending is advancing, at least moderate improvement seems to be occurring in residential construction, and it is expected that business investment will commence an uptrend in the latter half of the year. To some extent these forces will interact and reinforce one another. The projection being widely made of a GNP level of $520-25 billion by the fourth quarter begins to look conservative in view of the gathering forces of expansion.

"As yet there has been no significant drop in the level of unemployment, but this is frequently the case in the early stages of recovery. Normally improvement in the labor market shows up first in a lengthening of the work week, and this has been occurring since the start of the year. There have also been a moderate rise in nonagricultural employment and some decrease in the weekly volume of claims for unemployment benefits. The labor force will be swelled in the summer months by an especially large number of temporary job-seekers, reflecting chiefly the growing teen-age population, and this will undoubtedly tend to keep the official unemployment rate high. After the summer period, however, there is a good prospect that unemployment will drop considerably from its present level of just under 7% of the labor force, probably falling to 6% or less by the end of the year, with further decline likely thereafter.

"The recovery now in the making, in other words, should carry the economy to a general state of prosperity and high-level employment during 1962. Viewed as percentages, the gains this year and next are likely to be modest in comparison with those following sharper recessions in the past. Thus will be reaffirmed in all probability the axiom that "mild recessions are followed by mild recoveries," which is the inverse way of saying "the farther the fall, the higher the bounce."

Bank Clearings for June 10 Week, 8.4% Above 1960 Week

Bank clearings last week showed an increase compared with a year ago. Preliminary figures compiled by the *Chronicle* based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, June 10, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 8.4% above those of the corresponding week last year. Our preliminary totals stand at $27,230,710,099 against $25,126,100,342 for the same week in 1960. Our comparative summary for the leading money centers for the week follows:

Week End. June 10—	1961 (000 omitted)	1960 (000 omitted)	%
New York	$14,859,045	$13,605,972	+ 9.2
Chicago	1,355,594	1,151,807	+17.7
Philadelphia	1,068,000	1,014,000	+ 5.3
Boston	777,989	733,436	+ 6.1

Major Steel Buyers Resorting to Every Device to Achieve Lower Prices in Their Purchases

Major steel buyers are using every device in the purchaser's book, plus some new ones, to wring cost concessions out of steel companies, the *Iron Age* reports.

Neither buyers nor the steel companies go so far as to call current practices price cutting. Nor, the metalworking weekly comments, are base prices of bread-and-butter steel products likely to be cut.

The magazine says automakers are leaders in obtaining concessions from the steel companies. But even automakers don't talk about price cuts. They refer to present buying as "analytical buying" on their part.

Not only are cost-conscious buyers exerting every ounce of pressure to get cost concessions from steel companies, but are actively looking for more ways to use less expensive stock.

The *Iron Age* says Detroit sales offices admit most of the major steel companies are involved in overgrading, such as supplying drawing quality steel at commercial quality prices.

How long this situation will go on depends on the strength of the market. Few mills will admit they initiate concessions themselves. But they comment that another mill will offer concessions, and they have the alternative of staying competitive, or losing a share of the order.

On the over-all steel market strength, the *Iron Age* says June continues to shape up better than May for representative mills with broad product base. July will show a dip, but looks better than expected.

One factor behind continued strength of the market is the improved rate of auto sales. U. S. new car sales in May totaled 540,000 cars, substantially better than had been expected at the first of the month. These sales brought new car stocks down to about 902,000 at the end of May, a drop from 913,000 during the month.

More important, August tonnage now on the books is running ahead of July at a comparable point. While this tonnage is still too small to be conclusive, it indicates many users are relatively firm on their steel needs through the summer and are not likely to drop out of the market.

Some steel service centers which expect their own sales to fall off during the summer are not cutting back on steel buying. Instead, they will use the slow period to make a mild increase in stocks of bar, sheet, and some plate sizes. This also suggests they are hopeful of a strong autumn market. Automotive, appliance, and farm implement makers are among major users who look like much better markets this fall than a year ago.

Actually, orders have been running ahead of consumption and some minor inventory building or "balancing" has been going on. Depending on the mill, May orders varied from levels that would justify operating rates of from 68 to 78% of capacity. Variations are caused by mill location and product mix.

Backlogs are building up, but will fall off this summer. They do not, at this point, justify a radical gain in steelmaking operations.

Steel's Summer Dip May Be Shallow

Steel production may fare a little better than usual this summer despite vacation shutdowns in user plants, *Steel* magazine reported.

Steelmen are reasoning:

Stocks of consumers are so depleted they'll have to maintain intake at a fairly respectable level right along, especially if mill deliveries show signs of lengthening.

Automotive requirements this month may prove heavier than recently anticipated.

What happens in the automobile industry the next few weeks will exert tremendous influence on third quarter steel output (traditionally poor).

With Big Three wage agreements expiring Aug. 31, new labor contract parleys open June 28 at General Motors, June 29 at Ford, and June 30 at Chrysler. Peaceful settlements are expected as of now, with the union possibly winning a package increase of 8 to 10 cents an hour in a two-year contract.

Until the matter is disposed of, automakers will probably maintain large finished car stocks in case negotiations misfire and a strike results.

Steelmen think their industry's recovery since last March is solid. Ingot operations are hovering above the 71% of capacity mark (based on 1960 ratings) compared with around 55 in March.

Light, flat rolled steel (including tin plate, sheets, and strip) continue in most active demand of all the major products. Buying is being sustained by a diversity of orders — for shipping containers, tubing and conduit, office furniture, shelving and cabinets, stoves, refrigeration equipment, and other light durables.

Steel estimates last week's output was 22,000 tons under the total recorded in the week ended June 3—2,052,000 tons. Demand is leveling off now (the rate of order increase has slowed), and some easing in production can be expected from now through August.

No early relief in the steel price bind is sighted. The Bureau of Labor Statistics' steel price index last week fell to 185.6, lowest since August, 1958.

Steelmen say prices must eventually rise. Steel wage costs have increased more than 40 cents an hour since mid-1958. Another 12-cent-an-hour boost is scheduled for Oct. 1. The last general price hike ($4.50 a ton) was in 1958.

There have been a few product price revisions since, mostly on the down side. Most recent: An $18 a ton reduction on certain types and sizes of seamless black line pipe.

Most marketmen think significant upward price adjustments are unlikely as long as supply outstrips demand. Competition with other materials also weighs heavily against a broad rise. On top of that, it was reported in Washington last week, that the Administration will seek to discourage any contemplated increase at this time.

Third quarter export orders for 600 000 tons is bolstering the scrap market. *Steel's* composite price on

Continued on page 44

Thirsty Stocks

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

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

The liquor business differs from most in that, although it is a very ancient line of industrial endeavor, it suspended operations entirely (officially, that is) between 1920 and December 1933. Bootlegging did, however, deliver perhaps as high as 200 million gallons of "hootch" annually to thirsty and furtive drinkers during those 13 hectic years, when the liquor was cut but the prices were not. After Repeal, old companies came back to life, new companies emerged and within three years whiskey production soared to 250 million gallons in 1936.

During World War II whiskey production was suspended for almost 2 years, but our need for industrial alcohol was so great that actual distilling capacity was greatly enlarged — so much so, that in 1951, at the time of the Korean War, (and in anticipation of another possible period of government liquor control) a 400 million gallon production flowed from the distilleries.

There have been disturbing elements in the business — taxation, and moonshining particularly. The taxation per proof gallon was $4 in 1942, and raised, in two stages, to its present rate of $10.50 in 1951. This works out to a tax of about $21.50 on each case of 86 proof whiskey. When the tax was low there was no incentive to moonshine. Now, however, despite all the hill-billy still operators you see captured on TV, 50 million gallons of moonshine booze are still (no pun intended) being illegally produced.

The magnitude of the liquor business today is not sufficiently appreciated. Altogether, there are 375 producing companies, and over 200,000 retail outlets. Seventy percent of our whiskey is made in Kentucky. This year Americans will spend about $5.3 billion for distilled waters, including the taxes paid on same. The largest company, Seagrams, does a business of $300 million a year.

The Consumption Picture

What about consumption? Long term, this has been in a slowly rising trend. It is believed, however, this upcurve will steepen as the bumper baby crop of the war and post-war era reaches maturity in the 1960s and follows the expanding pattern of social drinking set by its elders. Great leisure and more time and money for entertaining seem certain to increase our sociable guzzling. We're now drinking 230 million gallons of hard liquor a year, which works out to about 2 gallons a year for each American adult.

Not only is this demand for animated beverage expanding for reasons cited above but it is being encouraged by aggressive advertising, and merchandising. The liquor trade spends about $100 million a year on advertising, and is constantly thinking up ways of promoting its brands in bars, hotels, clubs and restaurants. The trick is to get the bartender always to reach for a certain brand, unless the customer specifies otherwise. Counter displays, and attractive bottle and package design all help with the persuading. Seventeen states distribute alcoholic beverages through their own state-run outlets. There, state store salesmen are less aggressive merchants than those who operate their own shops elsewhere. So advertising campaigns in local publications are used to promote brands in those states where special point of sale displays are taboo.

What'll You Have?

About drink preferences — blended whiskies are still the national favorite (27.62 million cases sold in 1960) but straight bourbon is moving up rapidly with 22.5 million cases sold in 1960 (30% of all liquor sales). Scotch whiskey is in a long term growth trend. Its earlier popularity in the East and along the Atlantic Coast has now spread inland. It is expected that 8 million cases of Scotch will be sold in 1961, against 4 million in 1951. The United States is the king-size market for Scotch. 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 switched to vodka in the naive notion that it neutralized alcoholic breath. Few wives were fooled, however, and in spite of its failure to pass the no-detection test, vodka sales have zoomed from one million cases in 1953 to around 7 million for this year. (Wonder if sales of tomato juice jumped due to popularity of the Bloody Mary?)

Gin keeps going on its merry way. It has not gained much in total demand during the past decade but there has been a sharp increase in the importation of British Gin. Incidentally, the gin laden martini is 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, Schenley, Distillers-Seagram, National Distillers and Hiram Walker. Together these account for about 78% of all domestic production (except mountain-dew!) and for 4 out of 5 of the best selling brands. A new company trying to make inroads against these would be up against fierce competition, and a combined advertising budget of $67 million a year. Certain established smaller companies, such as Brown Forman and James Beam, have done well, and, in general, the industry presents a sound climate for the investment of capital. Profit margins have been consistently favorable. The well managed distillery company converts between 8% and 14% of sales into net earnings. With product demand steady and quite comparable to that of food companies, liquor corporations produce, on the average, at least twice their net profit margins. Moreover, there are not encountered here high costs for plant changeover, heavy costs in research and development of new products; and sales of established brands have proven 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 insulation against business recession is afforded.

Hiram Walker

The record of certain liquor companies is quite impressive. Take Hiram Walker. With $176 million in sales in 1960 this company carried $25 million down to net, achieving thus better than a 14% profit margin. The company is a major factor in Scotch and Canadian whiskies with its Ballantine, and Canadian Club. Its Ten-High is a leading lower price bourbon and its Imperial one of the most accepted blends. Hiram Walker earned $2.91 per share for 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 52 the stock does not seem particularly inflated.

James B. Beam

The James B. Beam Distilling Co. is the leader of straight bourbons. Through smart merchandising and competent management this company now sells over 1.7 million cases a year and has been showing a pleasing advance in net earnings. Giving allowance 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 7c a share quarterly, plus a stock dividend of 2%. Earnings for 1961 should be above $2.10.

Paddington Corporation

Paddington has moved forward rapidly 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 dramatically from 60c in 1958 to $3.02 for 1960. Stock now at 95 has ranged from a low of 51⅞ to a high of 120¼ in 1960-61. Belief that earnings may continue to climb provides market enthusiasm for these shares.

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

NSTA NOTES

NATIONAL SECURITY TRADERS ASSOCIATION, 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 leave New York and Philadelphia on the Broadway Limited Oct. 12 connecting with the special train at Chicago. There will be a stop-over in Salt Lake City Oct. 14 for sightseeing, cocktails and dinner, and the special will arrive in Las Vegas Oct. 15. Headquarters in Las Vegas will be the Rivera 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 Rivera 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. 27 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 $460 each from Chicago; $625 each from New York; and $610 each from Philadelphia.

Reservations should be made with Allen L. Oliver, Jr., Sanders & Company, Dallas. Registration fee for members is $50; for non-members, $65; commercial, $65; ladies, $40.

The Prospects for a Crisis In Sterling This Autumn

By Paul Einzig

Foremost foreign exchange expert's gloomy appraisal of sterling's position concedes sterling will withstand speculative onslaught this autumn—with international cooperation. However, he is unwilling to predict sterling will not be devalued in 1962 if Britain continues its "Fool's Paradise Economics." Definite disapproval 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. Einzig. The writer opines today's basic situation "is in many ways as unsound as it was in 1931 and infinitely more unsound than it was in 1949 or in 1957."

LONDON, Eng.—The weakness of sterling is causing much concern in London. It is realized that the relatively moderate extent of the gold outflow is due to the support received from Western European Central Banks under the Basle arrangement by which the participating Central Banks are prepared to acquire and hold each other's currencies. Since such holdings constitute a short-term liability—according to unconfirmed reports the Central Banks concerned have actually covered the Forward Exchange on such sterling balances — their amount ought to be deducted from that of the published gold and dollar reserve in order to give a more accurate idea of the real strength of gold reserves.

Unfortunately, the British authorities continue to pursue the same Fool's Paradise Economics by which they encouraged last year the influx of hot money in order to conceal the effects of the adverse balance of payments. It is true, a sudden outflow of gold would cause alarm and despondency. But some such shock is badly needed in order to make the country realize the gravity of the situation. If Britain lost hundreds of millions of dollars month after month it might induce the government to face up to the situation and call a halt to its non-stop increase of expenditure. It would make industrial firms realize that they are not safe in conceding one wage demand after another and in bidding against each other for the scarce manpower. It might even bring the trade unions to their senses and might induce them to keep their wage demands within the limits of the growth in productivity.

Terms Basic Situation Unsound

As things are, thanks to the relative smallness of the gold outflow, Britain continues to live in a fool's paradise. The effects of the balance of payments deficit and of the withdrawals of hot money are tactfully concealed from the British public by the arrangement with Central Banks referred to above. Although there is a slight uneasiness about the possibility of an autumn sterling crisis, the trade unions are cheerfully pressing forward with their claims which are cheerfully conceded one after the other. Yet the basic situation today is in many ways as unsound as it was in 1931 and infinitely more unsound than it was in 1949 or in 1957.

What the British public needs is a first-rate crisis to shake it up from its complacency. The medicine would be most unpleasant but 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 near future. Since sterling is weak even 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 facilities Britain can obtain from continental Central Banks and from the International Monetary Fund, is certain to be more than sufficient to resist the attack this year. For one thing, provided that the Swiss National Bank and the Deutsche Bundesbank are prepared to buy and hold all sterling sold on Swiss and West German account, pressure coming from other directions would be neutralized.

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. Another 12 months of Fool'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 pressure, they are unlikely to underwrite sterling in perpetuity in face of a perennial adverse balance of payments. At the present rate of the pressure the gold reserve will become considerably depleated by the summer of 1962, while most Central Banks will hold as much sterling as they are likely to be prepared to hold. Should the speculative attack be repeated in the late summer and early autumn of 1962 it would be difficult to avoid another devaluation, unless long before then the government and the country should come to realize the need for a fundamental change in their easy-going attitude.

Bewails Self-Deception Techniques

Unfortunately at the moment there is no indication of any such change of attitude. The government continues to spend recklessly, and its chief concern is not to restrain its expenditure but to frustrate the effort of a handful of Conservative Members of Parliament who are trying to revive Parliamentary control over the Public Purse. With an amazing regree of self-deception the government succeeded in pursuading itself that the situation does not call for a repetition of the drastic disinflationary measures of 1957. During the next few months we shall probably witness the application of the new devices of surcharges on indirect taxes and a small payroll tax. It is seriously expected in official circles that the psychological effect of such measures would be similar to that of a drastic increase of the Bank rate. Yet the reason why that increase of the Bank rate produces psychological effects is that it tends to produce material effects in the right direction. On the other hand, the material effects of the new devices are likely to be in the wrong direction, in that they are likely to accentuate the rising trend of wages and prices. If that is so, there is no earthly reason why those measures should produce psychological effects in the right direction. On the contrary, since their application is likely to be interpreted as an indication of the government's unwillingness to resort to the Bank rate weapon, their psychological effect is likely to be in the wrong direction.

It is bound to take a little time before the futility of the new policy will come to be realized. Meanwhile sterling will be defended not with the aid of effective disinflationary measures but with the aid of devices that merely conceal the effect of the crisis on the reserve position.

The government is genuinely determined not to devalue sterling, but it goes about sterling's defense in the wrong way. While I am prepared to predict firmly that sterling will *not* be devalued this year I would hate to make a prediction about next year. Unless the seriousness of the situation is realized in time, no amount of determination to defend sterling would be sufficient to save it in the long run from its doom.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Although the Bureau of the Budget hasn't announced it, the Kennedy Administration's budget proposals for fiscal 1962 will total about $90 billion. This is $10 billion more than President Eisenhower proposed for the same year in his final estimates of last January.

Last March, President Kennedy transmitted two budget messages to Congress which indicated he would ask for $5.1 billion more than Mr. Eisenhower for the fiscal year starting July 1. This would have wiped out the $1.5 billion surplus which Mr. Eisenhower's proposals would have produced and resulted in a $2.8 billion deficit. It soon became clear, however, that Mr. Kennedy's estimates were too low.

On May 25, the Kennedy Administration again upped the estimates over and above the March proposals, this time by $1.6 billion. Now, it is learned, still another $2 billion will be needed: $1.5 billion for the Commodity Credit Corporation and $500 million for the Temporary Unemployment Compensation.

None of the above figures include any major portion of the cost of getting a man to the moon which Mr. Kennedy now stresses. But on a recent television program, Dr. Hugh L. Dryden, of the National Aeronautic and Space Administration, mentioned from $20 billion to $40 billion as the cost over the next 10 years.

Mr. Kennedy has increased nearly every department of the government.

For example, the Department of Agriculture has been boosted from $5,509 million recommended by Eisenhower to $7,661 million; Department of Health, Education and Welfare from $4,026 million to $5,505 million.

After 40 years of lobbying and agitation for Federal aid to the schools the National Education Association expects to reach a harvest this year. The general aid to education costing $2.5 billion over three years is expected to come up in the House next week or the week following. The Administration is expected to have the votes to pass it, particularly because the controversial aid to private schools has been eliminated. All 12 Republicans on the House Committee on Education and labor opposed the bill and the Republicans are expected to vote pretty solidly against it in the House.

The Senate has already passed it by a good margin. It provides aid to teachers' salaries as well as construction.

But there are two other education bills. One provides aid for the construction of college classrooms and for college student assistance grants.

The third bill, the National Defense Education Act, has been in effect for three years and expires June 30, 1962. This year it is hoped to broaden it to make assistance possible to private schools and is designed to remove the clamor for private school aid in the general education bill.

* * *

Congressman "Manny" Celler, of New York, veteran Chairman of the House Judiciary Committee, tells this story on himself: "When I was a little fellow, I used to play the violin. My father invited Fritz Kreisler in to listen to me play one day, and when I had finished playing the third movement of the Mendelssohn Violin Concerto, my father turned to Kreisler and said: 'How do you like his execution?' to which Kreisler replied: 'I am in favor of it.'"

General Motors and the United States Steel Corporation, whom Celler has hounded for alleged violation of the anti-trust laws, would agree with Kreisler.

* * *

President Kennedy's proposed $20 to $40 billion "crash" program to send a man to the moon ahead of the Russians has aroused considerable critical comment among scientists.

Dr. Vannevar Bush, Honorary Chairman of the Massachusetts Institute of Technology and former President of the Carnegie Institute of Washington, said: "Not worth a damn. We might get some scientific data out of this kind of thing, but it would be utterly incommensurate with the cost. We might better be investing more in finding a cure for cancer or for converting sea water to fresh water. Or we might even try saving a little money for the benefit of the taxpayers."

Now With Dean Witter

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Harry S. Backer has joined the staff of Dean Witter & Co., 422 Locust St., He was formerly with Dempsey-Tegeler & Co.

Form A & T Funding

VALLEY STREAM, N. Y.—A & T Funding Co. has been formed with offices at 107 South Central Ave., to engage in a securities business. Partners are Milton Track and Erwin Anhalt.

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 economist. Viewed minimally, it is seen lying not far below the surface in the next few years and breaking through moderately—because of foreign competition—if the government pursues expansionary fiscal monetary policies. The economist posits this monition in rejecting the neo-stagnationist's 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 rate without advancing the price level, and he notes the persistency with which the cost of services continues to go up no matter the business-cycle stage.

My objective is to appraise the prospects for the general price level in the early 1960's. Does inflation or deflation lie ahead? What are the chances of achieving a reasonably stable price level? This is a vital question, in my view, especially because the maintenance of general price stability is essential to a vigorously growing free economy such as ours. It is pertinent to observe at the outset that there are fashions in economics just as in women's hats. In 1959 it was fashionable for economists to worry about the inevitability of "creeping inflation" and the "cost push." Today inflation fears are out of style. The "creeping inflationists" have been displaced by the "neo-stagnationists" and the fashion with many economists is to worry about chronic slack in our economy, if not actual deflation. Fashions tend to repeat themselves, and I suspect that by next year preoccupation with creeping inflation will be back in vogue.

James J. O'Leary

My presentation is divided into three parts: (1) a discussion of several reasons that are being advanced for believing that inflation is not in prospect 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 Not in Prospect in the Early 1960's

First, let us consider some of the reasons that are being advanced for believing that inflation is not likely to be a problem 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. It is argued that, due to an unsatisfactory growth rate of the American economy in the past several years, there is a pronounced tendency for unemployment of labor and plant to remain at an abnormally high rate even at peaks in the business cycle. It is further argued that at full employment of our labor force the American economy could achieve a Gross National Product today of $550 billion, whereas the current rate of GNP is nearly $50 billion below this potential. Evidence to support the idea of chronic slack is found in the high rate of unemployment of our labor force and in the comparatively low rate at which industrial plant capacity is now being utilized. The seasonally adjusted rate of unemployment in April was 6.8% of our labor force, and the recent McGraw-Hill Survey indicated that at the end of 1960 manufacturing companies were operating at 77% of capacity, as compared with a preferred rate of 94%.

Those who are impressed with the "production gap" or "neo-stagnation" theory argue with some force that our economy is certainly not vulnerable today to a renewed rise in the general price level. They would go beyond this and contend that, in the absence of rather powerful expansionary fiscal and monetary policies by the Federal Government, our problem is more likely to be deflation. The big question, of course, is whether we are faced with chronic slack in our economy at the present time—a question I would like to examine more closely presently. There can be little doubt that an economy plagued by a high rate of unemployment and a low rate of utilization of plant capacity is not a likely breeding ground for inflation. It seems clear that under conditions of high unemployment the wage-push is not encouraged because of the weaker bargaining position of organized labor. Similarly, with substantial unused resources it is difficult ot visualize a resurgence of inflation of the demand-pull variety. Therefore, crucial to the question of whether inflation or deflation lies ahead is whether we are today plagued with chronic slack or whether we are now merely in the early up turn of a mild business cycle with the prospect of a vigorous recovery. I shall examine this question presently.

Pent-Up Demands Absent

Another argument advanced by those who are convinced that inflation is not ahead of us in the early 1960's is that much of the inflation since the end of World War II is traceable to huge pent-up demands for housing and durable consumer goods built up during the war, along with a corresponding buildup of liquid asset holdings by individuals, and that by now this backlog of demands has been pretty well satisfied. There can be little doubt that the backlog of demands stored up as the result of the war, and the accompanying accumulation of liquid assets in the form of cash, demand deposits, savings deposits, U. S. savings bonds, and so forth, have been part of the explanation for the inflation we have experienced. Moreover, it seems clear that certain backlogs of demand are pretty well satisfied, at least for the time being.

For example, it is becoming more and more apparent that for the first time in 15 years residential construction cannot be easily stimulated by readily available mortgage credit on liberal terms. Pockets of unsold houses and higher vacancy rates for apartments suggest that the limiting factor is demand and not availability of credit. Similarly, the general public has obviously become much more discriminating in the purchase of automobiles as unsatisfied backlog demands have disappeared.

Another argument advanced by those who minimize the danger of a recurrence of inflation in the next few years is that we have now learned how to employ monetary and fiscal policies effectively to prevent any new buildup of inflationary pressures. Great emphasis is being placed on the view that our Federal tax system is now geared to produce a substantial cash surplus prior to the onset of inflationary pressures and thus provides a powerful safeguard 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 combat inflation.

Finally, it is argued that the discipline of foreign competition now provides a strong guarantee that no responsible U. S. Government can tolerate another round of inflation. The reasoning is that the U. S. has become the banker for the free world so that the dollar must be kept strong. This means that we must take the basic steps necessary to correct the large unfavorable balance of payments situation we have experienced in recent years. Of prime importance, we cannot afford to let further inflation in this country price us out of foreign markets and thus improve the competitive position of foreign producers in the American markets. Moreover, we cannot afford to permit the threat of further inflation in the U. S.—and the accompanying fear of devaluation of the dollar—precipitate a new outflow of short-term liquid asset holdings of foreigners. Thus, it is argued forcefully that our balance of payments situation and our responsibilities to the free world preclude resort to inflationary policies by the Federal Government in the foreseeable future.

These, then, are some of the more important reasons advanced by many economists to the effect that there is little prospect that inflationary pressures will recur in the early 1960's; (1) the development of chronic slack in our economy as evidenced by a high rate of unemployment and a comparatively low rate of plant utilization; (2) the exhaustion of the backlogs of consumer demand and liquid assets built up during the war; (3) greater knowledge of how to use fiscal and monetary policies effectively as a brake on inflationary pressures; and (4) the discipline of foreign competition.

This is undoubtedly an impressive array of arguments even if one is skeptical of the "neo-stagnation" theory.

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 will be helpful to consider some of the reasons for believing that inflationary pressures may reappear in the early 1960's. First, it will be useful to ask whether the American economy does face a problem of chronic slack, or whether the business recovery now starting will be strong enough to regenerate inflationary pressures.

As Arthur F. Burns pointed out recently,[1] when the theory of chronic slack, or the "production gap," is subjected to analysis, the evidence rests fundamentally on one fact, namely, that the cyclical expansion of 1958-60 was exceptionally short and incomplete so that when the expansion ended our economy was still some distance from full employment. Burns suggests that there is a better explanation for the incomplete recovery of 1958-60 than that given by the "neo-stagnation" theory. This explanation lies in three developments which occurred during the expansion phase, as follows:

(1) Between the first quarter of 1959 and the third quarter of 1959 the Federal cash deficit fell from an annual rate (seasonally adjusted) of $17 billion to $2 billion, and by the second quarter of 1960 there was a surplus at an annual rate of $7 billion; thus, in a period of little more than a year, we had a turnaround in Federal finances of $24 billion, which undoubtedly exerted a strong braking effect on business expansion;

(2) The monetary authorities at the same time proceeded vigorously to restrict credit expansion, so that by mid-1959 the commercial banking system had net borrowed reserves of over $500 million and the money supply had stopped growing;

(3) The protracted steel strike in the second half of 1959 contributed significantly to the incompleteness of the business expansion of 1958-1960 in several ways; anticipations of the strike first led to a sharp buildup of inventories and boom psychology in the Spring and early Summer of 1959; once the strike arrived and continued to drag on, it caused both "concern and confusion" in the business community and led to some hesitation in placing orders for investment goods; it also obscured early 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 business concerns proceeded to practice new economies in managing their inventories.

Burns concludes, therefore, that the incomplete expansion of 1958-60 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 figures on unemployment 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 Joint Economic Committee. Beyond this, the failure of the rate of unemployment to decline appreciably in the face of an increase in the number of employed suggests that to some extent we may be getting an artificial picture of the rate of unemployment. It may be, for example, that when the head of a household loses his job, another member of his family not hitherto in the labor force seeks employment and the enumerators then count both as unemployed.

I would say, therefore, that there are good grounds for being skeptical about the argument that chronic slack will afford assurance against the resurgence of inflationary pressures in the next period of business 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 Government on pursuing the objectives of full employment

Continued on page 46

[1] *Commercial and Financial Chronicle* of April 27, 1961.

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 would first want to see a stronger confirmation of recent upward consumer buying, particularly in durables. 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 finance, have important and difficult implications for long-range credit markets. It is nice to be able to dismiss them from my brief discussion. Let me proceed, therefore, to establish a frame of reference regarding questions 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:

Eugene C. Zorn, Jr.

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

Since the end of the steel strike over a year ago, the forces of inflation in the economy have remained quiescent. One could engage in a long session of semantics regarding how to determine the existence of inflationary elements in the economy, so let me 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 lived for more than a decade in a world of tension and uncertainties. From time to time our financial markets have been exposed to the impact of international incidents that have shaken the foundations of peace. The Communist bloc seeks to keep us on tenter-hooks with regard to where next it may probe the defenses of the Free World. We have had to learn to operate in this kind of environment, however, and therefore are impelled to formulate our investment judgments on the premise that a crisis is not now in the making.

(3) Our balance of payments position, on a short-run basis, will be stabilized somewhat along the lines we have experienced in recent months.

It would be a mistake to conclude that the recent improvement in our country's balance of trade and the renewed confidence in the dollar have placed our balance of payments problem behind us. Nevertheless, I believe that holders of dollar claims in other countries have lost their fears—at least for the present and near future — that the value of those claims might be in jeopardy. The particular pains taken by the new Administration to emphasize its intention to defend the dollar have been effective in stabilizing our gold position. The significance of the balance of payments for the prestige of our Nation in the eyes of other countries will continue to influence domestic policy importantly.

(4) Despite political talk and pressures from some quarters, our credit markets 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 not 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, dictation of credit policy by political mandate—without regard for the balance of payments problem, dictum of the dollar in world markets—is simply not in the cards.

(5) 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 1959 year-end forecasts, might lead one to be suspect of impressions about business prospects that are close to being unanimous. The current economic statistics are being interpreted as indicating that the bottom of the recession has already been reached, and that we are now in a rising phase of the cycle. I would concur in this view with the majority of the economists. It is difficult to find in the picture elements that are distinctly bearish in influence.

However, I would venture the opinion that I personally want to see stronger confirmation of recent upward trends in consumer buying particularly in the durable goods sector, before concluding that the recovery will be really vigorous. I would be inclined to take the position that the undertone of confidence developing in our markets will stimulate a steady and moderate recovery, but that consumers and business will not be under strong compulsion to enter upon a buying spree.

If one were to add together the points of this frame of reference I have outlined, he would have to conclude that perhaps the economist's dream has been finally achieved. In recent years our concern over inflation in the economy has given rise to such phrases as "economic growth without inflation," "growth and price stability," "sustainable economic growth," and so on. If such are the economists' dreams, we can derive much encouragement from the near-term outlook as one of growth and stability. I would be not so rash, however, to contend that the millenium has arrived, because long-range performance would be required to formulate a judgment of success regarding the attainment of economic stability. But as I indicated at the outset, I can rest comfortably in the thought of not having a long-range forecast as my objective in this paper.

Viewing the Specifics

Let us now get down to the specifics of this forecast as they apply to the outlook for credit and securities markets.

My views can be summarized with the statement that a moderately rising level of business activity, without distortions created by inflationary psychology, will bring a tone of firmness to interest rates during the balance of the year, but that the very absence of the inflationary pressures will make for much greater stability in credit markets and much less need for restraint than was the case in the previous cyclical recovery.

It is significant to observe that for the greater part of the past year, interest rates, particularly in the short-area, have moved within a rather narrow range. The Treasury bill rate has fluctuated between 2⅛% and 2½% since last summer after responding downward to a change in Federal Reserve policy and an increase in the availability of credit in the forepart of 1960. Although the level of free reserves in the banking system at times in the recent past has averaged as high as in the spring of 1958, when the bill rate fell below ¾%, short-term rates have not dropped into the cellar for several reasons:

(1) The general view has prevailed that the Federal Reserve would and should not let short-term rates reach so low a level as to accelerate an outward movement of foreign balances.

(2) The mildness of the business recession and the feeling that it would not be protracted tended to forestall anticipations that a progressive and long period of declining rates might develop.

(3) Despite some rebuilding of their liquidity, banks have significantly higher loan ratios than in 1958 and the growth of their deposits has been, to a significant degree, in vulnerable time accounts; they therefore have had less incentive to extend maturities.

All of these factors tended to prevent rates from declining during the recession as much as if the tone of investor anticipations had been different.

The same situation, in reverse, might be expected in the business recovery in the balance of the year. Investors are under no strong compulsion to rush to rebuild liquidity in anticipation of sharply higher rates. There is a widespread belief, in which I concur, that the Federal Reserve will not find it necessary during this period to step heavily on the credit brakes. A moderate business recovery and absence of inflationary pressures obviously describe a situation in which a policy of ready availability of credit is appropriate. A comfortable margin of bank reserves to accommodate an expansion of credit to finance the recovery will, in my opinion, be made available through Federal Reserve policy.

Case for Higher Interest Rates

Nevertheless, as the recovery proceeds, it is quite clear that two developments are likely to take place that, on balance, can be expected to operate in the direction of higher rates:

(1) There will be increasing demand for credit from all directions of the economy. The intensity of the demand obviously will be governed by the breadth of the recovery. Although credit will be made readily available, the Federal Reserve will supply only enough fuel to the credit pot to encourage it to simmer healthily, but will not encourage it to boil over.

(2) Investor anticipations will be oriented more positively but gradually in the direction of higher rates. Foreseeing the cumulative effects of rising economic activity, credit markets will seek to adjust to them in advance. However, the adjustment is not likely to be as pronounced as that which developed as we moved out of the 1958 recession, when the bill rate advanced from 0.58% in the week of May 31 to almost 3% by the end of the year.

A few further comments on points I have discussed are in order:

First, without going into details regarding the compartments of the capital and money markets, it is reasonable to expect that the demand for credit will increase generally across the board. Business, consumers and governmental units all will be seeking increased accommodation. Stocks of goods are still being liquidated in some sectors, but inventory policy can be expected to shift, on balance, to one of accumulation later in the year. This will not be a result of scare-buying, but the consequence of a refilling of the pipelines of the economy necessitated by higher levels of production and trade.

Capital expenditures may be expected to exert a similar influence on the demand for funds. A reversal of the downward trend is anticipated later in the year, and its impact will begin to be felt in the capital markets. As to the instalment and mortgage credit markets, I believe the demand forces likewise will be operating more strongly than in the past year. Increased purchases of autos, homes, and consumer durables are taking place, but as I suggested before, I would like to see a few more figures before prejudging how strong an influence the consumer will be in the business recovery.

One sector of the credit demand seems certain to be strong, however, and that is Government. For the past few years, state and local governments have been one of the most important users of investment funds and their demand can be expected to continue unabated this year. Lining up behind them (or in front, if you please) in the second half of the year will be Uncle Sam, who is expected to incur a cash deficit of from $8 billion to $10 billion, and perhaps more, depending upon how one interprets spending and revenue projections and the moods of the Congress.

Fed's Policy on "Nudging Interest Rates"

Another area that deserves further comment is the trend of short- versus long-term rates. We have heard considerable discussion from the Potomac recently about the need for keeping short-term rates high enough to discourage foreigners from taking their funds abroad, and the desirability at the same time of promoting economic recovery through lowering of long-term rates. I would interpret the change of Federal Reserve policy since last February, of engaging in open market operations beyond the short-term area, as not being a surrender of some of its independence to political dictate, as a few have suggested. Rather, it is in recognition of the desirability of pursuing the dual objectives of preserving confidence in the dollar and promoting domestic recovery — if it can be done by astute and flexible central bankers.

It is my feeling that this kind of an operation—"a nudge," as it is called—may appear to have some measure of success when investment markets are in a sidewise movement; — that is, when the weight of the basic forces of supply and demand is not clearly in one direction or the other. When the weight of demand for credit is pressing in the direction of higher rates, however, the picture can be expected to be different and a generally rising level of rates in all sectors of the market would be in prospect. I might state parenthetically, furthermore, that too much emphasis is often placed on small changes in rates as a stimulus to economic recovery and expansion, when the most important factor is the availability of credit resulting from an adequacy of the flow of funds and the willingness of lenders to extend credit.

One final point: Since my purpose is to discuss the outlook for security markets, a gaze into the crystal-ball of the stock market is in order. Having been a New Yorker all my life before moving to that great State of Texas, where I am now a "native," I would prefer to leave the discussion of price-earnings ratios, "hot penny stocks," and the like to my old friends on Wall Street. Since it expresses my own view so succinctly and accurately, I should like to repeat the statement made to me by one of New York's distinguished bank economists: "Who ever heard of a declining stock market in the early stages of a business recovery?"

I would like to offer the suggestion, therefore, that the recent sharp advance in stock prices presents a really attractive opportunity for many companies to undertake equity financing. For many years the relationship between the cost of stock versus debt financing, as a result of market and tax considerations, weighed heavily in favor of debt. The margin has narrowed substantially for many companies as stock buyers have bid up prices on a limited supply of securities and have been willing to accept dividend yields that are extraordinarily low. It would appear to me that prudent management, with faith in the future of our enterprise system, will find it profitable in the long run to capitalize upon an opportunity such as this to undertake new equity financing. I am familiar with the rationale about dilution of earnings, the leverage of debt, and so on, but still recall the old proverb that "A bird in the hand is worth two in the bush."

*A talk by Mr. Zorn before the annual meeting of the National Industrial Conference Board, New York City.

Wool Associates Elect

Irving Weis of Irving Weis & Co., New York City, was elected President of the Wool Associates of the New York Cotton Exchange, Inc. at the Annual Election. Elected 1st Vice-President is Charles R. Rudd of Marriner, Reed & Company, Lawrence, Mass. Re-elected 2nd Vice-President is Elliot W. Brown of the National Wool Marketing Corp., Boston, Mass. Elected Treasurer is Frank Knell of New York City.

Those elected to the Board of Governors are: James J. Caires, Boston; Marshall N. Cohan of Cohan and Company, Boston; Georges A. Florin of Prouvost Lefebvre of Rhode Island, Inc., Boston; Eugene M. Grummer of New York City; E. Bradford Keith of the Top Company, Inc., Boston; W. Gordon McCabe of J. P. Stevens & Co., Inc., Greenville, S. C.; William Reid of Bache & Co., New York City; W. Brewster Southworth of Nichols & Co., Boston, Mass.; George M. Thurmond of Thurmond & Co., Inc., Boston; Robert E. Fields of New York City and John M. Williams of New York City.

With the exception of Messrs. Knell and Fields, all were members of the retiring Board who were re-elected.

Midwest Exch. Names Officers

CHICAGO, Ill.—Norman Freehling, a senior partner of Freehling, Meyerhoff & Co., Chicago, has been elected to serve as Chairman of the Board of the Midwest Stock Exchange. Herman J. Sheedy of McDonald & Co., Cleveland, O., has been elected Vice-Chairman of the Board, succeeding William S. Macfadden of Piper, Jaffray & Hopwood, Minneapolis, Minn. Other members of the Board elected were: Chicago—Walter J. Buhler of Buhler & Co., Chancellor Dougall of Chancellor Dougall & Co., William E. Ferguson of Thomson & McKinnon, Arthur C. Sacco of Webster, Marsh & Co.; Cleveland—Herman B. Joseph of Joseph, Mellen & Miller, Inc.; Minneapolis — S. Jay Marsh of Woodard-Elwood & Co.; Nashville —Gus G. Halliburton of Equitable Securities Corp.; St. Louis—Gordon Scherck of Scherck, Richter Company.

Norman Freehling

The following were elected members of the 1962 Nominating Committee:

James W. Pope of Glore, Forgan & Co., Chicago, Chairman; Carl H. Doerge of Wm. J. Mericka & Co., Inc., Cleveland; Charles L. Grandin, Jr. of Piper, Jaffray & Hopwood, Minneapolis; John V. Maloney of Taylor, Rogers & Tracy, Inc., Chicago; William H. Morse. Floor member; Leonard J. Paidar of Goodbody & Co., Chicago; Robert M. Rice of R. M. Rice & Co., Chicago; Albert M. Schmelzle of Fusz-Schmelzle & Co., Inc., St. Louis.

Lomasney, Loving Names Two

Lomasney, Loving & Co., 67 Broad St., New York City, have announced that Robert J. Basel and Joseph F. Scheidecker have been appointed co-managers of the trading department.

Second District Securities Add

Second District Securities Co., Inc., One Chase Manhattan Plaza, New York, dealers in government securities, have announced that Loring T. Briggs and Edward L. Madden, Jr., have joined the firm as vice-presidents. James G. Wilson is executive vice-president of the firm.

Robt. W. Grafstrom Opens

BROOKLYN, N. Y.—Robert W. Grafstrom is engaging in a securities business from offices at 330 Flatbush Avenue, under the firm name of Robert W. Grafstrom Company.

With Jamieson Co.

(Special to THE FINANCIAL CHRONICLE)

FARGO, N. Dak. — Harold T. Uehling has become associated with Jamieson & Co., Black Bldg. Mr. Uehling was formerly with the First National Bank & Trust Company of Fargo.

Form Real Estate Inv. Co.

WHITE PLAINS, N. Y.—Real Estate Investors Company has been formed with offices at 199 Main Street, to engage in a securities business. Partners are Richard E. Petrucci and Julia A. Petrucci.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The market for the more distant maturities of Governments was helped by the relatively successful placing of the AT&T issue (slow at the start) and the fact that monetary authorities are still keeping the money and capital markets on the side of ease. In addition, the downtrend in loans among the commercial banks of the Federal Reserve System has not had an unfavorable influence on the money market. The satisfactory yield at which the strip of new money raising Treasury bills were 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 Issue

The uncertain position of the capital market was not affected to any great extent by the rather slow progress which had been made in 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 it came along at a yield which was considered to be a bit low by many investors, and the reception which this obligation received at the beginning was 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 offering did nonetheless help to create a more cautious attitude among those who have been buyers of fixed income bearing securities.

However, in sipte of the not enthusiastic reception for this sizable corporate offering, Governments and tax-exempt bonds have not been acting too badly from a 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 maturities of Treasuries do not expect the prices of these securities to move down too sharply or they would be taken advantage of any strength that has appeared to sell them.

On the other hand, there is no inclination on the part of most investors to rush in and make commitments in these securities since they believe that there will be a period of transition during which time the trend of interest rates will be determined by the course of business.

Interest Rate Outlook

If the business curve does not more up so sharply that it creates a boom or bust psychology with the attendant inflation fears, the level of interest rates should not change appreciably. A boom and bust situation would most likely have a hardening effect on all interest rates. As against this, a slow gradual improvement in economic conditions could come about 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 lasting influence on the capital market and the yield on long-term Government and other fixed income bearing 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 one they were offered at.

However, if a policy of ease continues, these new bond issues will recover in price and they will be quickly distributed. A tight money and capital market means that these issues will be distributed at lower prices.

Short Governments Continue in Favor

The demand for short-term Governments continues to be as large as ever and this is in spite of the increased offerings of near-term obligations by the Treasury in order to get new money. The policy of financing the deficit is still one of supplying the area where the demand is, namely in the most liquid sectors. This leaves the long-term market for non-Federal purposes.

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.

Opens Florida Branch

MIAMI, Fla.—Greene and Company has opened a branch office at 550 Brickell Avenue.

Pennsylvania Authority Bonds and the Investor

By William H. Staring, Jr.* *Assistant Vice-President, Mellon National Bank & Trust Co., Pittsburgh*

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. Staring explains the provisions that 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 Municipality Authorities Act of 1945, an authority is defined as — "A body corporate and politic" — authorized to—"acquire, construct, improve, maintain and operate projects, and 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 huge operations of the Turnpike Commission, General State Authority, State Highway and Bridge Authority, State Public School Building Authority, Delaware River Port Authority and Delaware River Joint Toll Bridge Commission. Bonds of these agencies are outstanding in the hands of the public in a total amount estimated at $1,100,000,000. At the local level there are, according to a recent release of the Pennsylvania Department of Internal Affairs, close to 4,400 authorities with debt outstanding on the order of $1,300,000,000. Of this latter total, the school purpose accounts for 59%, sewer 23%, water 15%, and miscellaneous 3%. In the miscellaneous category we find such varied types as—airport, parking and municipal buildings. Truly, it may be said that Pennsylvania is the most "authoritative" state in the nation.

Born of Necessity

The great debate concerning the justification of the authority type operation versus direct governmental operation is forever with us and usually involves questions of evasion of constitutional debt limitations, control of utility rates, management independent of the electorate and relative cost of financing. But of one fact of life we can be certain—the authority mechanism has provided the Commonwealth with urgently needed facilities promptly and effectively. Recall, if you will, the dire need for additional school capacity following World War II. Financing through the orthodox method of selling general obligation bonds was impossible because of archaic debt limitations in the Constitution, the amendment of which would have required years which could not be spared. Authorities filled the need.

School authority operation follows a well established pattern. Bonds are issued under an indenture and agreement of lease providing for annual rental payments from member school districts to the authority in amounts sufficient to cover all debt service charges. For example, in the case of the Easton Area Joint School Authority, the Easton City School District and four adjacent school districts are obligated to pay annual rentals sufficient to provide 120% of average annual debt service plus fixed amounts for administrative expenses. Rentals are payable from "current revenues" and the Pennsylvania Supreme Court has defined that term to include *ad valorem* taxes, state appropriations and reimbursements and other miscellaneous revenue. Excess rentals are used to accelerate debt retirement.

An additional element of strength in school authority obligations lies in a 1956 amendment to the Public School Code, which states that: "In all cases, where the board of directors of any school district fails to pay . . . any rentals due any municipality authority . . . the State Superintendent of Public Instruction . . . **shall** withhold out of **any** state appropriation due such school district to the municipality authority . . . and shall pay over the amount withheld direct to the municipality authority . . ." Typically, total state appropriations amount to several times the annual rental requirement.

Water and sewer authorities generally pledge the facility revenues for payment of debt service and provide for maintenance of adequate rates. Also, there may be a lease involved which could state that in the event facility revenues are insufficient to meet lease rental payments, then the municipality is obligated to cover such deficiency from any legally available current revenues. This type of lease provision is particularly desirable when there is any question as to a project being completely self-supporting. Erie, for example, has made use of this sort of financing with respect to both parking and airport authorities. Wilkes-Barre has just recently sold an issue of parking lease revenue bonds. A variation on the theme is the "service contract" as used in the Allegheny County Sanitary Authority, wherein each of several member communities enters into a contract for payment for services rendered by the authority.

Needs of the Investor

Now, from the investor's viewpoint, what other factors should be considered in appraising the credit standing of a particular issue of authority bonds? First, we like to look at some of the same basic indicators that we view when analyzing a general obligation bond—location, population, type of taxpayer assessed and market valuations of real property tax collections, amount and composition of debt management in the form of authority board members. Then, the source and adequacy of income available for debt service — whether from lease rentals, facility income or a combination of both—and the flow of funds under various indenture provisions.

On the technical side—are the redemption provisions reasonable for both sinking fund and refunding? Is the trustee one who would be willing and able to help in time of trouble? Is the legal opinion rendered by a recognized firm of municipal bond attorneys?

Marketability is always to be considered. On this score great progress has been made in recent years during which our authority bonds have become better known to investors of many types not only within the Commonwealth but over a broad section of the country. We have received numerous inquiries concerning them from New England to Texas. Dealers have contributed importantly through active bidding for new issues and the maintenance of secondary markets.

Withal, I believe it can be honestly said that Pennsylvania authority bonds now enjoy an established and respected place in the financial community.

*A talk by Mr. Staring before the Pennsylvania Bankers Association Annual Convention, Atlantic City, N. J.

Mich. Wisconsin Pipe Line Co. Bonds Offered

Halsey, Stuart & Co., Inc. heads an underwriting group offering today (June 15) $30,000,000 of Michigan Wisconsin Pipe Line Co., first mortgage bonds 5½% series due June 15, 1981 at 101.828% and accrued interest, to yield 5.35%. The group won award of the bonds at competitive sale June 14 on a bid of 100.45%.

Net proceeds from the sale of the bonds, together with other funds, will be used by the company to retire bank loans obtained for temporary financing of construction.

The bonds are redeemable at optional redemption prices ranging from 107.33% to par, and at sinking fund redemption prices receding from 101.75% to par, with accrued interest in both cases.

Michigan Wisconsin Pipe Line Co., 500 Griswold St., Detroit, an operating subsidiary of American Natural Gas Co, operates a natural gas pipe line system which supplies gas to 26 utility companies serving markets in Michigan, Wisconsin, Iowa, Illinois and Missouri. The company's gas supply comes from Texas, Oklahoma, the Louisiana Gulf Coast and western Canada. During the 11 years of its operations, the annual sales capacity of the company has increased from 56,500,000 Mcf to the current capacity of approximately 267,000,000 Mcf. One planned expansion project, scheduled for completion prior to the 1961-62 heating season, will increase the annual sales capacity to about 294,000,000 Mcf.

For the 12 months ended March 31, 1961, Michigan Wisconsin Pipe Line Co. had operating revenues of $85,105,591 and net income of $6,481,622.

Apex Investment Co.

DETROIT, Mich. — Apex Investment Company is engaging in a securities business from offices at 3001 Cadillac Tower. Officers are Athanese J. Pasant, President; Lawrence S. Newmark, and Solomon A. Weisgal, Vice-Presidents; and Joseph J. Pernick, Secretary-Treasurer.

Dean Witter Adds

(Special to The Financial Chronicle)

OMAHA, Neb. — Claude T. Uren has been added to the staff of Dean Witter & Co., Farnam Bldg.

Research & Science Inv.

Research & Science Investors, Inc. has been formed with offices at 1192 Park Avenue, New York City, to engage in a securities business.

TAX-EXEMPT BOND MARKET

Continued from page 6

3.60% coupon. The balance of $600M due in 1985 and the entire 1986 maturity were not reoffered.

San Francisco Issue Moves Quickly

On Monday of this week the City and County of San Francisco, California awarded $11,275,000 various general obligation (1962-1976) bonds to the syndicate managed by the Bank of America NT & SA and including The First National City Bank of New York, Blyth & Co., Inc., Lehman Brothers, Harriman Ripley & Co., Wells-Fargo Bank American Trust Co., Crocker-Anglo National Bank, and numerous others. The issue was scaled to yield 1.55% to 3.20%. Initial investor demand was excellent and at this writing only $500,000 bonds remain in account.

On Tuesday the State of Connecticut accepted a single bid which was submitted for $41,425,000 general obligation (1962-1981) bonds by a merged syndicate managed jointly by The First National City Bank of New York, Chase Manhattan Bank, Morgan Guaranty Trust Co., Bankers Trust Co., and Lehman Brothers, and including a nationwide list of investment bankers and dealers. This highly rated issue was scaled to yield from 1.60% to 3.40% for a 3¼% coupon. It was reported that about 60% of the bonds were sold for group account and the remaining bonds were subscribed for by the group members. Premiums are bid for most long maturities.

Also on Tuesday the Commonwealth of Kentucky awarded $25,000,000 Park and Highway general obligation bonds to the Halsey, Stuart & Co., Inc. group. The $10,000,000 Park (1963-1990) bonds were reoffered to yield 1.80% to 3.65% in 1989. The last maturity bearing a 1% coupon was not reoffered. The $15,000,000 Highway (1972-1990) bonds were scaled to yield from 3.05% to 3.65% for a 3.60% coupon. A balance of $11,071,000 bonds in the entire account is reported at this writing.

Indianapolis, Indiana also sought bids on June 13 for $10,000,000 gas utility revenue (1968-1987) bonds. The account headed by Smith, Barney & Company and Blyth & Co., Inc., and including Harriman Ripley & Co., Inc., First Boston Corp., R. W. Pressprich & Co., John Nuveen & Co., B. J. Van Ingen & Co., and others, was the successful bidder for this high grade revenue issue. The bonds were priced to yield from 2.80% to 3.70%. Initial investor reception has been good and less than 25% of the bonds remain in account.

Market in Good Shape

The market's technical factors combine, at present, more auspiciously than has been the case for several weeks. Most importantly, the level of the market is corrected to attract more general demand. The *Commercial and Financial Chronicle's* yield Index is at 3.388% as of June 14. So high an average yield has not obtained since July 27, 1960. The new issue calendar as advertised for sale over the next 30 days totals less than $400,000,000. Negotiated type financing might increase the underwriting potential another $300,000,000. This would include the $120,000,000 Kentucky Turnpike financing and the $177,000,000 Massachusetts Turnpike Extension financing referred to earlier.

The inventory situation continues as a negative market factor, with *Blue List* municipal bond total standing at $495,819,500 as of June 14.

July and August have traditionally been quiet, inactive months for the municipal bond business. Last summer was a noteworthy exception. From June 29 to September 7 last year the *Commercial and Financial Chronicle's* yield Index went from 3.423% to 3.177%. These 25 basis points represented an average market rise of about four points.

THE MARKET . . . AND YOU

BY WALLACE STREETE

The doldrums of summer showed up early in the largely listless and reactionary stock market this week and trading interest dried up to about the slowest pace of the year.

The heartening thing to the market technicians was that the industrial average showed no disposition to give up any important ground and, as a matter of fact, has carved out an extremely narrow trading range ever since the all-time high of above 705 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 measurements, has been 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 optimists are concerned.

There was little in sight to help the long-laggard 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 last big play in the rails dates all the way back to 1956 when their average reached 181 for the first time since 189 was posted in 1929. It got only to 173 in 1959 when the market climate was favorable and its peak last year was at 160. Its best 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 valid market swing is established, the industrial average in recent years seems to have shaken off the requirement. The laggard rails didn't prevent the industrial index from marching to successive all time peaks with an occasional resting 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 summer lag was starting 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 securities group 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 transformed from basically a rayon operation to where half of its sales come from chemicals, plastics and diversified synthetic fibers. The transformation, as far as investment interest in Celanese is concerned, seems to have gone unnoticed.

The switch in Celanese began in 1954 and was a drastic one. Its chemical output from petroleum runs a billion pounds annually, it has several promising fibers, Arnel sufficiently promising so that production is being increased. These new products seem to have entered the profitable stage and estimates are for Celanese earnings 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 risen since it made the transformation, from less than $148 million to $264 million with an increase likely this year again.

The speculative possibility that it can change its nature, and its dreary earnings outlook, made Pennsylvania Railroad a favorite of a few rail followers, but without reflecting it marketwise. The shares of Pennsy 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 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 Pennsy aren't 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-Manhattan 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 concessions. The hopes for Penn Station so far have reached the stage where discussions are under way, with builders for a group of modern buildings to replace the passenger station or complement it.

Another company that has made a significant switch is W. R. 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 in Libya where two oil fields have already been discovered. The profits 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 stirring 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 erratic. 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 actively studying conversion of sea 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, culling through the list, by coincidence came up with a defense contractor, PneumoDynamics with a 17-times price earnings, as a neglected item. It makes precision products for aircraft and missile control, instrumentation and guidance systems. The company is a new one, organized late last year. It went public early in January. At that time it wasn't one of the "hot" issues jumping in price overnight, but lately has been working higher. It is more or less guaranteed to show a fat profit increase this year since there was some trouble with several government contracts last year that held per share earnings to 16 cents. The black ink was due only to a final quarter profit of 26 cents, to offset a 10-cent loss posted during the first nine months.

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

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 posted on latest developments in industrial financing. Typical examples of what State, regional and community organizations can provide are discussed, and a good word is included on 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. Raising money for new industrial construction is one of the toughest problems management has to cope with and frequently involves many dangerous decisions.

Richard F. Torrey

Unless a company is financially loaded, it is usually "handcuffed" to its balance sheet in its search for money to build a new plant or expansion.

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 given to the credit of the company. Such mortgage financing is the usual and the most favorable means of supplementing capital investment.

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

Debentures, essentially a credit not necessarily tied in with real estate or other fixed assets, are secured by the general credit of the firm and represent a frequently used method of industrial financing. This places a more tangible value on the good will and credit standing of the firm, and often lets it obtain long-term financing in a greater amount than available by the conventional first mortgage.

Another form of debenture is the convertible debenture. 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 luke-warm investor an opportunity to get into the act without actually becoming a stockholder . . . and still affords him the opportunity to join in when the company really starts moving.

Under any of these systems a portion of the total cost must be met by the company itself. This has left many a firm woefully short on working capital, particularly smaller and younger companies, and has given rise to the purchase leaseback deal to ease things up. As its name implies, this arrangement commonly involves an investor who buys an industrial property at the full cost of the land and a building that is built to the industry specifications. No equity investment is required of the industry and it agrees to a long-term net lease of usually 15 or more years with options for renewal at favorable rates. Under this plan, the industry avoids equity investment and secures long term occupancy at favorable rates. Although the opportunity for capital gain or ownership is sacrificed, the amount of rental paid is deductible in full as expense for tax purposes.

State Induced Financing Plans

Due to the increased desire of virtually every state, and community, a completely new phase of industrial financing has emerged. Many of these areas offer varied plans for financing of new plants as inducements to industry to locate in a given community or state.

A typical example is found in New York State where assistance is being offered industry at several levels. This financing is available not only to new industry, but to existing firms as well. Most active group to date has been the New York Business Development Corporation created in 1955 through special state legislation to meet the needs of smaller firms for equity or medium- and long-term loans. Many smaller businesses, while possessing the potential for profits, frequently encounter difficulty in raising funds for expansion, modernization, relocation or operation from conventional sources.

During the first four full years of operation, the corporation granted 142 loans in the amount of $20,436,057 to firms that could not qualify for conventional loans. Of this total, approximately 30 loans were provided for construction of new facilities. A unique feature of the organization is that it can grant loans for purposes other than new construction or modernization. It can make loans to provide working capital, purchase equipment, acquire land for plant expansion or construction or even provide money to defray cost of moving from one location to another.

An example of how the corporation operates is found in Amsterdam, N. Y. In 1957, one of the city's industries had decided to liquidate its Fibre Glass Division. Arrangements were tentatively made to dismantle the plant and move the equipment out of the state.

Two employees concerned with the development of new fiber glass products came to NYBDC to arrange for a loan to keep the operation in the city. The employees raised equity capital to cover approximately one-fourth of the purchase price. NYBDC approved a loan to cover the balance required.

Today the company is the world's largest manufacturer of mechanically bonded fiber glass reinforcement used to strengthen plastic structures. As a result, the company is flourishing in place of an empty plant with an annual payroll of approximately $500,000.

An example of new industry moving in from another state is the American Process Corporation of Watertown, N. Y. Here, in cooperation with the banks and citizens of the county, a loan of $225,000 was approved by NYBDC to acquire the land, erect a new building and defray the cost of moving the company's facilities to its new location.

Regional and Community Development Corporation

The phenomenal growth of regional and community development corporations offering aid to new industry in Upstate, N. Y., as well as the entire nation, is rapidly gaining the attention of American manufacturers. In the Upstate, N. Y. area alone there are some 25 groups already operating. In most cases these groups are authorized to raise capital, sell stock, acquire property and transact business to attract new industry. They can build a plant for an industry which has sufficient capital to operate, but not enough to build. They can and do build plants for companies which for other reasons are unable to tie up capital in real estate. In addition, these local organizations are able to grant funds which will assist the company in locating its plant in the community.

A typical example of this type of arrangement is the Fulton County Development Corporation in Gloversville-Johnstown area which was successful in locating the Mohawk Cabinet Co. The development corporation raised $80,000 in non-interest bearing debentures and with additional financing constructed a 90,000 square foot building on the arterial highway outside of Gloversville at a cost of $450,000. Mohawk Cabinet took a second mortgage on the plant and it is expected that they will purchase the building at the end of 15 years. This project resulted in employment for 130 persons with an annual payroll of $500,000.

Existence of a local industrial development corporation or an active chamber of commerce, citizens' committee or similar unit, demonstrates a locational factor of increasing importance to industry—namely, community attitude.

Before selecting one of these financing schemes for a new plant or expansion, a careful soul searching of individual needs is recommended. Of course, consultation with financial experts is most desirable. Frequently, however, the area development department of a local utility corporation can be most helpful in working out less conventional arrangements and can put the firm in contact with other sources. These organizations work in close cooperation with banks and other financial institutions, local development corporations throughout their service territories as well as state agencies.

Two With Coburn Middlebrook

(Special to The Financial Chronicle)

BOSTON, Mass. — Anne Dehman and Nat Oremland have joined the staff of Coburn & Middlebrook, Incorporated, 80 Federal Street.

Baird Co. to Admit

Baird & Company, 65 Broadway, New York City, members of the New York Stock Exchange, on June 8th will admit Daniel A. Zucker to partnership.

H. A. Riecke Branch

GAINESVILLE, Fla.—H. A. Riecke & Co. Incorporated has opened a branch office at 33½ North Main Street under the management of Harry S. Myles, Sr.

Smallman & Co. Formed

BIRMINGHAM, Ala. — Smallman & Co., Inc. has been formed with offices at 2069 Twentieth Avenue, South to engage in a securities business. Ralph A. Smallman, Jr. is President and Treasurer. He was formerly with Courts & Co. and Odess, Martin & Herzberg.

Hanes Joins Wertheim Co.

John W. Hanes, Jr., formerly Assistant Secretary of State in the Eisenhower Administration, is now associated with the investment firm of Wertheim & Company, 120 Broadway, New York City, members of the New York Stock Exchange and other exchanges, it has been announced.

John W. Hanes, Jr.

Mr. Hanes joined the State Department in 1953 as a special assistant to the late John Foster Dulles, Secretary of State, after serving from 1950 through 1952 with the Office of the United States High Commissioner for Germany. In 1957 he became Deputy Assistant Secretary of State for United Nations Affairs, and in 1959 he assumed responsibility for the security of the Department of State, its personnel and its overseas Embassies and Missions. He also had overall responsibility for the safety and security arrangements of foreign visitors, including Premier Nikita Khrushchev and Prime Minister Fidel Castro, during their entire stay in the U. S.

A graduate of Deerfield Academy, Mr. Hanes received his A.B. degree from Yale University in 1950.

He is a member of the Fairfax County (Va.) Economic and Industrial Development Board and a director of the Fairfax County National Bank of Virginia.

N. Y. Cotton Exch. Names Officials

J. Antonio Zalduondo of Orvis Brothers & Co., New York City, was elected Chairman of the Board of the New York Cotton Exchange at the Annual Election. Elected Vice-Chairman was G. Clarke Watson also of New York City; John M. Williams of New York City was re-elected Treasurer. Those elected to the Board of Managers are: Harry B. Anderson of Merrill Lynch, Pierce, Fenner & Smith Incorporated; Donald B. Conlin of New York City; Tinney C. Figgatt, Retiring Chairman, of New York City; Joseph J. Gollatz of New York City; Joseph Grogan of Hirsch & Co.; Joseph Klein of New York City; Frank Knell of New York City; William K. Love, Jr. of Anderson, Clayton & Co.; W. Gordon McCabe, Jr., J. P. Stevens & Co., Inc., Greenville, S. C.; George A. Oberle of Volkart Bros. Co. of New York City; Fred W. Perutz of Schwabacher & Co.; A. C. Purkiss of Walston & Co., Inc.; Malcolm J. Rogers of New York City; W. Brewster Southworth of Nichols & Co., Boston; J. Raymond Stuart of E. F. Hutton & Co.; Bert Unobsky of Block & Unobsky, Memphis, Tenn.; Robert K. Vincent of The Kendall Company, Boston; Charles B. Vose of Kohlmeyer & Co.

With the exception of Messrs. Vose, Oberle and Unobsky, all were members of the retiring Board who were re-elected.

Form Variable Funding

Variable Funding Corp. is engaging in a securities business from offices at 100 William Street, New York City, as successor to Howard J. Saks Company. Officers are Howard J. Saks, President and Treasurer; Claudine Saks, Vice-President; and David Isacson, Secretary.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

INSURANCE COMPANY OF NORTH AMERICA

Insurance Company of North America is one of the largest factors in the insurance industry. It ranks sixth largest of the all-line insurance underwriters in premium volume and is the largest as measured on the basis of size of capital and surplus. The company has been engaged in the property insurance business since its founding in 1784, entered the casualty insurance business in 1920, and has been writing life insurance since the formation of a new subsidiary in 1957. Total premium volume in 1960 was in excess of $384 million.

INA is respected as one of the most aggressive of the major companies in the insurance industry. It has pioneered as innovations a number of the major marketing developments in the field that have become universally accepted today. It was the first company to write "Homeowners" policies, combining fire and casualty coverages in one package, and today is the largest writer of that rapidly growing line.

The company has also been the leader in rate deviations. Through the setting of rates based upon its own superior underwriting experience and excellent expense control, INA is able to sell insurance to the public at rates below those of the traditional rating bureau companies. In recent years management has developed the "champion" auto policy which is designed to meet the competition of the direct writers, 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 through 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 15% of total premium volume. Thus the company has achieved both geographical and underwriting diversification which lessens the effects of catastrophes 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 1950. Management has established a goal of a rate of premium growth of 10% per year over the next decade. If the 10% annual growth rate is attained, premium volume will reach $1 billion in 1970.

Selected Statistics—Growth and Underwriting Results

Year	Net Premiums Written	Reported Operating Earnings	Total Admitted Assets	Loss Ratio	Expense Ratio	Profit Margin
	(millions)					
1956	$288.4	$20.9	$876.6	58.8%	38.5%	2.7%
1957	322.7	15.1	877.6	62.5	37.8	—0.3
1958	340.5	23.0	1,042.7	60.4	37.4	2.2
1959	357.8	25.1	1,101.8	60.1	37.4	2.5
1960	384.2	32.2	1,133.3	58.9	36.7	4.4
1961†	102.1	.6	1,182.3	66.9	35.8	—2.7

† First quarter.

Per Share Statistics

Year	Approx. Price Range	Net Investment Income	Total Earnings*	Liquidating Value*	Dividend
1956	$53 - 42	$2.36	$2.42	$50.40	$1.20
1957	55 - 41	2.48	2.19	47.41	1.25
1958	69 - 45	2.56	2.88	58.34	1.31
1959	74 - 57	2.70	3.06	58.84	1.50
1960	79 - 60	2.92	3.48	60.93	1.65
1961†	97 - 76	.67	.34	‡65.00	.45

*Adjusted for equity in unearned premium reserve. †First quarter. ‡Estimated.

The Life Insurance Company of North America was formed in 1956 and began operations in 1957. The life affiliate has been 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 1962, five years ahead of schedule. INA contributed $6 million to the life affiliate's surplus during 1960, bringing the total capital investment to $25 million. It is not expected that INA will record earnings or receive dividends from its life operations for a number of years because of the heavy expense inherent in a rapidly growing life insurance business.

In its investment operations INA has consistently favored equities for longer term growth and satisfactory return. Common stocks presently amount to nearly 50% of total invested assets. This relatively high exposure to a stock market decline is balanced by the low ratio of premiums written to policyholders' surplus. The growth of the market value of the stocks held in the portfolio has been the principal factor in the sharp rise in the book value of INA's common stock in recent years. At year end 1960, the market values of the securities held exceeded cost by $313 million. The five largest common stock holdings are Standard Oil (N. J.), Gulf Oil, Texaco, Philadelphia Electric, and American Electric.

Net investment income increased 9% to $2.92 per share in 1960, continuing the steadily 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 1960 the total market value of the investment portfolio gained $3.1 million as the rise in bond, preferred stock, and utility common stock values slightly exceeded the decline in market values of industrial common stocks.

The past year was an excellent one for INA. Premiums written increased 6% to $384.2 million and an underwriting profit margin of 4.4% was recorded despite an incurred loss of $6 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 unsatisfactory 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 $.67 to $.34 per share. It is anticipated that an earnings increase will be recorded in 1961 over the $3.48 of 1960 through improved underwriting results over the remainder of the year and the higher investment income.

The common stock of Insurance Company of North America is currently selling at a price of $95 on the American Stock Exchange. At that price, a yield of 1.9% is obtained on the $1.80 estimated annual dividend. The common stock is selling at a premium of 46% over its presently estimated liquidating value, and at 30.5 times the estimated net investment income for 1961. The stock is selling near its recently recorded 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 N. T. & S. A. underwriting syndicate, which included First National City Bank of New York, June 12 purchased an issue of $11,275,000 various purpose bonds of the City and County of San Francisco.

The coupon rates on the bonds are 5%, 2½%, 2¾%, 3%, and 3¼%. The Bank of America syndicate paid premiums of $459 on $250,000 Firehouse Bonds, $869 on $2,500,000 School Bonds, $1,369 on $7,500,000 Airport Bonds, $229 on $275,000 Recreation and Park Bonds and $139 on $750,000 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 School, Airport and Civic Center Auditorium Improvement Bonds.

The bonds were reoffered to yield from 1.55% to 3.20%, according to maturity July 1, 1962-1976.

Other members of the syndicate were as follows: Blyth & Co., Inc.; Lehman Brothers; Harriman Ripley & Co., Inc.; C. J. Devine & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Phelps, Fenn & Co.; Wells Fargo Bank American Trust Co.; Crocker-Anglo National Bank; Weeden & Co., Inc.;

Seattle-First National Bank; R. W. Pressprich & Co.; R. H. Moulton & Co.; Ladenburg, Thalmann & Co.; William R. Staats & Co.; Paine, Webber, Jackson & Curtis; Shields & Co.; Reynolds & Co.; J. Barth & Co.; and, Shearson, Hammill & Co.

Judson to Join First Boston Corp.

The First Boston Corporation, 15 Broad Street, New York City, announces that Everett G. Judson will join the corporation as a Vice - President in the underwriting department on Aug. 1. Mr. Judson is currently Vice-President-Investments of New York Life Insurance Company.

Everett G. Judson

Mr. Judson began his career in 1938 after attending Columbia College, at which time he joined New York Life as railroad security analyst. In 1949 he was appointed manager of the company's investment department and was elected a Vice-President in that department in 1955. He has served in his present post as head of the company's securities investment operations since 1958.

Mr. Judson is also a director of the Louisiana Land and Exploration Co. and serves as a Trustee and Treasurer of the Childrens Aid Society of New York City.

Hartford Fire Insurance Co. Secondary Sold

June 15, 1961, it was reported that 25,000 shares of this firm's $5 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 690 Asylum Avenue, Hartford 15, Conn., and its 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 Mottell D. Peek.

NEWS ABOUT BANKS AND BANKERS

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

John Lundwall, Manager of the 73rd Street and Broadway branch of the **Chase Manhattan Bank, New York,** has been promoted to Assistant Vice-President, David Rockefeller, President, announced.

Mr. Lundwall, who joined the bank in 1926, has been associated with the branches since that time. He was named an Assistant Treasurer in 1955.

The bank also announced the appointment as Assistant Treasurers of Ronald A. Backnick, Maiden Lane branch; Richard W. Hughes, 25 Broadway branch; William L. Scheuerman, Jr., Worth Street branch; and Bertholf A. Terhune, Times Square branch.

John J. McTague was named auditing officer, branches in the Caribbean.

* * *

John C. Goodridge has been appointed a resident Vice-President by **First National City Bank of New York** and will have his headquarters in Beirut, Lebanon.

Mr. Goodridge will have field supervision of the bank's branches and business in the Middle East. Until recently he was manager of the Cairo branch.

* * *

Grant Keehn has been elected to the Board of Directors of **Chemical Bank New York Trust Company, New York** it was announced by Chairman Harold H. Helm.

* * *

Chemical Bank New York Trust Company New York, has elected Robert McCormack to its Rockefeller Center Advisory Board, it was announced by Chairman Harold H. Helm.

* * *

Hans Stauffer, was elected a Trustee of **The Bank of New York,** by the Board of Trustees, it was announced by Albert C. Simmonds, Jr., Board Chairman.

* * *

Stockholders have approved the plan of conversion under which the **Industrial Bank of Commerce, New York,** will become the **Bank of Commerce.**

The plan is subject to the approval of the State Banking Department.

* * *

In a major dividend policy change, the Directors of **Commercial Bank of North America, New York,** have voted establishment of cash dividends on a regular basis of 50 cents annually per share in addition to continuation of the regular annual 5% dividend in stock, it was announced by Jacob Leichtman, President.

The board declared the first semi-annual payment of 25 cents and a 2½% stock dividend payable July 24 to stockholders of record July 5. There are 573,955 shares of common stock currently outstanding.

Chairman of the board and Chief Executive Officer of the institution is G. Russell Clark who was elected by the board following his resignation last week as New York State Superintendent of Banks.

* * *

Cornelius J. Stikkel has retired from the **Nederlandsche Handel-Maatschappij, N. V., New York** active service as from June 1.

As of June 1, Mr. Willem C. Barnouw, has been appointed as co-Agent of this office.

* * *

The application of the **Israel Discount Bank, Ltd.,** second largest bank in Israel, to open a branch at 511 Fifth Avenue has been approved by the New York State Banking Department, it was announced by Raphael Recanati, Resident Director in charge of the New York office of the branch.

The New York branch of the Israel Discount Bank, Ltd. will be located at the offices presently occupied by **Morgan Guaranty Trust Company, New York,** at the southeast corner of Fifth Avenue and 43rd Street. The Israel Discount Bank, Ltd. expects to open the new branch for business sometime in late fall.

* * *

The City Savings Bank of Brooklyn, N. Y., announced the election of Harry S. Springsteen as Executive Vice-President. Mr. Springsteen, who joined the bank in 1931, has been Vice-President and Secretary since 1955 and a Trustee since 1957.

* * *

The Franklin National Bank of Long Island, Mineola, N. Y., elected Harold V. Gleason and John B. Paddi as Senior Vice-Presidents.

* * *

Walter C. Johnston, formerly Assistant Trust Officer of the **Manufacturers Trust Company, New York,** was elected Trust Officer of the **Meadow Brook National Bank, Springfield Gardens, N. Y.**

* * *

Alfred E. Stam, Assistant Vice-President in charge of the Hastings-on-Hudson office of **The County Trust Company, White Plains, N. Y.,** retires June 16 after 38 years in banking, the last 15 with the Westchester bank.

* * *

Merger of **Gloucester Safe Deposit and Trust Company, Gloucester, Mass.,** with **The Cape Ann National Bank of Gloucester, Gloucester, Mass.,** under title of Cape Ann Bank & Trust Company, was approved by the Board of Governors of the Federal Reserve System on May 31, 1961.

* * *

The Board of Directors of **Trust Company of Morris County, Morristown, N. J.,** promoted two officers George Munsick, President announced.

Alfred W. Roehrs, Assistant Vice-President, was elected Vice-President and will take over the management of the bank's Waverly Place office in Madison.

Albert A. Musson, Assistant Secretary and Assistant Treasurer, was elected Assistant Vice-President and will assume Mr. Roehr's former position as manager of the bank's Office-on-the-Green in Morristown.

* * *

Stockholders of **Fords National Bank, Fords, N. J.,** approved a proposed merger with the **First Bank & Trust Company, Perth Amboy, N. J.** Under the plan the First Bank & Trust Company would acquire the assets of the Ford National Bank by paying $200 a share for each of the 10,000 capital shares of the Ford Bank, On Dec. 31, 1960, the First National Bank & Trust Company had total assets of $43,266,919 and the Fords National Bank $13,587,088.

Approval for the merger must come from Federal and State regulatory agencies before it can be made effective.

* * *

Merger of the **Commonwealth Trust Company of Pittsburgh, Pittsburgh, Pa.** with **Butler Savings and Trust Company, Butler, Pa.,** under the title of Commonwealth Trust Company was approved May 29 by the Board of Governors of the Federal Reserve System.

* * *

RICHMOND, Va.—Reginald C. Short has been advanced to the position of Senior Trust Officer of **The Bank of Virginia, Richmond, Va.,** in addition to being Vice-President in charge of the Trust Department.

He began his banking career with the then **National Bank of Commerce in New York City.** Prior to joining The Bank of Virginia he was Vice-President in the Trust Department of **Fidelity Trust Company in Pittsburgh, Pa.**

* * *

The Directors of **The First National Bank of Chicago, Ill,** at at their meeting, authorized the transfer of $5,000,000 from Undivided Profits to Surplus. As a result of this action the bank will have Surplus of $150,000,000 and capital of $150,000,000, or a total of $300,000,000.

Reginald D. Hulse was elected Vice-President in charge of the Bank Building.

Charles H. Scholfield was named Assistant Vice-President in the Trust Department.

Walter A. Grau, Assistant Vice-President, has been made head of the Credit Department.

In addition to these promotions, Mr. Livingston also announced the election of three new officers: John T. Gamon, Assistant Cashier in the Bond Department; Peter C. Morton, Assistant Trust Officer in the Trust Department: and William H. Myers, Assistant Cashier in Division "E."

* * *

By a stock dividend, the common capital stock of **The First National Bank of Negaunee, Negaunee, Mich.,** was increased from $150,000 to $300,000 effective June 1. (Number of shares outstanding 15,000 shares, par value $20).

* * *

The **Exchange National Bank of Ardmore, Ardmore, Okla.,** changed its title to **Exchange National Bank and Trust Company, Ardmore,** effective June 1.

* * *

The title of **The Durant National Bank in Durant, Durant, Okla.,** has been changed to **The Durant National Bank & Trust Company,** effective June 1.

* * *

The Office of the Comptroller of the Currency approved on June 1 an application of **The First National Bank and Trust Company, of Covington, Covington, Ky.,** and **The First National Bank of Latonia, Covington, Ky.,** to consolidate under the title of The First National Bank and Trust Company of Covington. The effective date is to be determined.

* * *

The Office of the Comptroller of the Currency granted a charter on May 31 to the **First National Bank of Ducanville, Texas.** The President is Truitt Fulgham and the Cashier Norman Callahan. The bank has a capital of $200,000 and a surplus of $300,000.

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Effective June 1 the title of **The Valley National Bank of Phoenix, Phoenix, Ariz,** was changed to **The Valley National Bank of Arizona."**

* * *

The First National Bank of San Jose, San Jose, Calif. has increased its common capital stock from $2,200,000 to $2,552,000 by the sale of new stock effective May 31. (Number of shares outstanding 510,400 shares, par value $5) .

* * *

The Golden Gate National Bank, San Francisco, Calif. has been granted a charter by the Office of the Comptroller of the Currency on May 31. The President is Jacob Shemano and the Cashier, William O. Sechser. The bank has a capital of $1,725,000 and a surplus of $1,725,000.

Forms Abbott Harlan Co.

(Special to THE FINANCIAL CHRONICLE)

ENCINO, Calif. — Burney C. Prigge is engaging in a securities business from offices at 16024 Ventura Boulevard under the firm name of Abbott Harlan & Company.

New York City Bonds Marketed

A syndicate managed by The Chase Manhattan Bank and a group headed by First National City Bank of New York combined on June 8 to submit the only bid for an issue of $60,400,000 City of New York, various purpose, general obligation bonds, due serially July 1, 1962 to 1986, inclusive. The group bid 100.4821 for the bonds as 3.60s, representing a net interest cost of 3.54985% to the city.

On reoffering to the public, the bonds were priced to yield from 1.70% to 3.80%, according to maturity.

Other members of the offering syndicate include:

Chemical Bank New York Trust Co.; Bankers Trust Co.; Manufacturers Trust Co.; Morgan Guaranty Trust Co.; Lehman Bros.; Harriman, Ripley & Co., Inc.; Blyth & Co., Inc.; Smith, Barney & Co.; Lazard Freres & Co.; The First Boston Corp.;

Halsey, Stuart & Co., Inc.; Barr Brothers & Co.; R. W. Pressprich & Co.; The First National Bank of Chicago.; Merrill Lynch, Pierce, Fenner & Smith Inc.; C. J. Devine & Co.; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler; Bear, Stearns & Co.;

Kuhn, Loeb & Co.; Continental Illinois National Bank & Trust Co. The Northern Trust Co.; Kidder, Peabody & Co.; Goldman Sachs & Co.; Harris Trust and Savings Bank; Phelps, Fenn & Co.; Equitable Securities Corp.; White, Weld & Co.;

Drexel & Co.; W. H. Morton & Co., Inc.; The Philadelphia National Bank; Shields & Co.; Hornblower & Weeks; Carl M. Loeb Rhoades & Co.; Ladenburg Thalmann & Co.; Wertheim & Co.; Hallgarten & Co.; Glore Forgan & Co. and Mercantile Trust Co.

Textor Heads March of Dimes

George C. Textor, President of the Marine Midland Trust Company of New York, has been named General Chairman for the 1962 March of Dimes drive in New York City, it has been announced by Basil O'Connor, President of the National Foundation.

Mr. Textor served as general chairman last year and was co-chairman the two previous years. In addition to his active participation in the March of Dimes and in many other civic and philanthropic organizations, he is a director in many American corporations, is a trustee and treasurer of the American Heritage Foundation, director of the Salvation Army, a trustee of the National Foundation, and a member of the Advisory Council of the American Institute of Banking.

The March of Dimes three years ago added birth defects and arthritis to polio as areas of attack against crippling disease. A portion of funds collected in the 1962 campaign will be devoted to financing treatment centers for victims of birth defects and arthritis, while continuing the extensive research program into crippling disease. Treatment and rehabilitation work for polio victims will also continue.

New Blyth Branch In Kansas City

KANSAS CITY, Mo. — Blyth & Co., Inc. has opened a branch office at 1004 Baltimore Avenue, under the management of Richard B. Walbert.

Also associated with the new office is Clay E. Coburn, formerly Vice-President of Stern Brothers & Co.

Elements in Financing of Utility Industry's Needs

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

Preference for negotiated sale to competitive bidding when the issue becomes too large is expressed by New York investment banker. Also covered by Mr. Glavin are some of the ways to improve a utility's financing flexibility, and what should be done to get known utility financing through SEC registration processing sooner.

I believe it is self-evident that the investment banking industry 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 in the market place I can better point up the additional functions an investment banker can perform.

C. C. Glavin

Times change and with change come new and different problems and opportunities. To meet the problems and to seize the opportunities there must be flexibility—flexibility in financial thinking and in practice. At times I wonder if many utility financial 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 selection of financing media. Gone are the days of the 1930s and the Securities and Exchange Commission's ABC formula. Most companies today have pretty well balanced corporate structures with enough equity to provide the all-important reserve of borrowing power. Each company no doubt has arrived at a philosophy concerning a desirable and appropriate financial structure to best suit its individual needs and objectives—perhaps arrived at in consultation 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 was the obvious thing to do in a normal financing sequence, but with our advice changed suddenly to a common stock issue to take advantage of what appeared to be an excellent equity market. Another client in the same posture changed from a bond issue to a convertible preferred issue to take advantage of an eager market for 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 orthodox sequence, after we had suggested the possibility of substantial institutional demand for large blocks of preferred stock for what may well prove to 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 timing is equally important. By flexibility of timing I don't suggest a policy of guessing future markets; and I'll warn you right now 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 going out in storms. But the most important thing is being in position to act quickly. A major step in this direction is doing all possible to change the serious roadblock of the SEC's present registration and processing procedures. There is no good reason why utility securities, and particularly senior securities, should not in effect be exempted from the 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 S-9 standards—some combination of these factors should be the basis for automatic effectiveness or effectiveness by notification.

At the present time the SEC is overwhelmed with new issue registrations and many voices have been raised to seek solutions 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 program through the EEI and by direct appeal to Congressional representatives. I am sure this type of procedure can be effected by administrative rulings under the Act.

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 competitive 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 authorities that all interests are best served by an open mind. I can think of a number of cases where clients of ours have abandoned plans for a competiitve offering of bonds or preferred stock and have done private placements instead. These moves have made quick action possible and, in retrospect, proved to be a significant benefit. A second area is freedom of choice to meet market conditions. Not infrequently an issue will require special selling efforts and in such case a negotiated sale will inevitably be better for you than a sale at bidding.

When Negotiated Sale Is Preferable

We are also witnessing a growing problem—the problem of size. Companies who sold $10 million issues 20 years ago are now selling $20 - $30 million issues and more numerous are the issues of $50 million and more. As growth continues, this trend to greater size will continue. It should be realized that size in itself creates problems to the investment banking industry. Generally speaking, there are standby groups organized to bid for a company's bond issues, and more and more we are witnessing the necessity of these groups merging to bid on the larger issues. There is definitely a limit to the amount of underwriting risk that an individual firm wants to take and the greater the risk the more cautious it will be on price. It follows that this atmosphere has a cumulative effect both within the bidding group and within the investment banking industry as a whole as the size of an issue increases. I would not attempt to measure price differentials between the medium and large issues, but I do know there is a difference and I also feel strongly that if the issue gets large enough competitive bidding is not your best answer.

I can't help but think of the $250 million issue of AT&T. In this case it is hard to conceive of more than two bids and it is equally hard to believe that either of the two groups can exercise the kind of muscle that is in your best interest. How much better it would be for an issue of this size to use the underwriting and selling capacity of the whole investment banking industry under competent leadership in a negotiated sale. This, of course, is an extreme example, but the problem grows as issues get bigger and the effect is simply a matter of degree.

As members of the utility industry think about these areas where flexibility is so important—flexibility as to type of issue, flexibility as to timing, and flexibility as to method of sale, I hope I have pointed up a most important function of an investment banker, namely, the function of suggestion and advice. This service is available to as an integral part of a continuing relationship, based on mutual confidence, between the companies and the investment banker.

*Prepared statement by Mr. Glavin as part of a panel discussion at the 29th Annual Convention of the Edison Electric Institute, New York City, June 7, 1961.

Merrill Lynch to Name Two V.-Ps.

Effective June 22, Thomas B. Ross and Matthew J. Smith will become Vice-Presidents of Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York City, members of the New York Stock Exchange. Mr. Smith is manager of the firm's Milwaukee office.

Named Director

Harry Donner, of J. A. Winston & Co., has been elected to the board of directors of Terminal-Hudson Electronics, Inc., New York, one of the country's largest industrial distributors of electronic parts and equipment.

With Schmidt, Roberts

Philadelphia, Pa.—Schmidt, Roberts & Parke, 123 South Broad Street, members of the Philadelphia-Baltimore Stock Exchange, announce that William F. Morris, Jr. is now associated with them as a registered representative.

Chicago Analysts to Hear

CHICAGO, Ill.—L. Walter Lundell, President of C. I. T. Financial Corporation, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held June 15 at the Midland Hotel.

Investment Clubs 11th Convention

The 11th annual national convention of the National Association of Investment Clubs will be held on Friday and Saturday, Oct. 20 and 21, 1961, at the Hotel Schroeder, Milwaukee, Wis.

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 —you will get what is left after your government puts its hands into your pockets and takes out all that it can eject from your hard won pay check each week. Remember 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 the expenses incidental to your business that are legitimate and deductible. In this country today, the only way an honest, hard working individualist, 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 you probably spend much more than people in other lines of work on daily papers that are invaluable to you. My own newspaper bill each week averages about $3.50 and this reading is important to me. 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 could easily cost you hundreds of dollars a year and it is a legitimate expense connected with the business of selling securities. Record the newspapers you buy, the magazines you purchase, and the services you receive by name: and this expense can, and should be, a deductible item against your gross earned commission income.

If you entertain clients at your home be sure and make a note of those who attend the function, the date and the cost of every item you included in your entertainment bill. If you hired a maid for the evening make a note of it. If you spent an extra $25 on liquor and $50 on food, itemize it and then deduct the amount consumed by your wife and family.

If you take a trip and you buy 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 $1.50 can be worthy 75 cents to you if you are in the 50% bracket and if you overlook these items 25 to 50 times a year, Uncle Sam is going to clip you for from $18.75 to $37.50 just on washing your car. Add up all the tolls you pay, the parking fees, and the car expenses to which you are entitled if you 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 the "gimme 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 long distance 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 is going to give to you if you stop working and producing? So don't hesitate to claim what is yours.

With Apologies To Ayn Rand

My column in the May 4 issue was based on Ayn Rand's book entitled "FOR THE NEW INTELLECTUAL: THE PHILOSOPHY OF AYN RAND," published by Random House. Owing to the erroneous use of quotation marks in some instances, what were actually the views of this columnist appeared in print as being specific quotations from Miss Rand's book. This error is particularly to be regretted in light of the fact that in certain socio-economic areas touched on in the column, my own thinking 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 at a dinner meeting following the Club's annual outing. Mr. Eisele will succeed John F. McCormack, of F. S. Smithers & Company.

Frederick R. Eisele

Thomas E. Feeley, of Goodbody & Co., has been designated as Vice-President of the Club, which was founded in 1934 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 Bache & Company, as Treasurer.

Courts & Co. To Admit Partner

Courts & Co., members of the New York Stock Exchange, on July 1 will admit Norman A. Cooledge to partnership. Mr. Cooledge will make his headquarters at the firm's New York office, 25 Broad 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. Serig to partnership.

Reimer & Co. to Admit

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

To Be Kingsley, Boye

Effective July 1 the firm name of S. J. Kingsley & Co., 27 Wall Street, New York City, members of the New York Stock Exchange, will be changed to Kingsley, 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 May by Connecticut built aircraft. **Kaman Aircraft Corporation** of Bloomfield was responsible for the new altitude record of 25,814 feet for a helicopter of any size carrying a 2,505 pound load. The feat was accomplished May 25 by the company's H43B "Huskie" which flew 1,323 feet higher than the previous mark established by a Russian machine in March, 1960. The H43B "Huskie" also holds 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 HSS-2 twin turbine aircraft took the 100 kilometer (62.5 miles) record May 24 with an average speed of 174.9 miles an hour. The three kilometer (1.86 miles) record was broken by the HSS-2 May 18 with an average speed of 192.9 miles an hour.

* * *

A new Connecticut corporation, **AT Electronics, Inc.**, has been formed to be operated as a subsidiary of **American Tube Bending Co.**, New Haven. The new company will fabricate and distribute coaxial cable for the missile, rocket, spacecraft, telemetry and communications fields. AT Electronics' operations will be conducted at the American Tube Bending plant.

* * *

The Royal McBee Corp. with principal plants in Hartford, intends to begin overtime work schedules at its large typewriter factory in the Connecticut capital. The decision was prompted by increased demand and a low inventory of typewriters on hand. 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 applied research department to combine the activities of its design analysis group, computation center and research investigations group.

* * *

Electric Boat of Groton, a division of General Dynamics Corporation, was awarded a $76,200,000 contract in April for the construction of two Polaris missile-firing submarines. Electric Boat has built or received contracts to build eight of the current total of 19 fully-funded missile-firing submarines. On June 15, Secretary of the Navy, John B. Connally, will be the principal speaker when Electric Boat launches the Thomas Edison. This 6,900-ton fleet ballistic missile undersea craft 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 businessmen. This service designated WATS (Wide Area Telephone Service) is offered on a full time or limited-calling basis. A full time customer may make unlimited calls to any telephone within a chosen area for a flat monthly rate. A limited-calling customer is allowed 15 hours monthly of calling at a fixed price.

* * *

Belding Heminway Co. with corporate offices in Putnam, producer of threads, yarns, nylon resins and chemicals, has announced plans to manufacture nylon engineering plastics. The company claims that because of its strength, resilience and low coefficient of friction, the nylon plastic material is superior to metal in such applications as automotive parts.

* * *

The Fafnir Bearing Company of New Britain, the country's largest independent manufacturer of anti-friction ball bearings, recently celebrated its 50th Anniversary. The press and public were invited to a series of tours of the company's newly completed 460,000 square feet plant at Newington. Future expansion at the site calls for the addition of two new sections to the plant and, if needed, an administration building for a total of 1,100,000 square feet, together with parking facilities and other yard services.

* * *

The Torrington Co., Torrington, manufacturer of bearings and industrial needles, has announced a $6 million expansion program which calls for a $1 million wire mill in Torrington and a $5 million bearings manufacturing plant in South Carolina. The program is aimed at reducing costs and strengthening the company's competitive position in the bearings field by creation of an additional source of supply for serving diversified domestic needs.

* * *

Armstrong Rubber Co. of West Haven has placed its new tire warehouse, said to be the largest in the world, in full operation. A conveyor belt built over railway tracks connects the warehouse with the company's West Haven factory and can handle 16,000 tires a day. Tires reaching the end of the conveyor are separated by a sorting unit which senses their size and divides them according to their ultimate use on passenger vehicles, commercial trucks or large trucks. The passenger car tires are further segregated by an electric eye into whitewall and blackwall. The separated tires then travel along four lanes into the warehouse for final tagging and sorting. The conveyor system, the only one of its kind, was designed by **Dwight Foot, Inc.** of Stratford, manufacturer of materials handling equipment.

Now Robbins Drourr Clark

Arthur Clark and Stephen J. Drourr have been elected officers of Jerome Robbins & Co., Inc., 82 Wall Street, New York City, and the firm name has changed to Robbins, Drourr & Clark, Inc.

Charles Blumberg is now associated with the firm in the trading department.

Compensating Balances And Regulatory Agencies

By Edward B. White,* *Vice-President, The First National City Bank of New York*

Utility commissions are asked to take a further look at the real function of compensatory bank balances. Mr. White describes the economies derived from such continuous balances in facilitating long-term financing which he says warrant including its cost in the working capital portion of the rate base. The banker points out that the annual volume of term or interim bank credit in recent years to utilities amounted to $2 billion and could be advantageously larger if it were recognized as a cost which makes utility operation more efficient.

My paper is divided into two parts: (1) outlining the function of the commercial banker 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.

Edward B. White

Commercial banks, in effect, 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 and reborrow, 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 electric utility:

"Substantial economies in the permanent financing of the company's continuing expansion can be realized if the company were permitted to consolidate its capital requirements for a longer period of time through bank 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 come to market once a year instead of twice because the bank stands by 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 backstop it provides in scheduling long-term financing. This advantage is well summarized by a recent release from another electric company:

"At the 1960 year-end the company had drawn down $10,000,000 of its $19,000,000 line of credit with banks. This credit gives management complete flexibility in scheduling the next issue of permanent securities. If market conditions are favorable, this offering is expected to be common shares. These probably will not be sold before next fall."

The economies in picking an advantageous time for entering 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 loans by the utility industry (electric, gas and telephone) has in recent years reached an annual volume of approximately $2 billion. This demonstrates to us that the industry finds bank loans useful in its financing programs.

Assuring Continuous Bank Credit

If bank credit were to be available only on a sporadic basis when the banks are in an "easy" money position, they would not have much permanent value as a reliable backstop. This leads us to the second part of the paper, how to insure availability of bank credit on a continuing basis, which is tied in directly with the necessity of maintaining compensating balances.

The principal function of compensatory balances is to provide banks with the primary source of funds to invest in earning assets. Deposits are turned into earning assets first by making loans to customers and second by investing the remainder in portfolio securities. Income from loans and investments pays the expenses of providing banking services to customers and making a profit for the banks' stockholders.

Without deposit growth a commercial bank would be stagnant. Beginning with a pool of invested capital plus management, the principal objective of a bank is to merit the confidence of the business community, attract deposits and grow to a point where a broad range of services can be rendered to customers.

In recent years the drive for increasing bank deposits has been very active through rapid spread of branch banking and also by bank mergers. The objective has been to get more deposits from new customers and to get increased deposits from existing customers. New branches have been established in developing areas where potential new customers are located. By increasing the size of individual banks, mergers have enabled them to provide broader service and larger credit availability to their customers accompanied by deposit expansion.

Universal Need for a Bank Relationship

A bank account is universally recognized as a necessity for doing business. Because of his bank account, the customer expects service which, in the case of an individual, may be only the convenience of paying by check and having the bank do most of his monthly bookkeeping.

Corporations maintain deposit accounts with one or more commercial banks as standard procedure in the conduct of their financial affairs. Most large corporations do business with banks in their local area, as well as with money-center banks in New York, Chicago, San Francisco, etc. The area banks extend credit and also do most of the day-to-day work of processing checks received from customers in payment for services rendered, checks drawn for payment of suppliers of materials and services, payrolls, etc. Work involved is usually heavy in volume and the banks do a great deal 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 ways and means of providing better and broader services for its customers. In the final analysis the usefulness of a bank to its customers determines the share of their deposit balances which the bank is likely to get.

In order to be useful it is essential that the banker understand 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 resources 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 money market conditions. Banks mobilize corporate funds, collect notes, drafts or other negotiable instruments, make money transfers, provide safe-keeping facilities for corporate investments and perform various agency functions. They are also able to provide credit and other background information on new companies moving into a service area, for example.

These services cost money and the chief source of compensation for the bank is via the deposit account.

Credit Availability

The availability of interim or term credit from commercial banks has a very tangible value, particularly to public utility companies which have large requirements for new capital to construct facilities to supply increasing demands of the public for service. Commercial banks have played an important part in financing these requirements because of the great flexibility in 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 credit, 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 compensatory balances which the customer has maintained on a continuing basis.

Customers' anticipated needs for credit are usually staked out under a "line of credit" in effect for one year or under a commitment to make a term loan. Over a period of time, compensatory balances have come to mean deposits which average, on an annual basis, 20% of the bank's commitment to provide credit. Once credits are established, the bank must be in a position to provide funds for loans up to the aggregate amounts of the lines and commitments in force. For this reason, compensatory 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 deposit of excess proceeds of long-term financing for a period prior to investing in bills, if that is

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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. Hutcheson visualizes a minimum of capital spending of $40 billion on electric distribution systems in the next 20 years. Moreover, he details major breakthroughs in the field of distribution about to occur as well as what is likely to come of it.

The fact that we have historically given more thought to, and put more of our resources behind, improvements in generation and transmission, rather than distribution of electric power, is not subject to criticism. Those are the areas in which we had the most to gain through research and development; and I'm sure we are all convinced that these efforts have been, and will continue to be, immensely rewarding.

Dr. J. A. Hutcheson

However, unlike their Federal power competitors, the investor-owned utilities have to deliver the product to the point of sale, and have already invested $20 billion in distribution systems to do it.

Moreover, in the next 20 years, Edison Electric Institute companies will pour another $40 billion into distribution.

The question is: What are we going to buy with this money? More of what we already have?

I doubt it. For one thing, we can't go on forever making patchwork additions and stringing up more wire. This kind of expansion is too expensive to create and maintain. It takes up too much room. It creates poor public relations, and will eventually prove to be woefully inadequate to the needs of the times.

In discussing Total Electric Frontier at an EEI meeting some weeks ago, my colleague, Bill Sproul called attention to some of the things now going on in the construction industry in this country. He came up with some observations that delighted power salesmen, but must have frightened the wits out of any distribution men who might have been present.

He said: Everywhere you look in this country, America is rebuilding. Within ten years, we are going to erect new buildings equivalent in value to all that are standing today.

He called attention to a few of the projects that are in progress or under construction:

The point development at Pittsburgh.
The $50 million Hartford plaza.
The $43 million project that will cover 35 acres of downtown Minneapolis.
The Golden Gate Project in San Francisco.
The rebuilding of the riverfront in St. Louis.
The whole new city that will rise in Los Angeles.
College Park in Philadelphia, which contains, besides a shopping center, a group of office buildings, three apartment buildings, a major hotel, and an illuminated 18-hole golf course.

While these are only a few of hundreds of projects now under way, the point is, every office building, every store, every apartment, every school and public building in this vast rebuilding program can be, should be, and—in the face of mounting evidence—probably will be . . . Total Electric.

Add to this the tremendous acceptance of the Total Electric Home concept—today there are 250,000 more electrically heated homes than there were just two years ago—and you get some idea of the urgent necessity we face to bring our distribution systems up to the technological perfection we have achieved in generation and transmission.

Jobs to Be Done

Now, how are we going to go about building more capability into tomorrow's distribution systems and still abide by the laws of depreciation economics which require that we retire our existing systems the same way they grew—piece by piece?

As I see it, there are two jobs to be done. First, we must continually upgrade our present systems by taking maximum advantage of existing knowledge and improved hardware. And second, we must turn our full attention to a program of research which studies the total function of the distribution system, and takes advantage of modern analytical techniques to evolve basic new methods of approach.

To accomplish the first objective — improvement of existing systems—there are a great many possibilities open to us.

Thanks to research by cable manufacturers, combined with extensive and costly full-scale experimentation by utilities, we have made progress in the never-ending battle with the elements.

Lashed and spacer-type cable, for example, proved itself during last year's hurricanes. On one system in an area where this type of construction had been employed, a hurricane caused only a few minor service problems. Elsewhere in the storm's path, 230,000 customers, served by conventional, open-wire circuits, were without power for as long as two days. Obviously, the improved construction will find wider application.

In the field of hardware, one item that recently evolved as a result of research is the automatic voltage regulator. It is located right at the distribution transformer. This is a revolutionary concept that opens immense new possibiilties for optimizing total system designs. Accomplishments incorporated in this design, such as a completely transistorized control, will find application in future equipment developments.

Another item that anticipates the future without waiting for it to arrive is the pad-mounted transformer for underground service. This unit comes with built-in watthour meters.

And in addition to equipment developments, joint studies between electrical manufacturer and utility engineering teams have led to development of new types of systems. The 460-volt secondary network incorporating spot network radial design is the brain child of such a partnership approach to your problems. The new system can reduce commercial distribution investment by 10 to 20% compared with the conventional net work. Network growth in many major cities has benefited from such studies.

The next logical step in this direction is under study and experimentation right now by utility and manufacturing engineering teams . . . higher utilization voltages for residential distribution. By stepping up from 120 volts-to-ground to 240, it will be possible to utilize transformers four to ten times the ratings of present systems. Studies indicate that this should result in an overall system savings of 15%.

So, as we can see, there are many roads open to us for evolving system concepts that will result in greater capability and reduced costs on existing systems.

Lead Time Shortening

However, as we look toward the Total Electric Frontier, it seems obvious that we cannot hope to superimpose the kind of distribution we have today on top of this clean-cut, super-efficient community of tomorrow. We will be expected—in fact, commanded—to keep pace with the progress.

We can, of course, and we will . . . but our lead time is growing short.

Fortunately, for the first time in our history, we have available techniques and tools of research equal to the enormity of the problem of designing and developing optimum distribution systems. This new tool has a name. It is called "Operations Research," and many utilities around the country are experimenting with it.

Basically, what the Operations Research team does is set up a mathematical model of the system or operation which is under study.

This takes a little doing, because if you were to study a typical area of an urban-suburban distribution system, it would look to, say, an astronaut like a meaningless mosaic pattern of substation load areas and a vascular network of feeder lines. No two areas are alike, nor is there any symmetry in the circuit patterns.

In time, the loads inside each area will increase, but no one knows exactly where or when.

Staring at this disorderly array month after month, and trying to bring some order to it so that logic and analysis could be applied in studying it, the planning engineers came up with an idea.

Suppose, they said, that the same areas were covered, the same number of customers were served, and the same loads were supplied, but in an orderly, geometrically sensible pattern? Then the nonsense pattern would make sense.

The new pattern is hypothetical, to be sure, but it contains all the features of the load, and all the components of the system.

Because they now had the system reduced to regular polygons, triangles, squares, hexagons, and diamonds . . . these Euclidian representations could be easily calculated on a digital computer.

Now such things as circuit loadings, voltage drops, and losses could be expressed as simple equations . . . and the solution of these equations enabled them to choose the most economical system voltages, substation sizes, and circuit configurations for as many alternatives as they wished to investigate.

Planning studies using these techniques of geometric simulation invariably agree with conclusions arrived at the hard way . . . by painstaking, tedious, conventional methods.

By applying these techniques to actual distribution system planning, we can do some wonderful things.

Finding Right Answer

For example, suppose a utility manager is faced with making a decision on whether 23 kv is the right answer for the future of his system, or whether his present 4-kv or 13-kv distribution can do the job for 20 more years. The right answer will save millions of dollars and acres of real estate. To arrive at the one right answer we must look at thousands of alternatives, any one of which would occupy his engineering staff for months. Heretofore, it was a hopeless task. The best he could do was guess, secure in the knowledge that by the time his error was discovered, he would have been long since retired.

Today, however, using the methods I have described, a computer will come up with the right answer in a matter of minutes, along with several of the best alternatives and complete cost data.

Thus, we are on the threshold of major breakthroughs in the field of distribution. We have the knowledge and the machinery equal to the enormity of the task.

What's likely to come of it?

Well, let's step ahead into that community of tomorrow on the Total Electric Frontier and study the distribution system.

Looking down a residential street in the fashionable suburbs, we notice at once the absence of wooden poles, cross arms, and service paraphernalia. One overhead line joins the street lights, and that seems to be the only visible evidence of electrical distribution.

This impression is correct, as it turns out, because we have combined functions. In the base of the street lighting poles, we have integrated the distribution transformers. Service to the homes is underground.

In another section of the city, even the overhead cable has been placed underground. This wasn't as expensive as one might think, since improvements in cable design and insulation did away with the need for concrete ducts and manholes.

Meter Reading Via Computers

The watt-hour meter is a static-state device which contains no moving parts. Even more important . . . the meter is read from a remote center automatically. At that center, a computer figures the bill and sends it out. It also records the demand and energy use from individual meters and monitors distribution transformers and circuit loadings, as well as voltage drops. The same computer records the history of energy use, and predicts future changes in system design that will be necessary to keep pace with the loads.

Meanwhile, back at the main office, a master computer is receiving information from the subcomputers, and constantly optimizing the system. The system planning engineer is an apprentice from the local trade school. His principal duty is to bring the output sheet from the computer to the president's office every morning.

The output sheet tells the president at a glance what the revenues are, what they will be at any given time in the future, what changes will be necessary to keep up with the demand, and what it will cost to make them. Of course, service interruptions are unheard of. In case of a fault anywhere in the system, the monitoring computers instantly redirect circuits to maintain service and, at the same time, pinpoint the location of the trouble.

Clearly, distribution is no problem in this Total Electric World. Costs of the system have been drastically reduced because every addition to the system was predicted years in advance, and every dollar spent produced optimum results.

Fantasy? No indeed. The error, if there is one, will inevitably lie in the conservatism of these predictions. There is nothing in this distribution system of tomorrow that we could not, with a little effort, build today. What the next 10 or 20 years will bring I cannot even imagine. I am certain, however, that progress will exceed our most imaginative dreams.

But this much is sure. The electric utility industry is going to spend $40 billion on distribution systems in the next 20 years, one way or the other. By giving distribution the same careful and painstaking consideration that is put into generation and transmission, the industry can produce even more wondrous results.

*An address by Dr. Hutcheson before the Twenty-Ninth Annual Convention of the Edison Electric Institute, New York City, June 6, 1961. Author employed a series of charts in connection with the talk.

Puritan Chemical Common Offered

In an offering circular dated June 22, 1959 (as amended June 2, 1961), Dunne & Co., and J. P. Howell & Co., Inc., 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 "Scent-Fleurs." Upon completion of this financing, authorized stock will consist of 1,500,000 common shares 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., 141 West Jackson Boulevard, 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 F. Uhlmann, President; James S. Schonberg, Vice-President; Robert L. David, Treasurer; and John F. Benjamin, assistant secretary.

Union Tank Car Debentures Sold

Public offering of $40,000,000 Union Tank Car Co. 5% sinking fund debentures due 1986 was made June 8 by an underwriting group headed by Smith, Barney & Co. Inc. and Blunt Ellis & Simmons. 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 $45,000,000 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 105% through July 31, 1962 to 100% after July 31, 1983, 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.

Union Tank Car's principal business consists of furnishing railway tank cars owned and maintained by it to shippers of liquid products in bulk, primarily shippers of petroleum, chemical and edible products. Its main office is in Chicago, Ill. and it maintains repair shops and other facilities throughout the United States and Canada. Through its divisions, Union also is a plate fabricator and erector in steels, nonferrous metals and alloys and offers a range of products and services for the storage, transportation and treatment of liquids and wastes for industrial, commercial and community use.

Straus, Blosser To Name Partners

CHICAGO, Ill.—Straus, Blosser & McDowell, 39 South La Salle St., members of the New York and Midwest Stock Exchanges on July 1 will admit Nat E. Geismar, Robert F. Lee, Philip E. Pelino, 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.

Electric Utility Issues As Investment Medium

By Roger W. Babson

Dean of financial advisers praises highly the investment merits of electric utility common, cumulative, non-callable preferreds, and bonds. He also explores the possibility there "could be a terrific drop in many now 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 electric utility holding companies.

Why Securities and Exchange Commission

It was at this time that the Securities & Exchange Commission was formed, with President Kennedy's father as Chairman. And it was as a result of this housecleaning 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 new uses for electricity in every home, store, and factory.

Electric 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 Preferreds

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-callable." A cumulative stock means that if the dividend is not paid in any year, it must later be made up and surely paid before the common stockholders get a penny. "Non-callable" means that the company cannot call in the stock and pay you off for it if money rates go down. A "callable" preferred is a case of "heads or tails"—with the odds in favor of the company. If the stock is "callable" and money rates go down, the company pays the investor off; but if money rates go up, the company leaves him "holding the bag," so to speak. Other things being equal, one can buy the 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 electronic stocks and reinvest in electric power stocks. Much depends upon the international situation. The chief present customer of the electronic companies is the U. S. Government. Electronic devices are an important part of every missile, and hence 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 come. 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 many now popular electronic stocks.

Intercontinental Motels, Ltd. Common Offered

In an offering circular dated May 26, 1961, T. J. McDonald & Co., Washington, D. C., publicly offered 150,000 shares of Intercontinental's common stock at $2 per share. Net proceeds, estimated at $230,000, will be used to acquire and operate the La Concha Motor Hotel at Atlantic City, N. J., to train personnel, and for expansion.

The company, whose address is the Towne House Motor Lodge, Martinsville, Va., owns and operates the 60 unit structure at Martinsville and a 50-unit motor lodge at Danville, Va. As of Dec. 31, 1960, it had total assets of $1,198,026 and authorized stock of 2,000,000 10-cent par common shares. Upon completion of this offering there will be 541,075 shares outstanding.

Prerequisites to Assure Electric Power's Future

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

Outspoken assessment of the basic challenges facing electric utilities flays the industry's "deadly attitude" toward price and ambivalent practice of selling both gas and electricity. Taking Thomas Edison as his mentor, Mr. Sporn makes clear that the gas industry's pursuit of a gas-powered fuel cell to provide electricity leaves a combination company no alternative, if they are to serve electric energy, but to accept the challenge and responsibility to develop electricity as the single or universal source at a lower price. The utility head depicts an almost unbelievably enormous and exciting future of opportunities providing the above and these other challenges are met: improving leadership in production, meeting electrical needs to forestall public power growth, defending itself properly, attracting capable youth, and having confidence in the future.

In 1882 just three years after he developed the carbon filament incandescent lamp, Thomas Edison placed in commercial operation the historic Pearl Street station. Thus next year will mark the 80th anniversary of the founding of the electric power industry.

Philip Sporn

It was a modest enough beginning at Pearl Street that Sept. 4 afternoon, when at about 3:00 p.m. the switch was thrown and commercial electric service was begun with a load of approximately 400 lamps, each taking about 83 watts. By Dec. 1, 1883, more than a year later, the number of customers had reached 513 with 10,297 connected lamps, or a total load of about 860 kw. There were as yet no motors connected to the system.

In 1883 the United States produced and used non-human or mechanical energy equivalent to about 280 million tons of bituminous coal. More than half of this total was supplied by coal itself, wood still supplied more than a third, and oil already 11%. There was practically no natural gas. Obviously, an insignificant percentage of that total was converted to electric energy.

Last year the United States, having grown in population to 181 million from an estimated 55 million in 1883, utilized total energy of 1,710 million tons of bituminous coal equivalent. Of this total, 333 million tons or 19.5% was converted into electric energy by the utility industry. In 1959, the last year for which data are available, the entire world with a population of close to three billion, generated a little more than two trillion kwh. The 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 that need to be underscored at this point. Electric power was pioneered, invented, promoted, and developed by private enterprise in the United States 80 years ago. Throughout all these 80 years our industry has contributed 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 and especially in the newly developing nations, this country has continued to account for about 40% of the world's electric energy. More significant, the share of total energy converted to the electric form has risen continuously 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 7.2%, or a doubling every 10 years.

The industry has pioneered in the development of mass-scale generation, especially of thermal electric energy, mass movement of power by high voltage, and mass utilization. And throughout its history, under all circumstances — world wars and peacetime booms — the industry has made available to the American people an abundance of electric energy without the need for rationing, brownouts, blackouts, or any other restrictions on use. This is a record unmatched anywhere else in the world.

With that kind of history of successfully anticipating and fully meeting the country's needs, and with an almost inbred comprehension of the need for forward projection and planning, the industry has recently been advancing its projections of electric energy requirements to the end of the century—40 years of forward-looking planning. The picture that emerges out of such difficult but necessary and highly important crystal gazing is indeed a fantastic one.

Almost Unbelievable Electrical Future

What does this picture look like? As stated above, of the 1.7 billion tons of coal equivalent of all primary sources of energy utilized in the United States in 1960 — coal, petroleum, gas, and hydro—the electric utility industry utilized approximately 19.5% or some 333 million tons for 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 40% 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 will have declined, electric energy will have had no problem in doubling its position in the national energy picture from 19.5% to 40.0% by virtue of two important considerations:

(1) The increase in efficiency of conversion of raw energy to electric energy, and

(2) The new sources of energy that will have become available to electric energy; namely nuclear fission energy, with at least the prospect 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 octupling in the kwh figures, and the close to octupling in the capacity installed from 175 million kw to 1,250 million kw, the investment can be expected to grow to the staggering figure of approximately $400 billion, and the revenues to $80 billion compared with $62 billion and $11.2 billion respectively in 1960. These are exciting and yet sobering figures both to those of us engaged in the utility business and to those engaged in the research, development, design, and manufacture of the vast complex of equipment that this will require.

They are more than that: they are fantastic, almost unbelievable, figures. But who, looking back 80 years to Pearl Street or even looking back halfway to the year 1920, when total installed capacity was 12,700,000 kw, total electric generation less than 40 billion kwh, and total investment only $4 billion, can possibly say these projections are too fantastic for realization?

What Can Go Wrong?

And yet, even as one contemplates this picture, one cannot help but listen to the obtruding and insistent questions: 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 faces up to it in the light of what has been happening in recent years, the inescapable 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 into 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 in preordination: that they can sit back and let these things that are portrayed for them rather vaguely on the screen of the future come into being by some process of autoconception; and, of course, at the proper time they will step in and reap the rewards of what will have taken 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 past 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 intensified competitive struggle; it is to re-explore the industry's basic confidence in 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 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 difficult challenges that face us, or lie ahead.

Challenging Problems Lying Ahead

(1) *Price:*

The age of the pioneers in the electric industry has passed into history. In most cases the successors to the pioneers have come and gone and we now have a third generation of utility executives. The youth of this new generation is all to the good. But in many places in many parts of the country, it is clear that the new

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generation functions on the basis that it has almost all the answers required in the utility industry to run a successful enterprise. Perhaps it has — for now. But how about the future?

For one thing, in establishing the price at which their service is sold, I fear that they tend to overlook the historically great influence of the long-term declining trend in the price of our product on the development of the electric power industry to its present position. And the manufacturers, who have done so much to help the industry grow, develop, and prosper, and who in turn have prospered from serving the industry, have tended to forget the importance of this downward price trend. This indispensable 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 without a struggle. It is so important that one cannot help but feel distressed by a complacency of attitude that is basically summed up by the following: "Well, we are running the business and doing it successfully; to continue to do this we have to have a good rate of return; and if current profits are not good enough we have to, and so we are going to, raise rates."

I believe this is a deadly attitude for the electric utility industry. I do not mean that rate increases have got to be disavowed as a necessary step to be taken under extreme conditions. But this idea that price is no object, because the service is already a good bargain or, even, what is the public going to do about it?—none of this is good sense, nor good social-economics, in the United States at any rate.

One of the things that the public may do, if this philosophy becomes dominant, is to socialize power. I do not doubt in the long run this will fail of its objective, but it could happen. Large apparent savings, mostly at the expense of the Federal Government's tax collection program, can be shown initially. Once socialized, it may be a long time, if ever, before the industry could be desocialized. In fact, it is probably safe to say it will never be desocialized.

If we have such a being as a patron saint in the electric power industry, it surely would be Thomas Edison. More than 70 years ago, writing to a friend and, I believe licensee, he said:

"To my mind the raising of the price from three-quarter to one cent per lamphour is a bid for competition. I am a believer in **insuring the permanency of an investment** by keeping prices so low that there is no inducement to others to come in and ruin it."

Many developments may take place that indicate an apparent need to raise prices. I say apparent because frequently there are ways and means of fighting the unfavorable developments, of even fighting the fundamentals that bring about the seemingly unavoidable needs for raising prices. It may be that the whole concept of generation—how and where to generate—has gotten into a rut. It may be that the basic concept of transmission is wasteful and inefficient. It could be that the concept of the markets that are available is a limited concept. Perhaps all these fundamentals can be approached in a new way to bring about reductions in cost to avoid increases in price. But to do that we must have strong and well informed active leadership, and this brings me to the second basic challenge.

(2) *The Need for Leadership:*

Nothing important in world events is ever accomplished without leadership and this is as true of the affairs and destiny of an industry as it is true of the much larger affairs and more important destiny of a nation, or indeed of the world.

The electric power industry can neither capitalize on its opportunities nor meet its responsibilities in developing its future without leadership—leadership which will assert boldly the place of electric energy in our society today and in the years to come; leadership which will not accept the inevitability of higher costs of methods of producing electric energy, transmitting it, or distributing it; leadership which will not fail to boldly embrace the opportunities that are open to electric energy by entering new areas of service and undertaking new responsibilities, such as, for example, the concept and responsibility of electric energy as the sole and universal source of energy.

Do we have leadership in electric energy when we take a position that, of course, we sell electricity, but we sell gas also, and so are indifferent as to whichever the customer chooses? Some day, very effectively persuaded by an uninhibited energy marketing organization the customer may decide that he wants it all in a third form. Are we really satisfied to be neutral and neutralized until he makes that choice? Is it fair to the customer?

When Thomas Edison set about to develop an electric lighting system and he had an opportunity to ponder on the problem that he was tackling, he sat down in his study and in his notes put down the essence of his problem:

"Electricity versus Gas as General Illuminant Object: E. to effect exact imitation of all done by gas, to replace lighting by gas by lighting by electricity. To improve the illumination to such an extent as to meet all requirements of natural, artificial and commercial conditions."

There was pioneering, there was boldness, there was vision, there was faith, there was leadership in this daring projection of Thomas Edison. It was this kind of spirit that 80 years ago created the new electric industry. Can leadership of lesser boldness and quality than that satisfy us today? We need new pioneers in this and coming generations to carry the industry to greater heights. We need imaginative, bold, strong, leadership in every segment of our operations:

Leadership in Production

It was only a short while ago, and even as we were in process of installing much larger steam-electric generating units, that we were being assured by some of the best technologists among our equipment manufacturers that beyond around 225 mw any further increases in unit size would be faced with a steeply rising cost per kw. This we were assured was a fundamental intrinsic to the technology, and was, besides, confirmed by manufacturing cost records. However, some of us recognized this as the same pseudo-fundamental law that we had met earlier when we were assured that 39,800 kw was the limit to size of a 3600 rpm alternator and we exerted strenuous efforts to resist and to break down this supposedly technological barrier. Today, less than a year later, we have seen not only the bringing into service of several 500,000 kw units having thermal efficiencies in excess of 40%, but within the last few months we have had two 900 mw units placed on order, that will end up perhaps as 950 mw units, and we have had one 580 mw unit ordered, that may end up at 600 mw. Those huge units have been purchased at costs per kw substantially below the optimum set by previous much lower-sized units. All three of these machines are at a new plateau of pressure of 3,500 psi and will attain new levels of thermal efficiency hardly imagined only a few years ago. They represent a rational trend of substantial decreasing cost per kw with increased size.

Thus we have rather quickly and quietly come into the era of 1,000 mw in a single unit. And with this, the era of 1,000 mw at a **single plant location** has come and has hardly had time to take a bow, before it has been pushed out of the way to make room for the 2,000, 2,500, or 3,000 mw plant at a single location that is well on the way.

The economies that these developments make possible have opened up new vistas in mass generation of electric energy.

These great visions in power production I have been discussing simply will not come about unless we have leadership in this phase of our operations. But such leadership is only a part of a program of leadership in the many other facets of our business that equally require it.

I not only refer to the need of leadership to push and enlarge these developments further by aiding and stimulating new ideas in MHD generation, or unusual concepts in nuclear power; but I refer to the obvious need of leadership in developing and extending extra high-voltage networks at 345,000 and higher voltages; to leadership in many other aspects of our industry, from leadership in developing a more dynamic view of corporate organization and more effective regional integration on one end to leadership in developing higher utilization voltages and eliminating the weather hazard to the continuity of our service at the other end.

Single Energy Source

I want to single out one particular phase of our business that literally cries out for bold and aggressive leadership—the **field of electric energy utilization:** I have already mentioned the exciting concept of the single or universal energy source that electric energy can provide. I have recently talked to a number of utility people about it and one of them said to me: "Of course, this is a good idea. But that is the utopia of our business." He said this, being fully aware, as are we, that the "Utopia" of Sir Thomas More has become a synonym for the unattainable. This is what he really meant by "the utopia of our business."

But the single energy source is neither unattainable, nor is it a concept of the future. It is an excellent concept for today. For where? It is a good concept for the residential market. It is a good concept for the commercial market. It is an equally good concept for the industrial market. But it will take a great deal of vigorous leadership—I mean **electrical sales leadership**—to bring it about.

Companies Must Choose Between Electricity or Gas; Not Both

I know that at this point some of my colleagues in our industry so ably managing combination companies will demur and point out that it is so easy to adopt such a program if one has no gas operation responsibility. But let me point out that this is no longer a valid answer. The **American Gas Journal** for May '61 reporting on a joint venture to develop a natural gas fuel cell announced by Northern Natural Gas Co. and Houdry Process Corp. stated:

"Goal of the two companies is to provide electricity right in the homes and in factories by using a fuel cell powered with natural gas which will supply all of the energy requirements of a household or business at costs significantly less than current sources." By "current sources" is meant electric power companies.

This is a laudable aim for the gas companies. The electric power industry has developed to its present position despite the fact that it arrived on the scene two-thirds of a century behind the gas industry. And it will hold its own competitively in the future against gas — of that I am certain — provided there is effective competition.

I ask, can any company serving electric energy back away from this challenge and the responsibility to develop electric energy as the single or universal energy source?

And I do not want to leave the subject of leadership without an observation on leadership in bringing about new developments in general, particularly new technological developments, that may have a pronounced influence on our future. It seems to me that here, in particular, we need a reorientation.

Last December EEI released a report on Direct Energy Conversion prepared by a consultant. It was a good review of the work carried out to date and currently going on in such areas as fuel cells, magnetohydrodynamics, thermionics, and the like. There was only one thing wrong with the report — it came to a very dangerous conclusion, and I would like to quote part of it.

"The present state of the art calls for no stampede and for no crash program. This does not suggest complacency because there are bound to be significant developments with the passage of time.

". . . Close and continued scrutiny of technological progress should serve to evaluate and to anticipate the changes so that the industry can accommodate itself without fear of revolutionary upheavals."

What is wrong with these conclusions? Two things, and they everything. First, why wasn't the report prepared by an industry group? Are we so talent-poor? Second, why are there "bound to be significant developments?" Who will assure them? Certainly not we if we only sit idly by, prepared to do our scrutinizing. Surely, we cannot afford not to deeply immerse ourselves in every avenue of approach to technological progress and actively participate in the research and development. Must we "accommodate" ourselves? This is the surest way to disaster. The industry is mature enough to take its destiny into its own hands. If a revolution is in the making, let the industry make that revolution, or someone else will make it for us. We in the electric business must be ready to supply electric energy irrespective of the means for its production—whether nuclear, MHD, fuel cells, or any other technology. Indeed, we must take the initiative in pursuing these technological avenues of progress as an intrinsic part of our opportunities and responsibilities.

(3) *The Place of Public Power*

Although public power was an element in our power economy before the advent of the New Deal, it was an insignificant one until then. In 1932, for example, the electric energy produced by governmental agencies was approximately 5% of the total, but by 1959 the figure had grown to 23%. Its growth is not the result of any single factor, nor indeed is it the result of any single factor, nor indeed is it the result of the conversion of the American electorate to the gospel of governmental power—although there are a good many of our citizens who believe that electric energy generation is a proper field for government and that indeed it belongs to government.

Blames Private Companies For T. V. A.

I think the important thing to remember is that electric energy, being a versatile and, for some purposes, an indispensable tool, offers opportunities for all sorts of agencies in a complex society to get involved in its supply. Thus in irrigation it was quite natural for the government to find a way of helping irrigation economics by resorting to electric energy generation. And in the case of TVA which accounts today for about 50% of the total governmental agency figure, 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 responsiblities 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 Energy Inc. and OVEC came along that it was clearly demonstrated that capable as was TVA there was nothing unique in its ability that private enterprise could not match or surpass. But this kind of alertness may have been missing earlier. **And this lack of alertness to both opportunity and responsibility 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, we know, a great many people in the Congress and in both parties who are firm believers in more government and more government in power, at least in their areas. But even here the convictions in many cases held with great earnestness and tenacity, are based on misunderstanding and improper analytical information and can be changed. But the change can be accomplished only by a difficult, always unremitting 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 a way this is a sales **challenge**—but an especially tough one—selling the **idea** of private enterprise in power. But not only 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 be detrimental 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. But in this difficult field of action, there has been less and less tendency for the people of the industry, the heads of the various power enterprises, to defend their positions 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 who appeared before 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 held it in Washington.

In early May the National Association of Broadcasters held its annual convention in Washington. Broadcasters are constantly in the public eye, and no matter how much many 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 performance.

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 to also 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 decried the low

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estate of broadcasters as compared with editors and publishers.

Would Hold Conventions in Washington, D. C.

The seat of our government and the seat of authority in many fields which vitally affect us, is Washington. I do not see why we cannot make up our minds, at the minimum, to hold our conventions at least every fourth year—every second year would be better—in Washington. This would give us an opportunity to invite and to tell the people in government of the great job the power industry is doing, to invite them to talk to us about their problems and even to criticize us, and to tell us about some of our failings. We could benefit from listening to them in an atmosphere of candor and frankness and possibly even of good-will.

Disagrees on Depreciation Argument

But the need to defend ourselves ideologically is not confined to defense against governmental attack. The attack may —and sometimes does—come from surprising sources. Not too long ago one of the world's largest utility companies in the communications field issued a long report, the burden of which was to argue for higher profit allowances by regulatory commissions in their business. The report referred, not only erroneously, I firmly believe, but with considerable evidence of ill will, to the electric utilities as being in about the same position as the railroads at the turn of this century — in other words, about ready to start a long, disastrous descent to the edge of bankruptcy. It argued further, ignoring the price feedback effect I referred to earlier, that corporations should be permitted to take whatever rate of depreciation they chose so long as tax and book depreciation were equal. This would inevitably result in higher rates, because utilities would have to choose between either not taking tax depreciation, and thus raising their cost of financing, or booking the higher tax depreciation, thus requiring higher rates to avoid a decline in earnings. I was appalled to learn a few months ago that a number of our large electric companies were fully endorsing this view when, in fact, they should have joined others in the industry in openly attacking this report so full of fallacy, error, and intended mischief. I cite this as just another illustration of the many ways in which we have failed to recognize and defend our best interests and to resist attack.

(5) *The Ability to Attract Youth*

If the industry is to reach the position of growth and the position of importance in the American economy that we have been discussing, and if it is to defend itself and its future successfully, it must be able to bring in its full share of able youth to assume the positions of authority and responsibility. But we have had, and continue to have, difficulty in attracting capable young people. Far from lesser-quality, it will be necessary more and more to have higher-quality men, men of broader viewpoint, of more solid and broader education, men with specialized training on a base of broad education and a great many more technicians and technologists trained in the skills required to meet the increasingly complex technical and technological problems of the industry, and I do not mean engineering alone.

The industry has not done too well in attracting its share of men of that kind to its ranks over the past quarter of a century. And while some of the blame can be ascribed to the deficiencies on the part of schools, deans and faculties, I think a much greater blame can be ascribed to the utility organizations of the country themselves.

The fact of the matter is, we have not done enough to make a utility career an exciting adventure for our very bright and able people. I am afraid there is a latent smugness that somehow comes through. In some cases that I know of we have gone out of our way to be sure able and bright people did not come to us. The dean of engineering of one of our great schools of technology told me a few years ago of a utility executive who came to him and asked for the privilege of talking to the two men in the class having the lowest standing. When the Dean expressed surprise at that, the reply was, in the first place they did not need the very bright men and, in the second place, they did not think they could hold them. I do not know about the second, but I do know, as to the first reason, that if the utility industry problems on all fronts keep multiplying at the rate they have been multiplying, there will be plenty of opportunity for the very brightest people in engineering, in law, in finance, in business, in merchandising and selling, in advertising, in accounting, in the social sciences and humanities to find ample outlet for their abilities and ample challenge on which to sharpen their maturing knowledge and understanding.

But programs for bringing this point of view to the attention of able young people have got to be developed and on the whole the industry has done very little. Unless it does more and does better, it simply will not have the manpower to even visualize these things that we have been talking about as they develop and come more sharply in focus, let alone the manpower which will have the imagination and understanding to be attracted by the challenges to meet them and to carry through their development.

(6) *Confidence in the Future*

The five challenges that I have so far discussed which the industry must recognize and respond to in energetic fashion, are all vitally tied in to a sixth challenge, namely, Confidence in the Future.

If the industry is to adopt policies and programs based upon the great role that electric energy and the electric energy industry has to play in the future growth of this country;

If it is to proceed on the theory that price and price reduction to the very lowest level consistent with proper protection of the interests of the general public, the customers, the employees, and investors offer a solid basis for growth and development;

If it is to take vigorous leadership in espousing new ideas and new principles of utility system growth and development;

If it is to face the question of public power with courage, resourcefulness, and with a great sense of responsibility and soberness;

If it is to develop people able and willing to stand up and defend the industry for the great job it is doing for its customers, investors, employees and, most importantly, for the people of the country as a whole;

If it is to serve as a magnet to attract some of the most vital young people we raise year in and year out;

If the industry is to do all these things—

It must do so on the basis of complete confidence that this kind of program is sound and solid. It must do so with complete confidence that it will lead to great gain in the welfare of the people of the area served, of the country as a whole, and the success of the power enterprise. It must be sold on these challenges—and it must sell these ideas to the nation.

Surely, such confidence is indispensable if the industry is going to go ahead and build on the grand scale that the projections of its future have indicated will be necessary. Surely, these great new plants, each costing one hundred million dollars or more of capital, that will be built in the next 40 years cannot be conceived and created successfully—if by success we mean technical feasibility and highly economical total cost—without the existence of highly expert, highly efficient and completely dedicated organizations, and a major program of research and development, both technical and sales, participated in by the industry itself. But can such programs be organized and carried through and billions of dollars expended without great confidence in its future by the industry itself?

And there are steps beyond research. Surely, it will involve large numbers of major experimental and prototype installations in generation, in transmission, in distribution, and in utilization. These, too, will involve millions of dollars of expenditures. But how can these be undertaken, how can the people be trained to even visualize them, without a solid confidence and complete belief in the future of the industry?

If the Challenge Is Not Met

Of course, the industry may not meet the challenges that I have indicated. If the industry fails to meet them there will still be power generated in the United States, large plants will be built, power may even be available in adequate quantity, perhaps with failures here and there, and at costs higher than anything the people of the United States have had to accept to date, but available nevertheless. This may seem a harsh projection to make, but I do not think so. If, for example, we take a look at the spectacle of the city-owned local transportation system in New York City, with the trebling that has taken place in the price of a ride over the last 15 years and with an investment of over $2 billion, operating without any return and without paying a dollar of taxes to the treasury of the city of New York—surely, this kind of development can eventually come about in power. It may take time; but it may be later than we think. In any event, can private enterprise, can we in the investor-owned electric power industry in the United States stand by and take a chance on that developing? If we do not meet the insistent challenges we have been discussing, this not only can come about but probably will. But why should we not meet the challenges?

I repeat: In the 40 years between 1920 and 1960 the energy generated by the utilities of the Unitied States increased 710 billion kwh. But in the 40 years that lie ahead there is a prospect of the total 1960 generation multiplying eight-fold to six trillion kwh. in the year 2000.

The per cent of the total generated by government was 4.3% in 1920, and 23.2% in 1960—a five-fold growth in the last 40 years. What will be the growth in this percentage in the next 40 years?

I believe that what it will be in the year 2000 is up to us. Will it grow two-fold? Three-fold? It does not need to; it does not even have to grow by 25%. But this is so only if the utility industry recognizes that great as has been its growth since 1882, its future growth can be immeasurably greater; only if the industry accepts that potential future and strengthens its faith in that future and its ability to fully meet successfully the challenges that must be met to realize that potential. Only then can the industry be confident that with all the great history and performance it has integrated in its first fourth-fifths of a century, its future will just begin at 80.

*An address by Mr. Sporn before the 29th Annual Convention of the Edison Electric Institute, New York City, June 6, 1961.

Schweickart Co. To Admit to Firm

Schweickart & Co., 29 Broadway, New York city, members of the New York Stock Exchange, on June 22 will admit Stanley Albert to partnership.

Wm. R. Staats Co. To Admit Partner

LOS ANGELES, Calif. — William R. Staats & Co., 640 South Spring Street members of the New York and Pacific Coast Stock Exchanges, on July 1 will admit Thomas Sidenberg to partnership in the firm.

Utility Financing in a Strengthening Economy

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

Mr. McKinney estimates electric utility financing in 1961 will total $1.6 billion, and $800 million for large gas companies, with the bulk of it due the fourth quarter. Also, he foresees a strong upward economic expansion accompanied by an upward drift in interest rates. Further, the banker warns against trying to solve technological unemployment with easier money and 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 great many areas, and a self-sustaining cumulative expansion is under way in by far the 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 today, in the light of our best appraisal of the prospects for future business developments; they cannot await that certainty of knowledge which only history can bring us.

Those facts which are now available to us give many indications that as 1961 progresses we should expect the economy to continue to expand quite rapidly. Production turned upward at a spectacular rate in April, sparked by the strong recovery in steel and automobiles. Production continued to increase strongly throughout May, and apparently is rising to even higher levels. Output of both electrical and non-electrical machinery is strong; electrical equipment prices are under upward pressure stemming from heavy demand. Business expenditures for plant and equipment seem to be turning upward. 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, which by itself accounted for virtually the entire economic contraction — inventory liquidation has about run its course. Accumulation of inventories may well provide a further significant stimulus to the economy 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 recessions and profit margins are improving. Consumer spending activity stepped up somewhat in May, and recent surveys give the impression that consumers will expand their spending further as income levels rise. Government spending has increased sharply at 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 expanding 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 Financing Calendar estimates that 1961 financing by large electric companies will total $1.6 billion and large gas companies $800 million—about the same as in 1960. The bulk of the offerings yet to come will probably be crowded into a heavy fourth quarter.

Corporate demands for credit will be competing with other credit needs. The heavy municipal calendar is being reflected in prices of municipal securities. The Federal Government will be borrowing upwards of $10 billion (gross) before year-end. Mortgage credit demands are quite strong. Business demands for bank credit should pick up later this year as inventories are built up. And the stage is set for another substantial upsurge in consumer credit.

Predicts Rise in Interest Rates

As demands for credit grow, interest rates can be expected to rise, too. Yet doubt has been raised in some people's minds by statements on the part of the Administration regarding the importance attached to lower levels of interest rates. Just within the last month or so low interest rates and easy money have been held to be desirable by Secretary Dillon, Council of Economic Advisers Chairman Heller, the Joint Economic Committee of Congress, and President Kennedy. What has caused the confusion over these statements is a failure to appreciate that, in the face of a boom of the magnitude which now faces us, interest rates can be prevented from rising only by massive intervention of the sort used by the Federal Reserve in pegging bond prices during the early postwar years. Actually, Federal Reserve officials have been unusually candid and outspoken this spring in trying to make clear their position. Although the Federal Reserve has emphasized that it is not seeking to peg rates at any particular level, international balance of payments considerations have made it important for them to prevent short-term rates from falling as low as in previous recessions.

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 made available without forcing rates down to lower levels, the most logical conclusion is that interest rates will drift upward with the increase in business activity — but not as sharply upward as in 1958. This view seems to be fully consistent with the testimony before a Congressional Committee last June 1 by Chairman Martin of the Federal Reserve Board, who told the committee that the Board should not be asked to force rates down. He pointed out that Federal Reserve actions can only mitigate the tendency of interest rates to rise if business conditions continue to rise.

The short run outlook for the economy, then, is for a strong economic expansion, with an accompanying rise in 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.

Warns Against Poor Economic Policies

But this latter point—that there is considerable slack in the economy — leads to the observation that despite the very favorable short-run outlook all is not peaches and honey. Looking ahead a little further, there are economic problems and politico-economic problems of real importance with which we must deal. This very fact of slack in the economy although it gives us a tremendous opportunity for real economic growth, is at the same time one of the more significant longer run problems in the economy. Much of this unemployment will disappear with general economic expansion; this is itself one of the reasons for the very favorable outlook for the economy. But a substantial proportion of the unemployed are the unskilled, the semi-skilled, those possessed of skills which are obsolete and are no longer needed. These workers can be trained in the skills needed by a growing economy, they can be shown how and where to look for jobs which can utilize those skills, perhaps their movement into areas where their skills are needed by the free enterprise system can be facilitated in other ways. Yet an ill-conceived program—for example, one which would subsidize location of uneconomic industries in depressed areas—would do more harm than good. Or an attempt to solve technological unemployment by easier money and higher spending could lead to harmful inflationary pressures.

Removing Tax Induced Stagnation

A second politico - economic problem of considerable importance, one about which we will be hearing more as time goes on, stems from the recent rebirth of the stagnation thesis so popular during the 30's. The present version is that our tax structure becomes too restrictive as income levels rise, and thus chokes off economic recovery and growth before it has a chance to really get started. This is said to explain the failure of the economy to grow more vigorously after the 1957-58 recession. The cure proposed, of course, is to increase government spending to take up the slack. We don't have time to do more than point out that this is a familiar solution with a new excuse for applying it, and perhaps to suggest that a careful overhaul of the tax structure—an overhaul which gave full cognizance to the importance of principles of equity in taxation —might well prove more beneficial to the cause of growth in a free economy than would additional expenditure programs.

The way in which we approach these two political - economic problems will have much to do with the vigor of our economy in realizing its full growth potential in the months and years to come.

As to the long-range outlook, history has demonstrated that the American people are basically a pretty level-headed lot. Time after time it has seemed that the problem of the moment might be getting somewhat out of hand. And yet we have rather consistently managed to find a quite satisfactory solution. I am an incorrigible optimist with regard to our longer range outlook, and I think with good reason. Lord Macaulay made some rather astute observations on this point, writing in England more than a hundred years ago. I'd like to close by quoting this passage, written in 1830:

"The present moment is one of great distress. But how small will that distress appear when 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 rendered dear; the currency imprudently debased, and imprudently restored. Yet is the country poorer than in 1790? We fully believe that, in spite of all the misgovernment 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?"[1]

1 T. B. Macaulay, review of Southey's Colloquies, as quoted by David McCord Wright in *Democracy and Progress*, pp. 219-220.

*A prepared statement by Mr. McKinney as part of panel discussion before the 29th Annual Convention of the Edison Electric Institute, New York City, June 7, 1961.

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.

Samson Associates, Inc., is the investment adviser and general distributor for Samson Convertible Securities and Capital Fund, Inc.

AS WE SEE IT

Continued from page 1

ment. How yields on long-term issues of the Federal Government—and by indirection upon private mortgages—are to be forced down 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 be long before we hear of demands for higher wages, larger "fringe benefits," or other changes which 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 movements 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 forseen 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-

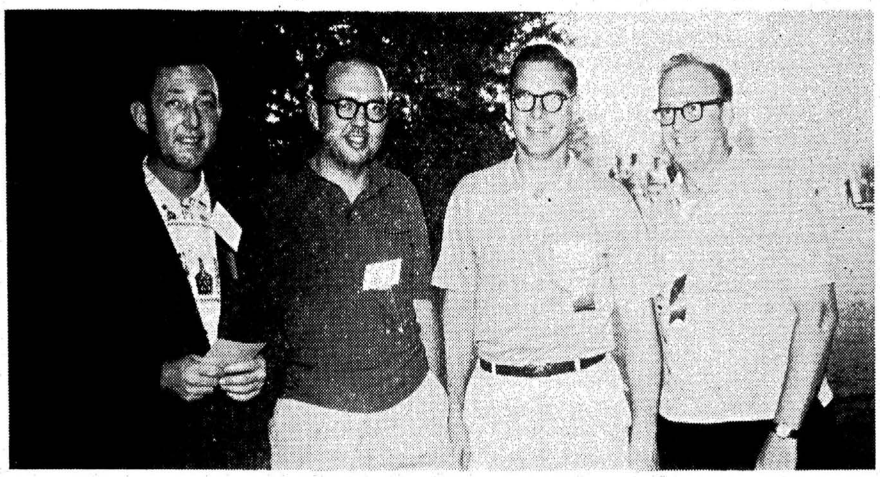
Continued from page 1

quire what their ideas of combating it seem to be. The preventive most commonly heard, if not the only one, is what they term "self restraint" on the part of both wage earners and businessmen. There have been organized certain groups consisting 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, demands of the unions be held within reasonable limits. Greater cooperation between management and labor to increase 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"?

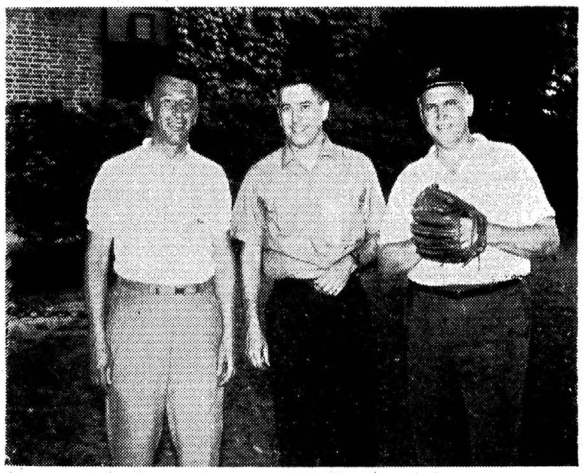
What, we should be asking ourselves very earnestly, is to be a product of exhortations about "self restraint" as a means of preventing inflation? A very low opinion of it seems to us to be inevitable if one is to take into account the ordinary attributes of mankind and the teachings of a very considerable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

Municipal Bond Club of New York



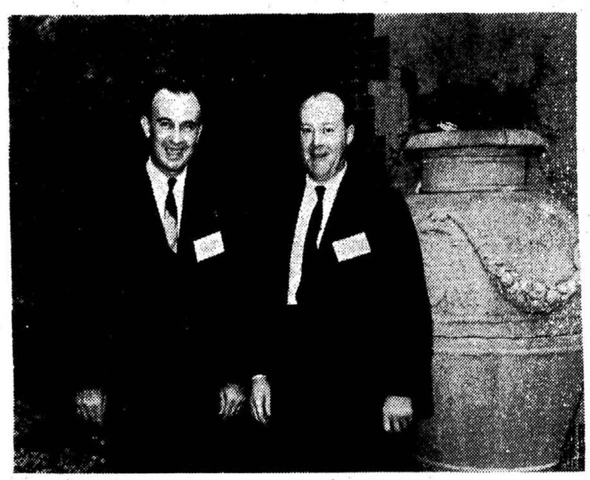
Joe B. Wise, *J. A. Hogle & Co.;* George W. Hall, *Wm. E. Pollock & Co., Inc.;* William E. Simon, *Weeden & Co., Inc.;* Chester W. Viale, *L. F. Rothschild & Co.*

Hugh C. Wallace, *Francis I. du Pont & Co.;* John W. De Milhau, *Chase Manhattan Bank;* Joseph J. Sheehy, *Gregory & Sons;* Alfred Mante, *Smith, Barney & Co.*

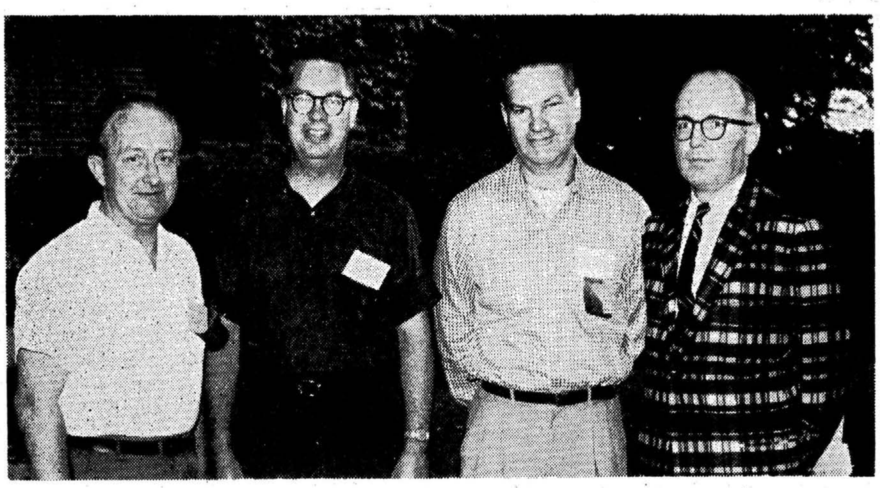


John Fitterer, *Wertheim & Co.;* Alfred J. Bianchetti, *J. A. Hogle & Co.;* Walter H. Stohl, *Fidelity Union Trust Company* (Newark, N. J.)

Joseph G. Cross, *C. J. Devine & Co.;* James M. Heller, *Shearson, Hammill & Co.;* T. P. Swick, *White, Weld & Co.*



Robert M. Goodwin, *The First National City Bank of New York;* Robert I. Doty, *James A. Andrews & Co., Inc.*



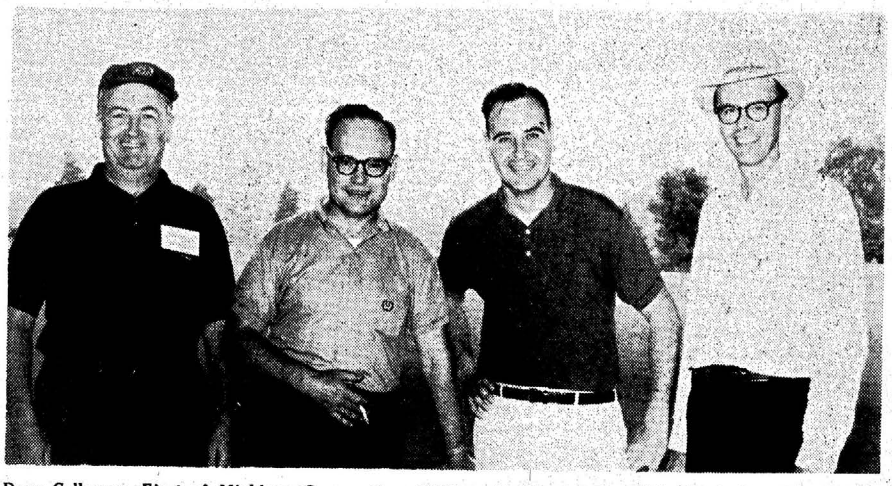
Edmund G. O'Leary, *Eastman Dillon, Union Securities & Co.;* Berger Egenes, *Merrill Lynch, Pierce, Fenner & Smith Incorporated;* Walter W. Niebling, *Merrill Lynch, Pierce, Fenner & Smith Incorporated;* Frank P. Gallagher, *W. H. Morton & Co., Incorporated*

Horace Sylvester, *Kidder, Peabody & Co.* (Boston); James Stenson, *Continental Illinois National Bank & Trust Company;* Joseph Vostal, *Kidder, Peabody & Co.;* Bradford Simpson, *Hallgarten & Co.;* Bill Carrington, *Ira Haupt & Co.*

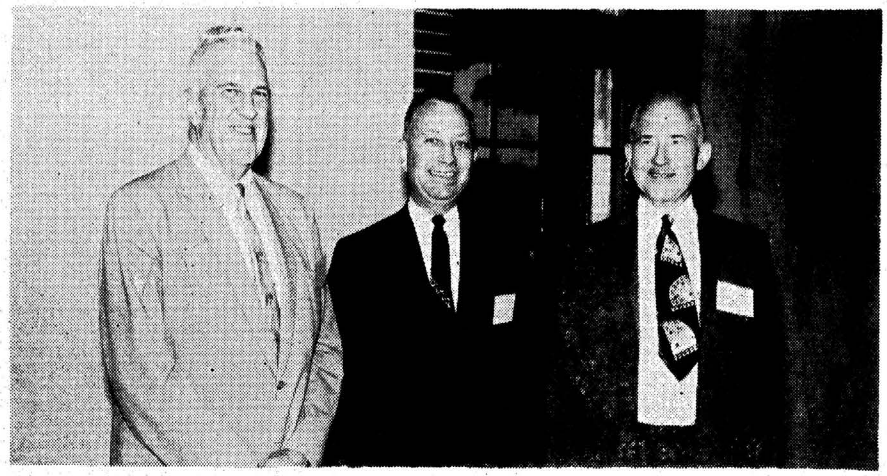
Alfred J. Bianchetti, *J. A. Hogle & Co.;* Charles V. Smith, *Clark, Dodge & Co., Inc.;* Daniel P. Whitlock, *Ladenburg, Thalmann & Co.;* James F. Reilly, *Goodbody & Co.*

Daniels C. Brasted, *Evans & Co., Incorporated;* Floyd F. Stansberry, *Bankers Trust Company;* Jack Cook, *Wm. J. Mericka & Co., Inc.* (Cleveland); Richard N. Rand, *Rand & Co.*

28th Annual Field Day



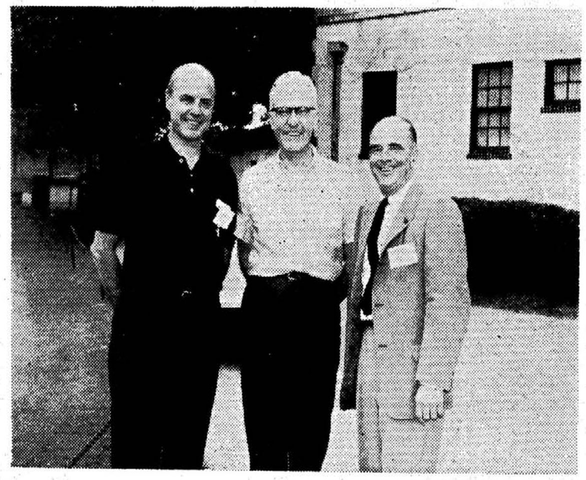
Dave Callaway, *First of Michigan Corporation;* William R. Kondratuk, *Reynolds & Co.;* John M. D. Hughes, *Lee Higginson Corporation;* Robert Schlichting, *Kidder, Peabody & Co.*



Arthur Friend, *Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.* (Washington, D. C.); George J. Thurnher, *Drexel & Co.;* R. E. Crooks, *Ferris & Company* (Washington, D. C.)

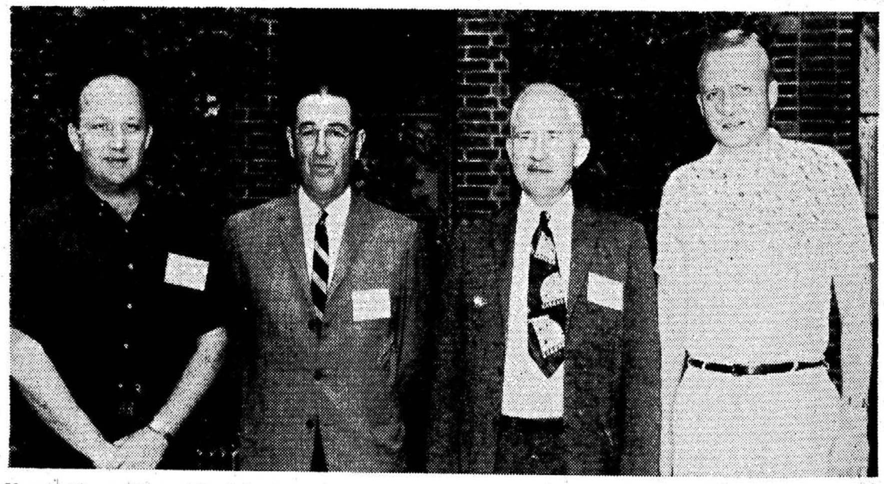
Edwin L. Beck, *Commercial & Financial Chronicle;* Russ Dotts, *Rambo, Close & Kerner, Inc.* (Philadelphia); James F. Musson, *Newburger, Loeb & Co.*

Lou Hauptfleisch, *Goldman, Sachs & Co.;* Bill Muller, *Halsey, Stuart & Co., Inc.;* Lew Lyne, *Mercantile National Bank* (Dallas)



Glenn D. Thompson, *Carl M. Loeb, Rhoades & Co.;* William W. Hibberd, *Trust Company of Georgia;* Lorens F. Logan, *Wood, King, Dawson & Logan*

David A. Pincus, *D. A. Pincus & Co.;* David Miralia, *Kuhn, Loeb & Co.;* William D. Byrne, *Phelps, Fenn & Co.;* Edwin P. Sunderland, *John C. Legg & Company* (Baltimore, Md.); Thomas A. Lankford, *Union Trust Company of Maryland* (Baltimore, Md.)



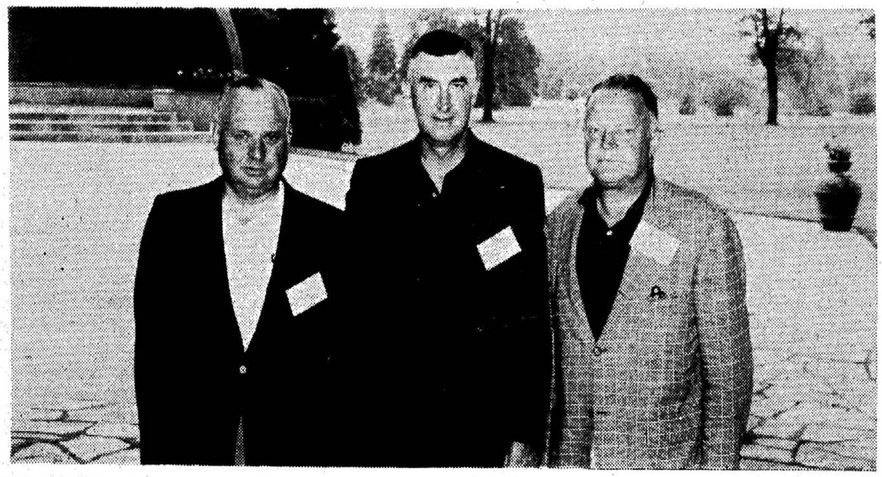
Henry Krug, *Mercantile Safe Deposit and Trust Company* (Baltimore); Reg Larkin, *First Boston Corporation;* R. E. Crooks, *Ferris & Company* (Washington, D. C.); John L. Bowles, *Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.* (Washington, D. C.)

Fred F. Johnson, *Barcus, Kindred & Co.* (Chicago); Anthony E. Tomasic, *Thomas & Company* (Pittsburgh); Karl J. Panke, *Lehman Brothers;* Donald Bradley, *Hornblower & Weeks* (Boston); Arthur G. Mathews, *Dunn & Bradstreet, Inc.;* Leonard R. Sullivan, *Fitzpatrick, Sullivan & Co.*

John E. Varley, *Federation Bank & Trust Company;* John J. Ward, *Chase Manhattan Bank;* David E. Ahearn, *Eastman Dillon, Union Securities & Co.;* William A. Devlin, *Reynolds & Co.;* Merrill Freeman, *Salomon Brothers & Hutzler*

Friday, June 9, 1961

Rollin C. Bush, *First National City Bank of New York;* Fred F. Johnson, *Barcus, Kindred & Co.* (Chicago); Frank L. Lucke, *Laidlaw & Co.*



Ernest J. Altgelt, *Harris Trust & Savings Bank;* W. Neal Fulkerson, *Bankers Trust Company;* John J. Clapp, Jr., *R. W. Pressprich & Co.*

Frederick T. Allen, *Barr Brothers & Co.;* Constantin Alio, *A. Webster Dougherty & Co.* (Philadelphia)

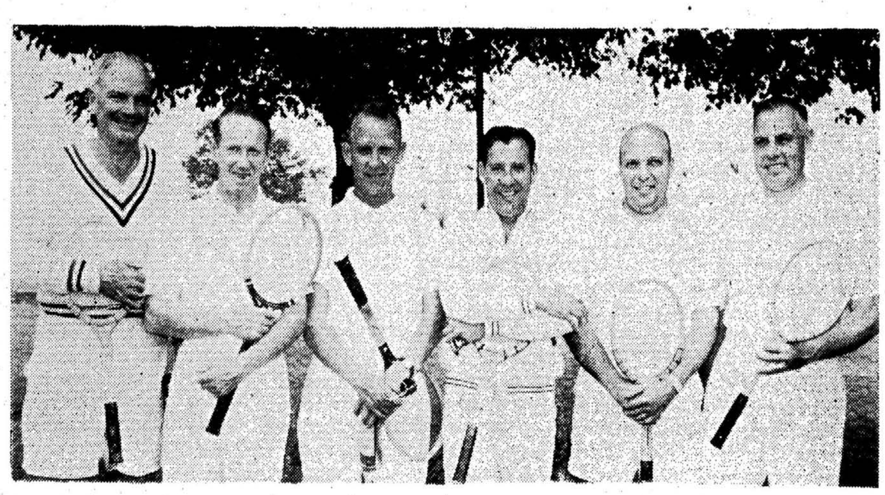
Charles F. Kavanagh, *Bacon, Stevenson & Co.;* Reginal M. Schmidt

Harold J. Kennedy, *E. F. Hutton & Company;* James A. Andrews, *James A. Andrews & Co., Inc.*

George B. Gibbons, Jr., *Geo. B. Gibbons & Company, Inc.;* Francis P. Gallagher, *Kidder, Peabody & Co.;* James G. Couffer; Emil C. Williams, *A. M. Kidder & Co., Inc.*

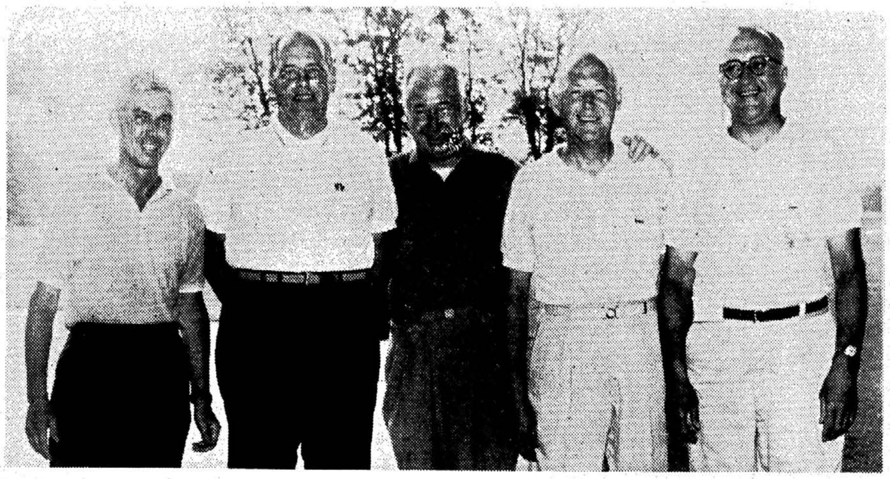
Bob Tighe, *Weeden & Co., Inc.;* Jack Large, *C. J. Devine & Co.;* Henry Milner, *R. S. Dickson & Co., Inc.*

Ferg Alleman, *Leedy, Wheeler & Alleman, Inc.* (Orlando, Fla.); Ralph J. Powelson, *Leedy, Wheeler & Alleman, Inc.* (Orlando, Fla.); Richard T. Shanley, *Equitable Securities Corp.;* Anthony J. Miller, *Hirsch & Co.*

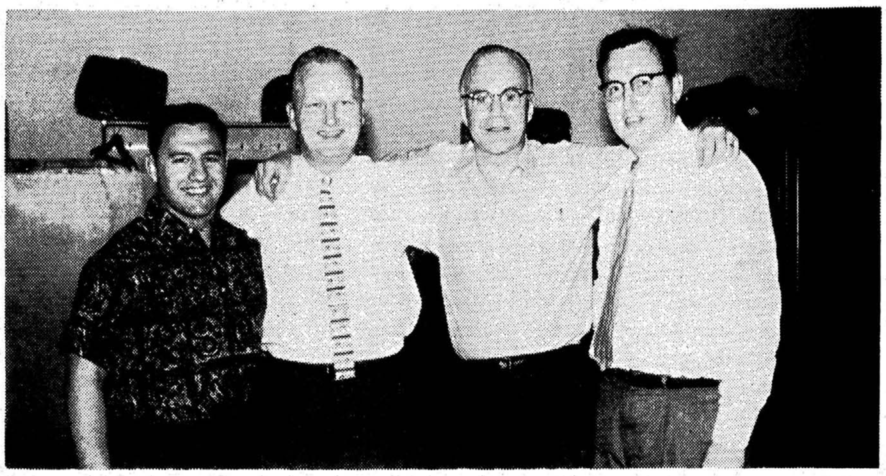


Dana B. Scudder, *First National City Bank of New York;* Daniel O'Day, *Northern Trust Company;* Harold Young, *Equitable Securities Corporation;* Dave Haley, *Harkness & Hill, Incorporated* (Boston); Bob Swinarton, *Dean Witter & Co.;* Edwin J. Cross, *Roosevelt & Cross, Inc.*

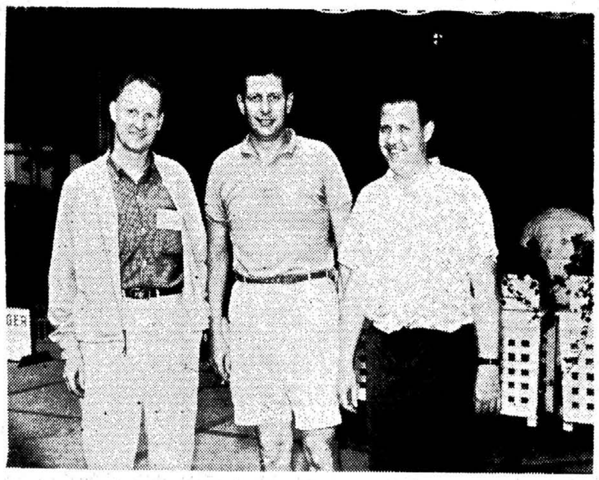
At Westchester Country Club



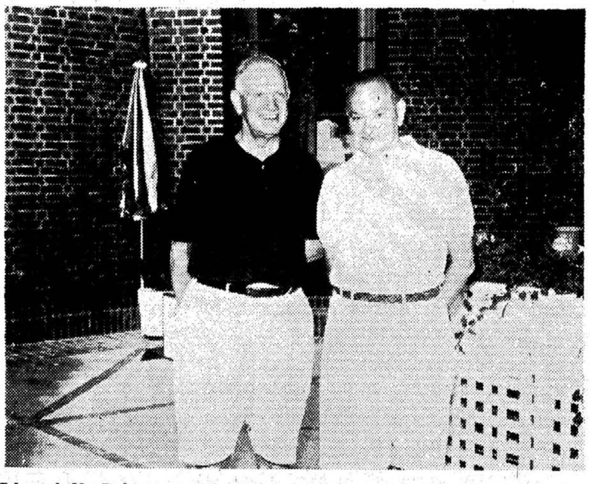
E. R. Lowry, *McDaniel Lewis & Co.* (Greensboro, N. C.); J. D. Couig, *Hirsch & Co.;* M. V. Poole, *Geo. B. Gibbons & Company, Inc.;* Craig Simpson, *Bankers Trust Company;* George R. Waldmann, *Mercantile Trust Company*



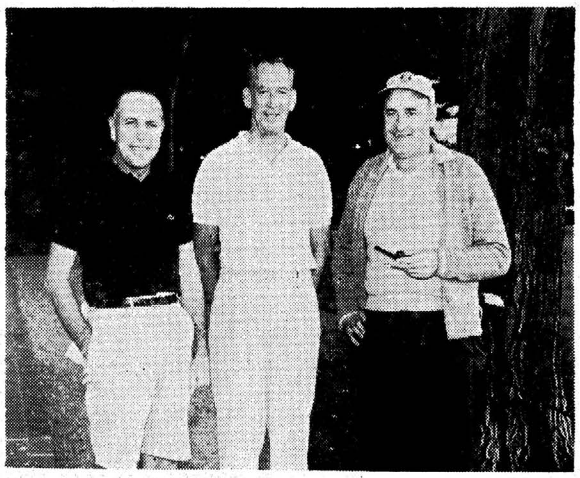
Alan H. Rice, *Irving J. Rice & Company, Incorporated* (St. Paul); Dick Grimm, *Government Development Bank for Puerto Rico;* Donald R. Bonniwell, *Cruttenden, Podesta & Co.* (Chicago); Art Hageman, *Baxter & Company*



Gordon A. Jamieson, *Blyth & Co., Inc.* Jerry J. Burke, *Dean Witter & Co.;* Joseph G. McCarthy, *Goodbody & Co.*

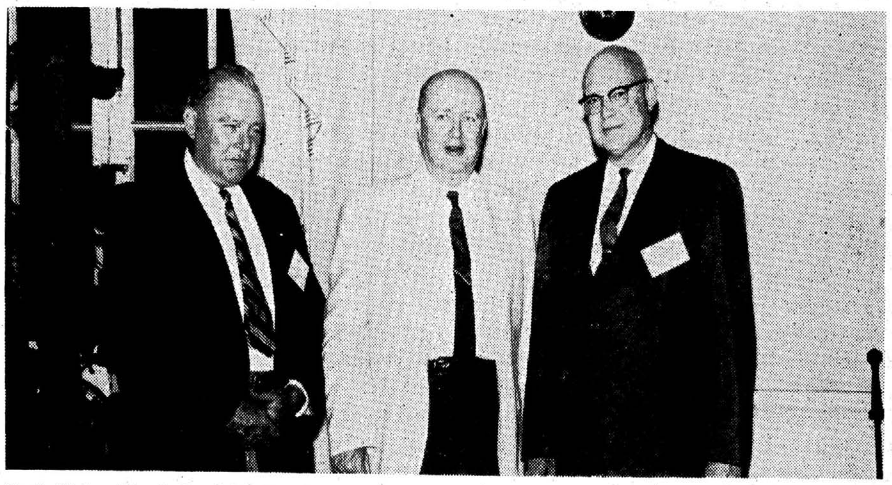


Edward H. Robinson, *Schwabacher & Co.;* John H. Cowie, *Moore, Leonard & Lynch*

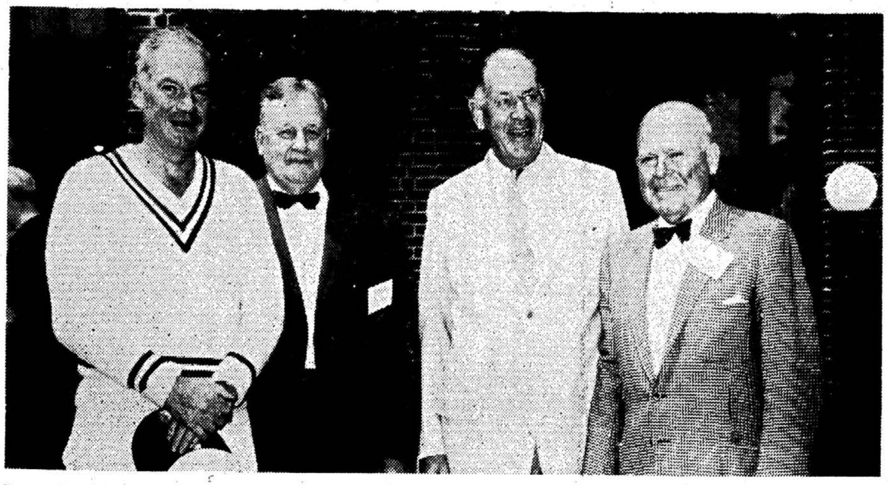


Bill Ferguson, *Northern Trust Company;* William King, *White, Weld & Co.* (Boston); R. A. Morton, *Blue List Publishing Co.*

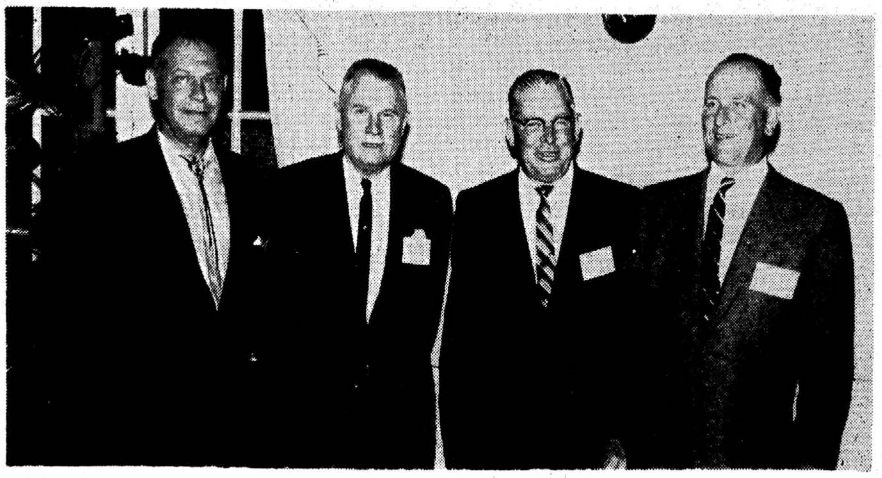
Charles S. Sykes, *Sykes, Galloway & Dikeman;* Archibald N. Galloway, *Sykes, Galloway & Dikeman;* Norton P. Rogers, Jr., *Adams & Hinckley* (Newark, N. J.)



Davis Kales, *Wood, Gundy & Co., Inc.;* Raymond Heiskell, *C. F. Childs and Company;* E. S. Robinson, *Penington, Colket & Co.* (Philadelphia)



Dana Scudder, *First National City Bank of New York;* Wendell R. Erickson, *Stone & Webster Securities Corporation;* Clifton A. Hipkins, *Braun, Bosworth & Co., Inc.;* Harley A. Watson, *Eldredge & Co., Inc.*



Sidney Mohr, *Thornton, Mohr, Farish & Gauntt, Inc.* (Montgomery, Ala.); P. A. Bergquist, *First National Bank of Chicago* (Chicago); Gilbert Hattier, Jr., *Hattier & Sanford* (New Orleans, La.); William D. Byrne, *Phelps, Fenn & Co.*

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 cajole us into granting them this sort of a 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 not grow out of the production process — is inevitably a direct temptation to sellers to raise prices.

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 11 years ago with Schwabacher & Co. and later joined Walter C. Gorey & Co. He organized his own 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 20, 1961, Copley & Co., Colorado Springs, and Pacific Coast Securities Co., San Francisco, publicly offered 120,000 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 916 Broadway, Denver, Colo., was organized on March 8, 1955 and received its Certificate of Authority from the state insurance department to write all forms of casualty insurance, excluding fidelity and surety, under the laws of Colorado. It operates on a non-admitted basis in eight other states and receives approximately 50 of its total business from those states. Capitalization consists of 1,000,000 common shares (par 50 cents), of which 239,250 will be outstanding upon completion of this sale.

Amott, Baker Branch

BROOKLYN, N. Y.—Amott, Baker & Co. Incorporated, members of the New York Stock Exchange, have announced the opening of a branch office at 7321 Fifth Ave.

John R. Fratianni, Jr. and Donald E. Moten are co-managers of the new branch; registered representatives are William R. Bourne, Anne Elizabeth Frawley, Jack J. Hasson, Salvatore A. Scanio and Stanley Yagerman. Kalil Paul Trabulsi is the mutual fund representative.

Phillip C. Fons Opens

(Special to The Financial Chronicle)

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

Some Factors to Consider in Electric Utility Financing

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

Analysis of the percent of market value to book value of 131 electric utilities in May shows: (1) stocks of 45 companies did not sell high enough to offset loss due to price inflation; (2) 28 companies showed a profit to the investor; and (3) 58 companies occupied an intermediate position. Mr. Chutter notes investors' willingness to pay a premium on stock if convinced earnings will increase and advises management on what they should do to earn this confidence and, thus, make equity financing easier. He discusses utilities' lower rates of return on capital compared to industrials; prefers high and stable rates or an improving one to widely fluctuating returns; and details typical, alarming extent to which net plant valuation 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 serve 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 our methods of evaluation improve as the years pass by. We must be objective in our thinking and invest available funds in the best profit factories we know.

F. D. Chutter

M.I.T.'s net assets are 4.6 times what they were a decade ago and on March 2 totaled about $1.7 billion. Our electric utility holdings are almost 5.8 times what they were at the end of 1950 and now total about $218 million, or 12.9% of the portfolio, compared with 10.4% at the close of 1950.

Aside from the rapid growth in these figures, which indicates a growing source of equity 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 Return states, with 25% invested in Original Cost 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 favorably situated 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 listed on lines 1 to 13 in the order of decreasing importance and 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 the fair value-fair return states have increased percentagewise, or remained constant during the past decade. Some of the increases are substantial.

(3) Three original cost states are of great importance to us: New York, Georgia and Louisiana.

(4) Important holdings in 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, by 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 year for which data are available, 1959, with the highest at the top of the list. The 25 states with the best rate of return are on the left half of the table, and the rest are on the right.

Note on line 26 that M.I.T. and the G.S.F. had about $185 million and $41 million, or almost 85% and 98%, respectively, in states in the top half of the list. Of the 15% 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 electrics are low compared with what is available in the industrial category. The median overall rate of return on our electric utility portfolio in 1960 was 6.4%. On the other hand, a distribution chart of the rates of return earned by the 81 industrial companies in the M.I.T. portfolio on March 31, 1961, based on the latest annual reports available on May 1, 1961, shows: The median is 10.9%; the mode is in the 9.0 to 9.9% interval.

The ten industrials earning less than the 6.4% median on the electric utilities represented 6.2% of the market value of the industrials. Most of the issues were in the non-ferrous and steel industries which had a poor year in 1960. I would expect that the number of companies in this category would be reduced either by improved operations or by elimination from the portfolio. Similarly, the median rate of return of our electric portfolio is expected to increase both through improved operations and by security transactions.

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

From our data, it is evident that we give great weight to the prospective overall rate of return. We seek a high and stable return or an improving return. Widely fluctuating rates of return are of great concern to us, suggesting that perhaps managements are not aware of the true significance of this factor and are, therefore, slow to take adequate remedial steps.

I spend a material amount of time visiting public utility commissions, trying to bring to them the viewpoints of the utility investor.

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, particularly with commissions in original cost or low rate of return states. The purpose is to express the current net plant account in terms of current dollars and in no sense of the word does it represent current reproduction costs. Fortunately, it takes only a short time to prepare such a tabulation.

Column A shows the gross plant, excluding adjustment accounts at the end of each year since 1939, and column B is the corresponding depreciation account. Subtracting column B from A results in column C, the net plant. The annual changes in net plant are shown in column D. Column E is the value of the dollar, according to the U. S. Bureau of Labor Statistics, based on the 1947-1949 dollar, while column F shows the data in column E in terms of the 1960 average dollar. Column G values the net plant account on Dec. 31, 1939, and the subsequent annual increments or decrements in terms of the 1960 dollar. Thus, the total of column G represents an approximation of the net plant on Dec. 31, 1960, in terms of the 1960 average dollar.

In this case, such net plant is $1,752 million expressed in 1960 dollars or $446 million in excess of the figure at which such properties are carried on the books of the company. This unrecorded value is equal to $19.25 per share on the present shares outstanding and would bring the adjusted book value to $38.32 per share, or 200.9% of book value.

Using a company located in the central industrial area and again starting with the net plant account at the end of 1939, but repricing the annual increments based on the Handy-Whitman index of total construction costs for an all-steam company, and with 1959 as the year of reference, the unrecorded value of the property totaled $306 million. This amount is equal to $45.25 per share and would bring the adjusted book value to $69.25 per share, or 288.5% of actual book value.

I should like to think that someone in each company, would be delegated to prepare these two sets of figures. If this were done, the results would vary from those presented above, due largely to three factors:

(1) The percentage of net plant on Dec. 31, 1939, to the present plant.

(2) The relative amount of hydro capacity, and,

(3) Related to Item 1, the relative growth of the territory.

Market vs. Book Value

The next step is to compare the market values for electric utilities with their respective book values to see how successful managements have been in creating a real profit for the investor. Table IV is a distribution chart of the percent of market value to book value of the 131 electric utilities in the Bear, Stearns & Co. tabulation for May, 1961. Three figures have been inserted in this tabulation:

(1) At line 10, 200%, which is the percent of book value adjusted for a constant dollar to the actual book value as developed in Table III. This is the area at which the decline in the value of the dollar is offset.

(2) At line 20, 290%, which is the percent of book value adjusted by the Handy-Whitman index to the actual book value. This is the area at which the reconstruction

TABLE I

Comparison of Electric Utility Holdings in Massachusetts Investors Trust Portfolio

Line No.	Fair Value —Fair Return States—	March 2, 1961 Amount	March 2, 1961 Percent	Dec. 31, 1950 Amount	Dec. 31, 1950 Percent	Change in % Points
1	Texas	$30,073,000	13.8%	$1,213,000	3.2%	+10.6%
2	Ohio	28,272,000	13.0	4,846,000	13.0	...
3	*Illinois	27,013,000	12.4	2,828,000	7.5	+ 4.9
4	Florida	26,809,000	12.3	1,168,000	3.1	+ 9.2
5	Pennsylvania	11,880,000	5.5	1,581,000	4.2	+ 1.3
6	Oklahoma	11,656,000	5.4	644,000	1.7	+ 3.7
7	*Alabama	10,423,000	4.8	581,000	1.5	+ 3.3
8	*Kansas (a)	5,996,000	2.8	619,000	1.7	+ 1.1
9	*Missouri	5,313,000	2.4	2,885,000	7.7	— 5.3
10	Indiana	3,479,000	1.6	577,000	1.5	+ 0.1
11	*Iowa	......	...	1,425,000	3.8	— 3.8
12	Virginia	2,590,000	1.2	429,000	1.1	+ 0.1
13	Philippines	1,391,000	0.6	186,000	0.5	+ 0.1
14	*Less—Classified as original cost on Dec. 31, 1950	......	...	(8,348,000)	(22.2)	
15	Total	$164,902,000	75.8%	$10,634,000	28.3%	
	Original Cost States—					
16	New York	$13,797,000	6.3%	$6,256,000	16.7%	—10.4%
17	California	......	...	3,288,000	8.8	— 8.8
18	Georgia	11,362,000	5.2	633,000	1.7	+ 3.5
19	Wisconsin	......	...	1,274,000	3.4	— 3.4
20	Louisiana	10,386,000	4.8	1,251,000	3.3	+ 1.5
21	New Jersey	4,979,000	2.3	2,063,000	5.5	— 3.2
22	West Virginia	4,329,000	2.0	718,000	1.9	+ 0.1
23	Arkansas	3,427,000	1.6	834,000	2.2	— 0.6
24	Mississippi	3,390,000	1.6	527,000	1.4	+ 0.2
25	Kentucky	510,000	0.2	84,000	0.2	...
26	Tennessee	378,000	0.1	63,000	0.2	— 0.1
27	Michigan	265,000	0.1	1,591,000	4.2	— 4.1
28	*Add—Classified FV-FR on March 2, 1961	......	...	8,348,000	22.2	
29	Total	$52,823,000	24.2%	$26,930,000	71.7%	....
30	GRAND TOTAL	$217,725,000	100.0%	$37,564,000	100.0%	

(a) Fair value on basis of recent lower court decision.

TABLE II

Electric Utility Portfolio Holdings by States Weighted Average Rate of Return of Companies Reported in F.P.C. "Statistics of Electric Utilities in U. S., Privately Owned"

No.	State	No. Cos. in 1959	Holdings (Mil.) March 2, 1961 M.I.T.	Holdings (Mil.) March 2, 1961 G.S.F.	% Gross Income to Total Capitalization Including Notes Payable 5-Yr. Avg.	1959	1958	1957	1956	1955
	Total Companies	..	...	...	...	260	257	251	266	272
1	Montana	1	...	...	8.16%	8.29%	8.44%	8.21%	7.86%	7.98%
2	Nevada	4	...	...	6.71	8.02	7.14	6.44	6.36	5.59
3	Alaska	1	...	...	*7.44	7.60	7.28	...	...	...
4	Wyoming	3	...	...	7.03	7.27	7.27	6.65	7.09	6.87
5	South Dakota	3	...	...	6.86	7.22	7.02	6.74	6.74	6.60
6	Texas	12	$30.1	$13.3	7.13	7.13	7.10	7.01	7.33	7.09
7	New Mexico	2	...	...	6.79	7.08	6.87	6.61	6.92	6.49
8	Kentucky	4	0.5	...	6.39	6.89	6.63	5.89	6.23	6.30
9	Florida	5	26.8	12.0	6.73	6.85	6.95	6.75	6.72	6.40
10	Kansas	4	6.0	...	6.35	6.84	6.42	6.22	6.38	5.89
11	Iowa	7	...	...	6.40	6.72	6.21	6.30	6.46	6.30
12	West Virginia	6	4.3	...	6.31	6.61	6.50	6.09	6.05	6.30
13	Minnesota	4	...	...	6.40	6.60	6.27	6.39	6.44	6.30
14	Illinois	9	27.0	...	5.91	6.59	5.96	5.63	5.75	5.63
15	South Carolina	3	...	...	6.45	6.58	6.44	6.19	6.84	6.18
16	Maryland	8	...	...	6.25	6.53	6.01	6.20	6.25	6.26
17	Virginia	4	2.6	...	6.23	6.53	6.38	6.15	6.20	5.87
18	Mississippi	2	3.4	1.1	6.27	6.49	6.32	6.53	6.43	5.56
19	Oklahoma	2	11.6	2.3	6.35	6.45	6.29	6.16	6.53	6.32
20	Georgia	2	11.4	3.9	6.16	6.36	6.33	5.99	6.16	5.93
21	Ohio	9	23.3	...	6.36	6.35	6.02	6.21	6.59	6.63
22	Louisiana	4	10.4	4.6	6.05	6.24	6.01	5.87	6.15	5.97
23	Pennsylvania	18	11.9	...	6.38	6.23	6.22	6.26	6.72	6.45
24	Alabama	1	10.4	3.6	6.19	6.22	6.38	6.18	6.14	6.01
25	North Dakota	2	...	...	5.54	6.17	5.35	5.48	5.46	5.25
26	Subtotal		$184.7	$40.8						
27	Delaware	1	...	...	5.62%	6.11%	5.97%	5.42%	5.42%	5.17%
28	Wisconsin	12	...	...	5.87	6.03	5.58	5.71	5.94	6.10
29	Indiana	7	$3.5	...	5.92	5.97	5.78	5.99	5.95	5.90
30	North Carolina	4	...	...	6.01	5.95	6.29	5.98	5.76	6.09
31	Connecticut	6	...	...	6.01	5.94	6.13	5.93	6.38	5.68
32	Missouri	9	5.3	...	5.93	5.93	5.63	6.11	5.94	6.03
33	District of Columbia	1	...	...	5.65	5.86	5.15	5.75	5.73	5.75
34	Michigan	7	0.2	...	5.66	5.84	5.39	5.50	5.74	5.83
35	Utah	2	...	...	5.74	5.81	5.70	5.85	5.82	5.53
36	Arizona	2	...	...	6.67	5.78	6.33	6.58	7.00	7.64
37	Rhode Island	3	...	...	5.06	5.72	4.73	4.76	4.83	5.27
38	Arkansas	2	3.4	$1.0	5.83	5.69	6.13	6.19	5.26	5.86
39	Oregon	4	...	...	5.92	5.68	5.39	5.71	6.47	6.36
40	Colorado	3	...	...	5.84	5.67	5.81	5.67	6.05	5.99
41	Vermont	4	...	...	5.64	5.67	5.97	5.49	5.39	5.69
42	Hawaii	5	...	...	†5.66	5.66				
43	Massachusetts	24	...	...	5.43	5.60	5.58	5.00	5.44	5.52
44	California	5	...	...	5.32	5.52	5.25	5.00	5.42	5.39
45	New Jersey	5	5.0	...	5.41	5.45	5.23	5.29	5.40	5.66
46	Tennessee	3	0.4	...	4.63	5.44	5.59	3.95	4.18	3.97
47	Maine	6	...	...	5.10	5.36	5.14	4.86	4.94	5.18
48	New York	13	13.8	...	5.00	5.23	5.22	4.68	4.79	5.07
49	New Hampshire	7	...	...	5.11	5.16	5.17	5.27	4.97	4.93
50	Washington	2	...	...	5.83	4.78	4.60	5.73	6.64	7.41
51	Idaho	1	...	...	4.75	4.62	4.14	4.29	5.26	5.45
52	Philippines	..	1.4	...						
53	TOTAL		$217.7	$41.8						

*2 years. †1 year.

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 not selling high enough to offset the loss due to the depreciation of the dollar.

Despite the good utility markets in the last year or two, only 28, or 22%, of the companies show a profit to the investor when compared with the indicated present value of the properties which have been dedicated to public service.

Fifty-eight companies or 44% of the companies occupy an intermediate position.

The future, however, may be better than the past. Some years hence, we will look back on the present and recent past and perhaps call it the "Era of the Growth Stock." Certainly, we have all observed that investors have been willing to pay premiums for the stocks of those companies which investors feel will increase their earnings and dividends fairly consistently in the years ahead.

Differentiates Growth Stocks From Non-Growth Ones

I shall not speak on the subject of when is high too high, but rather on why some electric utilities are considered growth stocks and some are not so regarded. In my opinion, such a differentiation is not warranted. We are not dealing with two distinct distribution curves, one for growth stocks and one for non-growth. Actually, there is but one distribution curve —the difference is one of degree only. All electric utilities have the potential of selling at materially higher prices. Whether they do sell at higher levels or not depends, to a large extent, on the ability of management, and management's understanding of what gives its stock a premium value.

What is it that the investor seeks? He seeks increasing earnings and dividends. He seeks a maximum positive growth factor and a minimum deviation from this trend. When management produces such records for a reasonable period of time, the investor is going to bid that stock up.

By way of illustration: company A is earning $2.00 per share and, on the basis of the record, no earnings growth may be expected. The market for this stock might well be something over $28 per share.

Company B is currently earning $2.00 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 earnings growth of 10¢ per share per year. It is my guess that such a stock will command a market price of more than $46.00. In other words, these figures imply that, in time, the investor will be willing to pay an $18 premium when he is convinced that the earnings will increase 10¢ per share per year indefinitely in the future. In brief, the investor is willing to pay a premium equal to 180 times the assumed annual increase in earnings. The size of this ratio must amaze many, as it does me. Of course, such a high ratio won't be attained overnight and may be materially lower under various conditions. Certainly, this prize is a big enough reward to challenge the best efforts and imagination of managements.

If any management adopts such a goal and sincerely tries to reach it, there will be renewed vigor and excitement in every department — especially if there is a stock option plan.

Guide to a Growth Reputation

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

(1) The importance of an adequate 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 rate structures may be called for. Are the incremental profits on added business improving the rate of return? If not, definite action 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 forecasting 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 before management will demonstrate its ability to bring about the desired earnings trend. But how is this confidence to be transmitted to the investor and to the market place?

Management must come to the decision as to what the annual increase in earnings should be. Then they should select that percentage of the annual increase in earnings which might reasonably be paid out in increased dividends each year. This is the best way I know for management to transfer its enthusiasm and confidence to shareholders. For some reason or other, dividend action is a language which all investors seem to understand perfectly.

When your shareholders say to themselves and to others, "I received an 8¢ increase in dividends from 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 do all the equity financing you need to do, while strengthening, rather than diluting, the interests of the old investor.

*From a prepared statement by Mr. Chutter as part of a panel discussion at the 29th Annual Convention of the Edison Electric Institute, New York City, June 7, 1961.

TABLE III

THE SOUTHERN COMPANY SYSTEM

Value of Net Plant, Dec. 31, 1960, in Terms of 1960 Average Dollar

(In Thousands of Dollars)

Line No.	Dec. 31	(A) Gross Plant Excluding Adjustment Accounts	(B) Deprecia-tion Reserve	(C) Net Plant Excluding Adjustment Accounts	(D) Increase in Net Plant	(E) Value of Dollar of Labor 1947-49 Dollar=$1	(F) U. S. Bureau Statistics 1960 Avge. Dollar=$1	(G) Value of Net Plant in 1960 Dollars
1	1939.....	$343,616	$19,479	$324,137	.....	$1.678	$2.121	$687,495
2	1940.....	346,733	23,273	323,460	($677)	1.670	2.111	(1,429)
3	1941.....	360,174	40,628	319,546	(3,914)	1.591	2.011	(7,871)
4	1942.....	365,337	49,133	316,204	(3,342)	1.435	1.814	(6,062)
5	1943.....	372,315	56,643	315,672	(532)	1.352	1.709	(909)
6	1944.....	381,702	63,850	317,852	2,180	1.330	1.681	3,665
7	1945.....	380,891	66,676	314,215	(3,637)	1.300	1.643	(5,976)
8	1946.....	397,255	71,836	325,419	11,204	1.203	1.521	17,041
9	1947.....	417,578	77,027	340.551	15,132	1.048	1.325	20,050
10	1948.....	458,452	75,073	383,379	42,828	.973	1.230	52,678
11	1949.....	500,384	81,627	418,757	35,378	.982	1.241	43,904
12	1950.....	553,224	87,421	465.803	47,046	.973	1.230	57,867
13	1951.....	639,486	101,441	538,045	72,242	.901	1.139	82,284
14	1952.....	730,203	114,311	615,897	77,852	.881	1.114	86,727
15	1953.....	823,501	128,916	699,585	83,688	.874	1.105	92,475
16	1954.....	891,613	146,046	745,567	45,982	.871	1.101	50,626
17	1955.....	957,133	166,271	790,862	45,295	.873	1.104	50,006
18	1956.....	1,033,891	188,988	844,903	54,041	.861	1.088	58,797
19	1957.....	1,149,710	215,935	933,775	88,872	.833	1.053	93,582
20	1958.....	1,284,289	242,612	1,041,677	107,902	.810	1.024	110,492
21	1959.....	1,452,230	271,387	1,180,843	139,166	.802	1.014	141,114
22	1960.....	1,610,765	304,813	1,305,952	125,109	.791	1.000	125,109
23	Net plant expressed in 1960 dollars							$1,751,665
24	Net plant at original cost							1,305,952
25	Excess value not recorded							$445,713
26	Excess value not recorded, per share							$19.25
27	Book value per share December 31, 1960, pro forma							19.07
28	Book value adjusted to 1960 dollars							$38.32

NOTE: Retroactive adjustments have not been made for purchases and sales of properties.
() Denotes red figure.

TABLE IV

% of Market Value to Book Value 131 Electric Utility Cos. in the Bear, Stearns & Co. Tabulation May 1961

Line No.	% Market to Book	No. of Companies
1	Under 129%	1
2	130-139	4
3	140-149	3
4	150-159	4
5	160-169	10
6	170-179	6
7	180-189	6
8	190-199	11
9	Total	45
10	*200	
11	200-209	9
12	210-219	8
13	†220-229	7
14	230-239	7
15	240-249	8
16	250-259	6
17	260-269	3
18	270-279	5
19	280-289	5
		58
20	‡290	
21	290-299	2
22	300-309	3
23	310-319	
24	320-329	1
25	330-339	4
26	340-349	1
27	350-359	3
28	360-369	2
29	370-379	1
30	Over 380	11
31		28

*The area at which the decline in the value of the dollar is offset. †Median 224.5%. ‡The area at which RCND is recognized.

Chas. Causey Joins Rand Co.

Rand & Co., 1 Wall Street, New York City, has announced that Charles Causey has become associated with their firm. Mr. Causey was formerly with the Chemical Bank New York Trust Company.

With Kalb, Voorhis

Kennard N. Hirsch and Dr. Catherine S. Kadragic have joined Kalb, Voorhis & Co., 27 William Street, New York City, as members of the editorial staff which publishes Kalb, Voorhis' Financial Planning Workbook.

Offer Course on Stock Movements

A course on the "Technical Approach to Stock Movements," geared for the businessman-investor rather than the Wall Street professional, will be offered during the Summer Session, beginning June 26, at the New School for Social Research, 66 West 12th Street, New York City.

Conducted by investment analyst John G. Miller, the course will run for seven weeks, on Monday and Wednesday evenings, from 6 to 7:50 p.m.

The course will emphasize the line charting approach to stock market movements. It will include the mechanics of building charts, use of various indices, analysis of cycles, use of options, and other aspects of market analysis as they apply to both the technical approach and the fundamental 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, or by phoning ORegon 5-2700.

Phila. Secs. Assn. To Hear June 19

PHILADELPHIA, Pa. — William H. Brown, Vice-President and Treasurer of American Viscose Corporation, will be guest speaker at a luncheon meeting of the Philadelphia Securities Association to be held on Monday, June 19, at The Barclay Hotel.

Frederick T. J. Clement of Drexel & Co. is in charge of arrangements.

R. Baruch Branch

BALTIMORE, Md. — R. Baruch and Company has opened 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 a branch office at 2490 Lee Blvd., under the management of Howard L. Rubin.

Present Outlook for Arrival Competitive Atomic Power

Continued from page 1

make this type of natural uranium plant unattractive for use in our high-cost areas.

In England, 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, hence 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 there is 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 reactor than for any other type. However, we have no experience for utilizing this type of reactor for producing power. After many engineering and assorted studies it has been concluded by some 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 would have a capacity of 650 megawatts when operating as a dual-purpose reactor for the production of plutonium and by-product power and 760 megawatts when operated for power only. The estimated cost of the additional electrical plant is $95 million.

By considering that previous monies allocated for building and adapting this plant to power are written off, and by taking advantage of forecast costs for manufacturing U235, and other considerations, such as the possibility of marketing on a long-term basis certain short-term excesses of power now available in the Pacific Northwest, it has been concluded that certain economic benefits would accrue to the government by adding electrical facilities. This plant if built would, in effect, be the largest single atomic electrical generating facility in existence or planned. Although proceeding with this project may in the minds of some people increase our national prestige, I doubt if the experience gained will add much toward achieving our short-range objective of economic power in the high-cost areas of the United States.

In regard to water-cooled and water-moderated atomic plants, the forecast is far more optimistic. In fact, I personally believe that if certain courses of action that are reasonable are followed we can achieve competitive atomic power in the high-cost areas prior to the Atomic Energy Commission objective date of 1968. In the United States, due primarily to our early start on naval objectives, we have acquired a wealth of experience with water reactors. At least two of our leading electrical manufacturers have now reached the point where they are willing to back up their confidence concerning this type of reactor with proposals for turnkey fixed-price plants.

During this discussion I will not try to resolve the relative merits of closed-cycle versus open or dual-cycle plants. In Chicago at the 25th annual convention of the Edison Electric Institute on June 3, 1957, I made the statement[1] that the boiling-water type of reactor and the pressurized-water reactor may very well tend to drift together with advantage being taken of the chief merit of each. I still feel that as time goes on water plants should be considered more as a single type whether closed, open or dual-cycle. Appraisals should be made of the relative merits of components and combined features of a proposed plant, and utilities should select the manufacturer more on the basis of price and performance and confidence in the designer and manufacturer rather than whether or not it is open or closed-cycle or 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 generations as typified by the naval plants, Shippingport and Yankee. The wealth of data accumulated from the construction and operation of these plants provided a firm foundation for the still needed improvements that will allow continued future reductions in power costs. The Indian Point plant being built by Consolidated Edison and the Selni plant being built by Edisonvolta 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 SENA plant at Chooz, France, rated at 259 gross megawatts electrical, and the Southern California Edison plant in the United States rated at 375 gross megawatts electrical. The Southern California Edison plant represents what Westinghouse considers can be done at this time with this type of reactor. The present proposal pending before the Atomic Energy Commission asks the government for financial assistance for research and development and waiver of use charge for fuel for five years. The capital cost for this plant is approximately $78 million.

The Southern California Edison Co. considers that this plant would be economically competitive with conventional plants over its lifetime. If the research and development for this plant is done and construction completed, as it can be, by 1965, the experience derived from it should be an adequate basis for selecting and building plants of this type that are competitive in the high-cost areas. Hence, we can predict that the closed-cycle water reactor can meet the short-range 1968 Atomic Energy Commission objective. In this regard, Westinghouse has extrapolated data to a "fifth generation" plant for 1968 and predicted performance for a 450-megawatt unit competitive with the same size coal-fired plant in the 35c per million Btu area.

In the open, or dual-cycle type of water reactor, porgress is also being made. The state of the accomplishment for this type of plant is represented by the Commonwealth Edison plant at Dresden. Although some difficulties and defects have been encountered in this plant, there is no reason to assume that they cannot be solved. A representative of General Electric has stated that technological progress permits them to design and build 400-megawatt plants for start-up in 1965. The prices given per kilowatt for installed capacity and kilowatt-hour costs would be competitive with coal-fired plants in the 35c per million Btu area. I would hope that arrangements can be made for the timely construction of such a plant by an investor-owned utility, for I am a strong believer that only by building can we really determine what the costs of construction and operation actually are.

Beating AEC's 1968 Target Date

The progress made in water reactors is encouraging. Technological progress is such that we can attain a successful accomplishment of the Atomic Energy Commission short-range objective of competitive atomic power in the high-cost areas on or before the 1968 target date. Whether or not we do attain this objective depends more on administrative and political factors and the support of investor-owned utilities rather than on technical factors. In my opinion the necessary plants can and should be constructed and every support should be given by government and the utility industry to see that they are constructed.

Looking at the long-range picture, I am reasonably optimistic that atomic power will make considerable inroads into the 25c-35c per million Btu or medium-cost fuel areas in the early 1970's. From the standpoint of the atomic power industry this accomplishment would be a real achievement because it would open up about half of the utility market. Looking at a 10-year period from 1970-1980, it is reasonable to assume that 10-20 million kilowatts of power plants of a size of 300 megawatts or over will be built in the high-cost 35c per million Btu area, and 40-60 million kilowatts will be built in the medium-cost 25c-35c per million Btu areas. Certainly if the atomic industry can capture all the large plants in the high-cost area and a part of the large plants in the medium-cost area there would be sufficient market to sustain reasonable development of the art and development of manufacturing techniques. This would represent a happier day for the atomic manufacturing industry.

I have little doubt that from a technical point of view we can attain the progress needed. The best method to attain this progress is more difficult to predict. Certainly in the water reactors we can attain many more improvements by research, development and engineering, and also additional economies can be attained just by increased size alone. Plants from 500-1,000 megawatts using dry and saturated steam, although this horrifies some of our advocates of more efficient steam cycles, appear to be feasible. Likewise, it can be expected that progress will be made in developing atomic superheat. A combination of a large base plant with a separate atomic superheat plant initially may turn out to be most economic. Later integral superheat or some variety of pressure-tube reactor may turn out to be better. Certainly progress will and should be made in these lines of endeavor.

In the gas-cooled types of reactors we should be able to use higher temperatures coupled with enriched and improved fuel to improve the economics. Likewise, progress may be made with the sodium-graphite system, particularly in large sizes, and the organic-moderated. The fast -breeder cycle may turn out to be the best way to utilize plutonium and certainly will have its place ultimately as a way to get the most power out of available supplies of uranium.

Utility Industry's Problem

One of the big problems facing the utility industry is that no one of these reactor types is the obvious or final answer to the most economic power. Care must be taken that the utility industry does not scatter its support too widely. Care must be taken to insure that only the number of projects that the industry can adequately support are undertaken. There should be a follow-through on concepts well along to develop the most information and experience from them rather than jumping too rapidly to the support of promising but little-advanced projects. Also, a greater effort must be made to develop all aspects of the fuel cycle. An integrated power industry must ultimately be able to use plutonium and U233 as well as U235 as a fuel.

I would now like to discuss certain economic, administrative and political factors that may make it easier or more difficult for atomic power to compete with conventional plants. First, we must recognize that atomic power is competing with a moving economic target. No one expects that technical improvement in fossil-fuel plants will cease. We are constantly building larger and larger and more efficient conventional plants.

Moreover, our shipping industries are recognizing that transportation costs must be reduced if fossil fuels are to compete with atomic power in the higher cost areas. The recent drop in price of fossil fuel in the New England area may be attributed in part to the competition of atomic power. In the last three years the price had dropped more than 15%.

Our coal companies are now more alert to the competition offered by the atom and are making every effort not only to hold or to reduce the price on coal but to encourage reduction in freight rates and are also making efforts to develop new ways for transporting coal. The Consolidation Coal Co. has made a pioneering effort in liquefying coal and moving it by pipeline. The commercial line existing for the supply of The Cleveland Electric Illuminating Company has been in operation more than three years. The operating factor for the last two years has been 97%. Consolidation Coal is optimistic at this time that they could build a much larger pipeline for supply of the Atlantic Coast at a considerable saving over normal means of transportation.

They have hopes that they can make economies by increasing the size of the pipeline and by better solution to the de-watering problem prior to use in the power plant. If such a pipeline is installed to the East Coast, transportation costs will be reduced and the competition afforded to atomic power will become greater. Certainly such competition is good for the industry and good for the United States. The important objective in the United States is and should be the most economic power available for each area regardless of technical methods used to achieve it. Likewise, progress is being made in the transmission of electricity at lower costs. All of these developments make it more difficult to predict the exact

1 Full text of this earlier talk by Gen. Nichols appeared in the June 13, 1957, issue of the "Commercial and Financial Chronicle."—Ed.

date that atomic power will be competitive in any given price area, but the trend will be to push relentlessly in toward our good sources of fossil fuel.

Fuel Supply Monopoly

There are also political and administrative factors that may have considerable effect on the actual cost of atomic power. Take, for example, the fuel supply. This is presently a government monopoly. I had the pleasure of representing the Atomic Industrial Forum to make a review of Atomic Energy Commission costs in this area in 1959. Certainly it has been recognized for some time that the price of U235 could be reduced. Practically every factor that went into establishing the price of U235 in 1954 has been improved.

For example, the additional complex of gaseous diffusion plants under construction at the time prices were established in 1954 was estimated to cost approximately $2 billion. Subsequently they were completed with a savings of approximately $600 million. Likewise, there has been a significant decrease in the price of uranium ore. The government encouraged the development of mining and milling uranium and such encouragement necessitated the prices contracted for. However, most of these contracts expire in the relatively near future and the average cost of uranium feed should decrease for the next 10 years and ultimately may stabilize somewhere between $5.00 and $8.00 per pound of U308. Right now you can pick up large quantities of uranium for less than $5.00 per pound of U308 if you desire to buy any.

On May 29 the Atomic Energy Commission announced a price reduction of U235. The new price is based on a U308 price of $8.00 per pound. Subsequent reductions may be in order in the future if the average price of ore continues to decrease. The buy-back price for plutonium for fuel use after 1963 probably will change in the same ratio as U235. Use charge is increased from 4% to 4¾% to represent the increased cost of money since 1954. The net effect of bringing the pricing policy up to date should be beneficial to the industry and result in a net reduction in terms of mills per kilowatt-hour.

Linked to the new price reduction is the question of private versus government ownership of atomic fuel. Some parts of the utility industry and some government representatives have advocated private ownership of atomic fuel, with the view of avoiding government monopoly and decreasing government regulation in the field of atomic power. 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 carried at a rate of, say, 11%, the increased cost would be in the order of 0.3 to 1.0 mill per kilowatt-hour, which would more than eliminate the savings resulting from price reduction in U235. Of course, this disadvantageous effect could be minimized by utilizing some system for gradual transition to private ownership, perhaps by permitting a deferred installment payment somewhat similar to the Euratom Agreement. A suggested method would be to make private ownership or leasing optional for the next 10 years, and after the optional period to require the inventory to be purchased and paid for on an installment basis over the succeeding 10 years.

This deferred installment plan would reduce the increased costs of private ownership to approximately one-quarter of what they would have been without such a transition period. However, the industry should recognize that private ownership of fuel will not eliminate regulation of the atomic industry. It is difficult to foresee a truly free market in U235 and plutonium because the market would of necessity be limited to licensed consumers. Moreover, private ownership of plutonium would create a difficult financial and marketing problem during the period prior to the time experience and demand establish a true fuel value.

Another factor that could have a beneficial effect in the atomic industry would be to permit the toll processing of private uranium in government gaseous diffusion plants. Although the reduction in the price of U235 eliminates much of the former apparent savings of toll processing, at least the acceptance of the principle by the Atomic Energy Commission would be one more step toward the ultimate objective of having as much of the fuel cycle as possible outside the present government monopoly.

A remaining question concerns the difficulty of the industry in predicting future prices for the overall fuel cycle. Take, for example, plutonium. The question of the proper government price for plutonium has been complicated by the difficulty of predicting our military requirements, the difficulty of predicting the true fuel value of plutonium, the desire to avoid influencing technical design by a high weapons price, and also, I am sorry to say, by certain political considerations that are difficult to justify. Perhaps our overall pricing policy would be simplified for the industry and also for the Atomic Energy Commission if we were to continue to forget the seven-year provision for prices and have an annual price redetermination after 1963.

Urges AEC Review Price Program

I would suggest that each January the Atomic Energy Commission would establish a price for U235 for the ensuing fiscal year based on the actual cost of production for the current year. If toll processing is permitted, these toll charges would be established at the same time. Likewise, each January the Atomic Energy Commission would announce the price to be paid for plutonium for fuel and military use for the ensuing fiscal year.

So long and only so long as there is any military requirement, the price for suitable domestic production for military use could be based on the actual current costs of operating the government plutonium plants. Likewise, each January the price for plutonium for fuel use would be established by maintaining the present ratio with the price of U235. This procedure would be continued until such time as there is a better technical basis for establishing the value of plutonium for fuel use.

In regard to supply of U235 for foreign use, bilateral agreements should be as consistent as possible with the domestic arrangements. The only departure suggested is that foreign plutonium be purchased only on the basis of specific quantity commitments agreed to in the bilateral or from time to time and the price be the current fuel price.

Another administrative factor that may determine the rate of progress atomic power makes in becoming competitive is the question of safety and regulation. Certainly all of us want safe atomic plants. However, there are ways to provide safety other than just by isolation. If the trend should continue toward greater isolation rather than toward engineering safety into plants, atomic power may be handicapped in the populated high-load centers where it is most needed. Certainly it is possible to achieve safe atomic plants other than by building plants only in the desert and utilizing long transmission lines. This trend must be resisted by good engineering design and by a vigorous information policy.

In conclusion, I would like to emphasize that real progress is being made in achieving economic atomic power. Specifically, we can achieve atomic power competitive with fossil fuels in the high-cost areas prior 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 early in the 1970s atomic power should be competitive not only in the high cost areas but also in parts of the medium-cost areas of the United States. However, these predictions are based primarily on technical progress and present ground rules for atomic power. Administrative and political decisions may affect this schedule, depending on how decisions are made. Likewise, the attitude of the power industry toward support of this new industry may not only affect the rate of achievement but also the extent and nature of government participation in the program.

*An address by Gen. Nichols before the 29th Annual Convention of the Edison Electric Institute, New York City, June 7, 1961.

Form Industrial Secs.

DENVER, Colo.—Industrial Securities Corporation has been formed with offices in the C. A. Johnson Building to engage in a securities business. Officers are William Hoffer, president; Jack M. Sugarman, vice-president; F. D. Selander, secretary; and E. C. Hoffer, treasurer.

Miller Opens Office

(Special to The Financial Chronicle)

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

Joins Evans MacCormack

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Guy Herring has joined the staff of Evans MacCormack & Co., 453 South Spring Street, members of the Pacific Coast Stock Exchange. Mr. Herring who has been in the investment business for many years was formerly with Dempsey-Tegeler & 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 announcement made by William J. Barrett, President of the Association and President of the Nashua Trust Company. The June meeting is held jointly with 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 President and from the several standing and special committees. A meeting of the New Hampshire members of The American Bankers Association will be conducted by Harlan 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. McIninch, President, Merchants National Bank, Manchester who is completing two terms. Also to be elected are member and alternate member of the A.B.A. Nominating Committee which will convene at the A.B.A. Convention in San Francisco in October. Also to be held will be a meeting of the stockholders of the Federal Reserve Bank of Boston to elect a member of the Stockholders Advisory Committee to succeed Marston Heard, President of the Amoskeag National Bank, Manchester who has served two terms, one as Vice Chairman of the Advisory Committee, in this position.

At the annual business meeting of The New Hampshire Bankers Association officers to be elected are President, First Vice-President, Vice-President, and Treasurer. Speaking to the group at the afternoon session will be the veteran Governor of the Board of Governors of the Federal Reserve System, M. S. Szymczak, who will discuss "Present Day Monetary Policy." Governor Szymczak is leaving the Board this month after many years of service. Commissioner Harrison S. King of the State Banking Department will extend greetings and remarks to the group.

At the Friday evening session, the bankers will hear authorative addresses by Lucien O. Hooper, Economist of W. E. Hutton and Company, New York City who will discuss "Factors in the Present Economic Picture" and Ralph M. Binney, Vice-President of the First National Bank of Boston who has just returned from an extended business trip to the Far East who will discuss "Factors in the Far Eastern Economic Situation."

A full program of entertainment has been planned with special events for the ladies which will feature a special lecture and film on "Holland and the Dutch" and a special tour of some of the old homes of Portsmouth.

A breakfast for the 20 past Presidents of The New Hampshire Bankers Association will be given by the Association on Saturday morning.

Guests expected to attend are Senator and Mrs. Styles Bridges, Senator and Mrs. Norris Cotton, Congressman and Mrs. Chester E. Merrow, representatives of the Federal Reserve, office of the Comptroller of the Currency, Federal Deposit Insurance Corporation and officers of the State Bankers Associations of the several New England states.

Form White Bros.

(Special to The Financial Chronicle)

SAN JOSE, Calif.—White Bros. has been formed with offices at 333 North 26th Street to engage in a securities business. Partners are Theodore J. White and Dorothy H. White.

Grand C. Cluff is also connected with the firm.

Valley Forge Branch

Valley Forge Securities Company, Inc., has opened a branch office at 27 William Street, New York City, under the management of J. William Landenberger, III.

Fallon, Kelly Branch

VAN NUYS, Calif.—Fallon, Kelly & Company, Inc., has opened a branch office at 14401 Sylvan St., under the management of Harold Pelton.

Aiming for the Future and Thwarting Nationalization

Continued from page 3

believed, with various degrees of enthusiasm, that the job of supplying electric power should be a governmental function. They felt it could not be entrusted to investors whose primary incentive was profit. These advocates of government ownership claimed vociferously that the regulatory process could never adequately protect the public interest.

In spite of the continued insistence on this theme by government-power advocates, there is ample evidence that the combination of regulation and competition has done an eminently satisfactory job in protecting the public.

It is also clear that, for the most part, the public is pretty well satisfied with the way the investor-owned public utility industry functions within the framework of existing state and Federal regulation. Let us discuss, for a moment, each of these points.

It seems to me that the most impressive evidence that our present system of regulation has done a good job stems from the fact that the average price of a residential kilowatt - hour has dropped from about 6 cents at the time of Edison's death in 1931, to less than 2½ cents per kilowatt-hour today. During the same period, the cost of living has gone up 96%.

The regulatory agencies have been vigorous in the performance of their duties and, although the ways in which these agencies function vary somewhat from state to state, the end result has been effective.

Unfortunately, not more than a small percentage of our customers realize that there is such a thing as a public utilities commission which is responsible for looking after the interests of the consumer. Furthermore, the small percentage that do know about regulation of utilities frequently have the erroneous idea that it is simply a device for guaranteeing a profit to the company. I am sure you have often heard friends or acquaintances comment that the utilities have it soft because whenever the going gets rough, all we have to do is ask the P. U. C. for higher rates. They fail to understand the purpose of regulation and the way it works. One doesn't have to look beyond the transportation industry to understand that there are forces always at work that cannot be offset by higher rates. These competitive forces can hold down or eliminate profits altogether, regardless of the regulatory climate.

Competitive Consideration

Competition always has, and always will, play a vitally important role in keeping electric rates in line. Much of our business is highly competitive. In order to grow as we have grown, and expect to grow in the future, our rates for electricity must be competitive with other fuels and other means of doing the jobs our customers want to have done.

In some applications it is not difficult for electricity to meet and beat the competition, as for instance in the field of refrigeration. Almost from the first year the electric household refrigerator was introduced, the iceman began to disappear. The electric refrigerator was not only cheaper to operate, but also cleaner, more dependable and immeasurably more convenient. The ability to compete in the domestic refrigeration market, as early as the middle Twenties, resulted in the adding of something of the order of $5 billion to the revenues of investor-owned utilities during the depression decade from 1930 to 1940.

Another major source of revenue from the home is the electric range, but here the competitive situation has been considerably tougher. Cost alone is not the controlling factor in this instance, and there are still many housewives who, for assorted reasons, prefer to use some less-modern fuel than electricity to do the cooking job.

The competition is still tougher in the water heating market. As for electric house heating, there are some real cost hurdles to overcome in this part of the country. Nevertheless, in our little area up in Connecticut, we already have almost 500 complete electric heating customers on our lines. We have learned, in some instances the hard way, that when people want to heat their homes electrically, they are willing to pay for it and we had better be ready and anxious to furnish them the best kind of heating service there is.

Live Better Electrically

The Live Better Electrically Program of national advertising and sales promotion, sponsored by EEI, is itself convincing proof of the keen competition in our business. The 139 EEI member companies which participate in it felt a need for a vigorous national program. These companies, which serve about 70% of the residential and rural customers of all investor-owned companies, are currently contributing over $2½ million a year to the program. In addition, our industry allies — manufacturers, distributors and others—are spending about $8 in support of the program for every $1 contributed by EEI member companies for the LBE Program.

Parenthetically, and as a reminder, when I praise the activities of the LBE Program, I am speaking not only as president of EEI but as president of a combination gas and electric company. I know that every one of our companies has its own sales problems—problems that can only be solved in its own service area. But the LBE Program can help everyone in the industry. In fact, through its national advertisements it helps everyone, whether we ask it to or not.

The program is a good one. It deserves the support of all of us. I hope that companies that are not participating will see fit to help underwrite this program, which is so important to the continued healthy growth of our industry.

What Surveys Show

As to whether or not the public is reasonably satisfied with the job the investor-owned utility industry is doing, I think the answer can be found in public opinion surveys, and also by analyzing election results where the electric utility issue has been involved.

Over the past 18 years, several opinion surveys have been made to find out how we are regarded by the public at large and by various segments of it—for we have come to realize, more and more, that what people know and think about us is vitally important to our progress and even to our survival.

Surveys made for the Electric Companies Advertising Program by Opinion Research Corporation reveal gradually increasing support for investor ownership of the local electric utility companies, as opposed to government ownership. These studies found, in 1943, that 55% of the public favored government ownership, 31% favored investor ownership and 14% had no opinion. Today, the position on ownership has been reversed, with 46% favoring investor ownership, 38% favoring government ownership and 16% holding no opinion. In spite of this favorable trend, we wonder why as large a proportion as 38% should apparently prefer government power.

Opinion Research's just-completed 1961 survey clearly indicates the crux of the matter seems to be understanding, or rather lack of it. The great majority of people like the electric service they have now, but substantial numbers who are actually served by investor-owned companies — 25%—believe they are served by a government agency! And, concurrently, two-thirds of our own customers — 66% — do not know that the Federal Government is in the power business.

Detailed studies of last fall's election results indicate that, even in the Pacific Northwest where there is more conflict between government power and investor-owned power than in any other part of the country, the power issue was of minor importance in the minds of the voters. In this connection the study made by Central Surveys, published January, 1961, says:

"Frequently the same voters on the same day have cast majorities for candidates for different major offices (Governor and Senator, Senator and Congressman, etc.) although the winning candidates have had directly opposite records or announced opposite views on the electric power issue. In state legislative races, voters in the same county have elected—on the same day—both of two candidates with opposite records or views on the issue."

In another Central Surveys' study, also dated January, 1961, 700 members of rural electric cooperatives in Indiana were interviewed with some very interesting results. For instance:

Only 12% selected rural electrification as an issue from a list of eight domestic issues—and it was tied for last place.

80% had no opinion as to which candidates for Congress took the best stand on rural electrification.

49% had no opinion as to whether rural electric co-ops pay the same taxes as investor-owned companies and 27% said that they do. Only 24% correctly said that they do not.

64% said that rural electric co-ops should pay the same taxes as investor - owned companies and 23% had no opinion. Only 13% said they shouldn't.

71% said they had never heard of the National Rural Electric Cooperative Association, and 87% said they had never heard of Clyde Ellis in connection with rural electrification.

These surveys and many others that have been made throughout the country indicate that the public takes its electric service pretty much for granted. In other words, apathy runs riot. The only logical conclusion is that our customers recognize that they are getting good service at reasonable rates. Beyond that, they have more important things to worry about, such as Cuba, Laos, the space race —or the latest one-cent increase in the price of a quart of milk.

The Two-Foot "Yardstick"

It has been the contention of the proponents of government power that, because of the monopolistic nature of the business of electricity supply, there should be areas where the government itself was in the business of supplying power so that there could be a yardstick against which to measure the reasonableness of rates. The TVA used this excuse as its justification for the rapid expansion of its power business and similar ideas are expressed in connection with other Federal government, state and municipal power operations. I personally have no quarrel with the yardstick concept, provided the yardstick which is to be used to measure the adequacy of our performance is actually 36 inches long.

At the time the yardstick idea was originated, taxes, which constitute the major differential between investor-owned and government-owned power operations, were a relatively minor consideration compared to their present levels and consequently there was not too much distortion in the length of the yardstick. Today, however, local, state and Federal taxes are taking a 24% bite out of our total revenues, as compared with a nominal and very gratuitous bite of about 3½% out of the revenues of government utilities. Taxes also play an important part in the cost of money because of the tax-free nature of municipal bonds. All in all, the effect of utilizing government credit and the freedom from taxes makes the government yardstick by which our operations are being judged about a foot short.

In other words, if a rate of 3c a kilowatt-hour were proper for investor - owned electricity, then the comparable rate, all other things being equal for government power, would be about 2c per kilowatt-hour—the difference being due to freedom from taxes and the ability to lean on government credit. This relationship is borne out by an exhaustive study of TVA operations made by the staff of the Edison Electric Institute. This study indicates that, after making suitable adjustments so as to equate TVA and the municipalities which it serves to an investor-owned power system, it would be necessary to increase the TVA rates by some 46%, which would put them on a par with those of investor-owned companies in the area.

A Remarkable Growth Record

In spite of the handicap of having to compete with subsidized government power, the investor-owned utility industry has had a remarkable record of growth. Through good times and bad, new uses for electricity in the home, in our commercial establishments and in industry have resulted in new sales records year after year. It is now one of America's largest industries with assets of over $50 billion and an annual rate of expenditure for new equipment and facilities for supplying service amounting to about $3½ billion. This represents about 10% of all business capital expenditures.

Load forecasts indicate that it is reasonable to expect our loads to continue to grow throughout the 1960s at the historic rate which means doubling every 10 years. If these forecasts are to be realized, we have much work to do in a number of different categories. We not only need to aim for the future—we must arm for it.

One of the most important categories we are working in is that of power pooling. Lately, in industry meetings and elsewhere, we have heard a great deal about the extension of pooling, but it is not a new idea by any means. Only the publicity is new. As I have pointed out on several occasions, the growth in our loads has served to spur important technological advances which have resulted in greater efficiency of generation due to the use of higher temperatures and pressures in conventional thermal plants. The availability of larger units has also helped to hold down both initial capital costs and operating costs. In spite of the very sharp increases in labor costs which have occurred since the war, the operating costs per kilowatt of installed capacity in our newer 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 came about very largely through the acquisition of one corporate entity by another, usually by the merger route or by outright purchase. In recent years, however, the pattern has changed and the most practical answer seems to be to work with our neighbors to set up a logical, interconnected, integrated operating area of sufficient size to permit realizing optimum results. This means that, at least with respect to generation and transmission, the system should be planned, built and operated without regard to corporate boundaries and in many instances without regard to political and geographic boundaries as well.

While I am convinced that power pooling is the soundest answer to our growth problems and that we must continue to enlarge our pooling areas in the years ahead in order to take advantage of the potential economies, I don't want to give the impression that power pooling is easy. Getting along with neighbors all the time is never any easy undertaking. Power pooling, however, means that we must make very important decisions involving millions of dollars on a mutually satisfactory basis. For a lot of us who are used to giving orders and having them carried out, effective power pooling has meant a change in our own personal philosophy.

In this connection it might be helpful to draw a parallel between our industry's promotion of power pooling and the efforts of the United Nations to promote better understanding and better working relationships between the nations of the world. Many students of government and many intelligent citizens feel that there will be no real and stable peace until we have learned to accept the idea of world government under world law. The pragmatists, however, say that we are still a long way from giving up our national sovereignty, which is an essential feature to the establishment of a successful world government. In the meantime, therefore, it is essential for us to somehow see to it that the United Nations is successful in keeping the world situation under reasonable control.

To many of the career employees in the various branches of our government, government ownership and operation of this country's electric power system is a fetish and they never lose an opportunity to push in that direction. None of them will publicly state that complete government ownership and operation of all electric power facilities would be the best thing for this country. Most of their public utterances profess the belief that there is room for both government and investor-owned companies in the power business. But all of their efforts are directed toward promoting and expanding the area of government power operations.

Fears Administration's Power Plans

I refer anyone who questions this statement to the article on the front page of *The Wall Street Journal* for Thursday, May 25, 1961, under the heading "Power Switch," by Daniel M. Burnham. In this article Mr. Burnham describes the elaborate plans of the Interior Department which, if carried out, would constitute the highway to complete nationalization of our industry. These plans sound very much like the ideas expressed by Mr. Stephen Raushenbush in the socialist paper. *The New Leader*, for March 5 and 12, 1927, in which he explained the concept of the giant power system that would lead to government control of the power industry and eventually to all essential industries.

I'm going to quote a few of his statements which seem to be pertinent to this discussion. The title of his artcile in the March 12 issue of *The New Leader* is, "A Program of Gradual Socialization of Industry." Speaking of the power industry, he says:

"Here is an industry in which $8 billion are invested already and another billion is added every two years. We have made three attempts at control. We have set up municipal plants. Their status is changing and we should face that fact. Outside of the large cities they can no longer compete in rates and efficiency with the new plants being established by companies having the benefit of the connected load of wide interconnection. That many small municipal plants are selling out to private industry is no unfavorable criticism of the efficiency of public ownership. The technical changes in the industry have made isolated plants built years ago less efficient. We have tried regulation by state commissions. It has gotten out of hand. . . .

"A fourth attempt which I look upon as much more hopeful is the one which seeks to set up through government ownership at Muscle Shoals, at Boulder Dam and on the St. Lawrence yardsticks by which the efficiency of private ownership under regulation may be measured. . . .

"We cannot hope to take over the whole $8 billion industry successfully, even if it were generally thought advisable to do so at the moment. . . . But a scattered series of great generating plants selling their power within 300-mile radiuses might be expected to have a very considerable influence upon the extension of public ownership to the transmission lines and the whole industry. . . .

"Our long-time aim is the abolition of the profit system for private use. Our strategy is to make and take every opportunity to prove that it works. We must force our experts on agriculture, trusts, coal, power, subways, housing, milk, etc., to tell us correctly which the next steps are, and then take them and identify ourselves with their success."

These views of Stephen Raushenbush and others were being promulgated and publicly discussed from 35 to 40 years ago—long before the advent of the New Deal or TVA. I suspect that Mr. Raushenbush is disappointed that his objectives have not been realized long since, but I am sure he is encouraged by the goings-on in the Interior Department today.

Financing Expansion

Another category which is going to need a great deal of attention during the Sixties is financing the continuing expansion of our industry. In the first place, we need to make sure that our present shareholders maintain their confidence in future prosperity of our industry. We also need to be ever on the alert to attract new investors. Many of our more progressive companies have developed impressive programs designed to keep shareholders better informed so as to maintain their continued interest.

With the expansion of the power-pooling concept there are going to be many new problems to be faced in the financing of various sizes and shapes of joint undertakings. We have had some experience in that direction in New England in the setting up and implementing of the Yankee Atomic Electric Company, which is owned by ten of our New England companies in varying percentages, ranging from a maximum of 30% down to a little less than 5% each. I suspect that there will be problems which will involve the state legislatures, regulatory bodies, investment bankers, as well as our own staffs, in new and unique situations which can only be resolved by the exercise of patience, intelligence and ingenuity. This phase of our future operations poses perhaps a greater challenge than the technical and engineering problems.

Factors in the Future

I am sure that we will find no lack of things to keep us busy in the future. There is no sign that the cold war on the government-power front is going to let up. The job of educating our customers, and the public in geenral, on what makes our industry tick—in fact, how our whole economic system functions — is a continuing one. The existence of the Live Better Electrically Program is recognition that we must continue an aggressive selling policy if we hope to obtain our growth objectives.

The establishment of the new EEI Research Division and the fine support it has received from the member companies of EEI indicate that we are not going to be complacent as an industry, but instead will be alert to the possibilities of the new developments which are in the offing — particularly in the area of new means of direct conversion of heat energy to electricity.

Just one more point—with all this work to be done, let's not forget the job which is continually with us of developing manpower capable of carrying on in the years ahead. Addressing myself primarily for the moment to the top executives of the industry, I am sure we realize that most of the work of the future will have to be carried out not by us but by others in our organizations who need our help now in order to reach their full potential later on. To meet the challenge of the future, our companies will need the best talent we can find—for meeting the challenge of the future will require the best efforts, ideas and techniques that that talent can provide.

Today, we are aiming at the targets of tomorrow. Talent, focused by competition and acting under regulation, can find the way to reach those targets—and set new ones of its own.

*An address by Mr. Knapp before the 29th annual convention of the Edison Electric Institute, New York City, June 5, 1961.

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Effective June 1st the firm of Spitzer O'Neil & Co. 120 Broadway, New York City, members of the New York Stock Exchange, has been changed to Spitzer & Co.

Analysis of Political and Economic Climate Ahead

Continued from page 5

buyer, hirer and seller, money lender and possessing the power to make money grants, can subdue thought, expression and criticism. You do not bite the hand that feeds you.

Many companies today find the government to be such an important customer that their officers are subdued into speech-paralysis on key issues affecting the future of our country. Government doesn't have to act or even threaten; its power to damage the enterprise is so great that the mere existence of the power is enough! You just don't offend a good customer.

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

National Government Biggest In Everything

Today the national government is the *biggest* in endless lines — the biggest employer, landlord, landowner, forest owner, grazing landowner, mineral deposit owner; the biggest tenant, debtor, lender, warehouser, auto-fleet operator, publisher, insurance writer, grain owner and storer, power producer; the biggest single buyer of innumerable items; the biggest producer and controller of statistics (a basis of our economic intelligence), biggest mass opinion-maker, biggest deficit operator, biggest depositor in banks, biggest issuer of securities — the list is endless.

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

Many of these activities (plus the effect of controls and intervention) of government compete unfairly with the private effort of the citizen trying to make a living and make the private market work less well, rather than better. Much of this intervention and competition is tainted with immoral and unethical practices or at least with such overtones.

The Post Office, for example, not only accounts for one-half of the rise in the public debt since 1946, but the deficits 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 of Federal power projects. Accounting methods and investment-base allocations hide the facts from the public. A Senator from the Tennessee River Valley in a speech to a Washington area audience told his listeners that the test of the fairness of their electric rates would be the TVA rates. Either he was ignorant of TVA's subsidies and the accounting and statistical facts or he merely traded on the ignorance of his listeners. The Federal Power Commission and the Internal Revenue Service, furthermore, deprive the tax-paying investor-owned utilities of charging as part of their operating costs the expenses involved in setting forth the facts as they see them—another important liberty which has been lost, not to mention the basic question of freedom of speech and of the press.

Even though the average revenue per kilowatt-hour for residential use has dropped from about 3.8 cents in 1940 to under 2.5 cents in 1960, while the Consumer Price Index of the BLS has more than doubled) the electric power industry and its suppliers have political and economic climate problems. Now that anti-trust division of the Department of Justice has announced (according to *The Wall Street Journal*, May 24, page 1) that it wants competition among suppliers but not too vigorous competition! One day later the same paper reported that the Department of the Interior now intends to invade the territory of private tax-paying utilities, a weird way to stimulate private investment and economic growth!

By turning economic affairs over to Congress and Federal bureaus, these affairs are not suddenly embraced by paragons of wisdom or virtue in Washington.

Erosion of the Dollar

Look at such a basic matter as the integrity of the dollar, a peculiarly constitutional government responsibility. People have been encouraged to save and invest in insurance, in mortgages and in government bonds. Since the beginning of World War II, the buying power of the dollar has been cut away by more than half. Government proudly boasts of its bank deposit insurance program, but it never warns the depositor — not even in the fine print—that the dollars deposited may be eroded by loose fiscal and monetary power. What is the moral difference between a bank robber who takes half your money and public policies which leave you with only half of your purchasing power?

What of the wisdom or ethics of the government policies perpetuating agricultural programs which encourage fabulous misallocation of human and other resources, lead to higher prices for the housewife and force the general taxpayer to transfer tax dollars to the farmers via the U. S. Treasury, under the guise of helping the farm poor, *when as a matter of fact* the farm programs damage *them* more than they help them? What kind of economics would advise a compulsory rise in the legal minimum wage at a time when unemployment is a worry? Why should Administration spokesmen concerned with inadequate economic growth urge an OASI (Old Age Survivors Insurance) premium on retirement of men at age 62?

The gross inconsistencies in the economic or political economy philosophy and its egregious contradictions of the current Administration (and the Congress) based clearly on its own stated goals and objectives are tragic and if they continue can lead to dire consequence, at home and abroad. You don't need to take my word for this. Here's what Erwin D. Canham, Editor of the *Christian Science Monitor*, said in an address in Chicago (*Sun-Times*, Chicago, May 20, 1961):

"I do not believe there will be an adequate forward movement of the American economy unless there is a great improvement in what is generally called the business climate.

"Business decision will ultimately determine whether or not we are to move ahead fast enough to discharge our responsibilities and strengthen our role in the free world.

"I do not believe the Kennedy Administration and its advisers have fully understood the importance of these business decisions and the urgent necessity of encouraging them in the forward direction.

"The economic growth we so badly need will not come through social and economic relief measures such as have been primarily presented to Congress this year, nor continuation of the close alliance with labor, nor through piling up of an unbalanced budget, nor through such delusive measures as the tax revisions presented to Congress.

"Economic growth will come, in large part at least, when business has the incentive and ability to save and risk capital in the kind of investment which produces growth."

The Eisenhower Administration long chafed under the 1918 4¼% Congressional price-fixing interest rate ceiling on public debt securities; it refused, deviously, to get around the control, when money markets became tight, by selling the securities at a discount. But the Attorney General last April ruled that such a devious way around the will of Congress is legal — go ahead as needed! (*Time*, May 5, 1961, page 79.)

Government intervention in strike issues is likely to increase. Government intervention, or the intrusion of third-party arbitrators and recommenders of settlement, is virtually always against the consumer (as shown in *Economic Intelligence*, Chamber of Commerce of the U. S. A., February, 1961).

Thus, in one area after another where government has intervened it has brought failure, chaos and inferior moral standards.

Turning more responsibility and decision-making away from the individual and private control and into government hands is said to give us wiser decisions, more ethical practices and a better life for all. This is a great myth; most people seem to be too bemused or too scared to challenge it.

This does *not* imply that private individuals or businesses are above reproach; when they violate economic law and use resources wastefully, the consumer marks them for liquidation. Government activities never have to meet the test of the market. When private business violates statutory law, it should be tried, suffer the penalty when found guilty under due process of law.

The strength and virility of our society depend fundamentally on the character of our people and productivity of our private economic system. Instead of whittling away private decision-making and strangulating private effort, our public policies should encourage more effort, more innovation and more enterprise, relying on competition to pass the gains of productivity on to the people. (How this works in practive is explained in the Appendix of our *Productivity and Wage Settlements*, 50 cents per copy.)

International Relations

In international relations our record and plight have reached a new and frightfully dangerous low. The new Administration promised much and delivered worse than nothing—although one should hasten to add that it inherited a mess from the previous Administrations going back more than 20 years, or at least back to the Yalta agreements of 1945.

With a rising Africa, ripe to fall into the Communist sweep, our domestic desegregation and integration policies could not have been better timed or designed to alienate nearly all of black Africa. Instead of encouraging voluntary desegregation and voluntary integration at the state and local levels, government stupidly has made these national and international problems and placed a liability upon us from which we will not recover for 100 years, if then. The more the national government forces the issue, the more talking points it is likely to provide to Moscow, Peiping and to the countries of Africa and to peoples in lands which we had counted upon as reasonably dependable allies. Central and South America ought to be our first concern, not the Congo, Iran, Laos or South Korea. Our first duty is to keep our own house in order; next we should be concerned with the nearest neighbors. The damage has been done. There is now no facile solution or even resolution to the problem.

After World War II we went emotionally all-out internationalist, having found that our policies of non-foreign entanglements after World War I did not yield the best results. But now we have made military and economic commitments vastly beyond our capacity to deliver — the reverse being the very heart of a sound and viable foreign policy. We have raised the expectations of foreigners and foreign nations which are certain to remain unfulfilled. The Administration, in a process of incompetent self-delusion, is continuing to raise them.

Bismarck and "Gratitude"

Because we are rich, big and strutting, we are the envy — and, therefore, the hated of the world —almost without exception.

In International Relations there are no friendships; there are only interests. Even Bismarck, nearly 100 years ago, said that the word "Gratitude" is not found in the international vocabulary. This our leaders for more than a generation did not know or understand and most of them still don't know it. George Washington understood it.

That the world is in a revolutionary ferment is in need of no documentation. Outside of most of the English-speaking countries and most of Western Europe, authoritarian and totalitarian (there is a difference) governments prevail and will prevail. Considering the conflict between political promises plus rising expectations and ability to deliver, such anti-parliamentary rule (anti-representative or republican government) is likely to continue so far as one can see ahead. Dictatorship sometimes of the Right or the military, but mostly of the Left (or in the name of the Left), with shifts from pole to pole, will dominate in countries with some 90% of the planet's population; but our policy makers seem incapable of distinguishing between those dictatorships which are a direct and imminent threat to us and those which are not.

Once these powerful, popular socio-political-economic movements get under way in a massive form, there is little or nothing that can be done to stop them — *they have to burn themselves out.* This takes not years, but decades and probably generations. None of us like this. It is not a pleasant conclusion, but it seems to be the most probable conclusion for most of the planet. Our government and opinion leaders who helped break up the colonial empires during and after World War II, didn't have the insight to understand that when established institutions, methods and rule are displaced, the vacuums will fill up.

Robert Ruark, in his best-selling *Something of Value*, used this Basuto (African tribe) proverb:

"If a man does away with his traditional way of living and throws away his good customs, he had better first make certain that he has something of value to replace them."

When Dictatorship Is Inevitable

If people are not dedicated to the concepts of the dignity of man, the rule of law, limited government and constitutional stability —values and institutions which we inherited from the English — dictatorship is inevitable. If a people does not understand the key importance of the philosophy of limited government and the dispersal and diffusion of power, and then blindly merges political and economic power (property, investment, production, employment, etc.) into the same and a single government control (that is, create collectivism), society is destined for a loss of human freedom and for authoritarian rule.

Government in the United States is being led down this same road, chiefly by politicians and their henchmen (in government and outside) who are in competition with one another for public office and the emoluments thereof. Our commitments throughout the world, far in excess of our capacity to deliver, will make for bigger and bigger government. The tax burden will grow and grow— unless . . . the new Administration has acquired men of high IQ and educational attainments, but common sense and wisdom are not comparable as a whole.

Trends, as said previously, do have a way of pausing and reversing themselves. At times (only at times) is it possible by conscious, well-planned action to slow down or even reverse a trend. Are the responsible and wise individuals in our country going to allow the country to be ruined and our freedom destroyed? The solutions are not obvious. Will they take the time and effort to establish the necessary seminars, study groups and self-assessment steps and facilities to diagnose the problem and then (only then) tailor the necessary counteractions for the disease?

A people gets the type of leadership it deserves. The U. S. A. helped to enthrone Fidel Castro. Much of the press, particularly the "liberal" press, embraced him with excited emotional exuberance. Ed Sullivan on CBS and Jack Parr on NBC brought him to their TV viewers in a context which raised Castro to the level of a saviour, a demi-god; when "show biz" people get into the occupation of shaping international relations or policy, it is high time that we raise the right questions. It is no accident that the anti-Castro Cubans picketed the premises in May of 1961 of the N. Y. daily newspaper with the slogan "All the news that's fit to print."

The rise of the intelligent, articulate conservative (not reactionary) movements as Young Americans for Freedom on many college campuses, a growing conservative literature (both magazine and books), the development by the Chamber of Commerce of the U. S. A. of economic understanding courses and of courses in practical politics — all these as examples are hopeful signs. But the primary purpose of all these movements should be individual self-improvement. We need not less, but more "talking to ourselves." We cannot in private conversation or on the platform win the argument for human freedom, free men, the free market and the philosophy of limited government with an effective diffusion of power—then we need self-education.

Need Articulate Spokesman

Just as any journey begins with a single step, so the fight for freedom must begin with the individual — for once we become well-informed, articulate and persuasive spokesman, we will become the centers of influence. The most competent golfer, the most eloquent clergyman or the most gifted actor without fanfare or conscious publicity) may naturally draw observers to himself *who are interested in their own self-improvement.* These uncommon men possess influence by virtue of their excellence. Self-improvement is your and my most important duty. Once this is more broadly understood, the adverse tide may weaken and turn, and then our values need not go down the drain. Then our political and economic climate will improve.

Must proponents of political and economic liberty, human liberty and diffused power be vanquished in open debate? If so (which we doubt), either:

(1) the basic principles of freedom are logically inconsistent or ethically indefensible;
(2) they are correct, but so difficult and so subtle, that they cannot be made persuasively in open debate; or
(3) they are defended badly by devotees of freedom.

Anyone familiar with the writings of John Locke, Adam Smith, Edmund Burke, John Stuart Mill, Lord Acton (who were Classical Liberals, not Conservatives) and other notable exponents of liberty would find (1) a false notion. However, (2) may have some validity. To comprehend the basic arguments concerning freedom, one must necessarily have a good grasp of the nature of law, of government and legislation, of economics and our economic system, none of them "easy" subjects. It would seem, then, that if the proponents of freedom are vanquished in open debate, (3) is the main culprit.

In this connection, it is important to emphasize that government and liberty are not mutually exclusive. although legislation which lacks a clear consensus and, more particularly, discriminatory legislation (deviations from the *rule of law*) does in fact abridge human liberty.

Legislation and policies generally which promote competition, increase knowledge of the market, and lead to more effective mobility of resources are not inconsistent with, and they actually improve, the operation of a free economy.

The position of those dedicated to the rule of law and freedom is seriously weakened when they do not stand clearly on the side of more competition in all cases, but this would mean that one's friends and natural allies, on occasion, may be subject to criticism.

This reluctance to give uniform support to the principle of competition in all features of economic life, and the soft-pedalling if not outright denial of a possibly constructive role for government measures within a constitutional framework, has probably contributed to the validity of (3).

If (3), that is, our deficiency in stating and defending the case for freedom is the key culprit, it is obvious that *we must improve ourselves first*, before we tackle those who, wittingly or unwittingly, are paving the way for the total-state. This is the lesson we need to learn and then act upon it. —Based on *Economic Intelligence*, April, 1961.

*An address by Dr. Schmidt before the 29th Annual Convention of the Edison Electric Institute, New York City, June 6, 1961.

THE SECURITY I LIKE BEST...

Continued from page 2

have been forced to see their products sell at substantial discounts. In general, the basic vacuum cleaner sold by the direct selling companies is a higher priced unit than those sold through normal retail outlets. The National Association of Direct Selling Companies estimates that direct selling industry volume has increased at an annual rate of 10% for the past 13 years. Electrolux and Scott & Fetzer are exclusively engaged in direct selling while Hoover is mainly a retail distributor.

There are many advantages of door-to-door selling. First of all, management is in an excellent position to control its salesmen, and more importantly, the price of the product. Another advantage is that salesmen are compensated on a direct commission basis, and the company is not burdened by high fixed sales expenses. In addition, the salesman is motivated by his earnings which are entirely dependent on performance. Another advantage is that normal high costs of distribution are significantly reduced by the exclusion of a middleman and/or middle-middle men. Finally, the most important advantage is the salesman's opportunity once in the home to talk to a captive audience.

The management of Electrolux is convinced its method of direct sales to the consumer is largely responsible for the company's growth in sales and earnings. It is the company's philosophy that only by demonstrating their cleaner in the home and instructing the potential buyer in its proper use can they effectively combat competition. The typical customer probably did not have any notion of purchasing a cleaner when she started her day. However, a call and demonstration in her own home creates the desire for a machine which can perform so many household tasks.

The company's plant in Old Greenwich, Connecticut, has received national engineering recognition for its material handling efficiency. Moreover there is sufficient plant capacity to handle a 40% increase in sales and adequate land is owned to allow for future expansion needs. The company is completely integrated and manufactures all of its own equipment including electric motors. A small nucleus of engineers has done an outstanding job in improving manufacturing techniques as well as designing new features into the product line. Some of the more recent items include floor polishers and scrubbers, wax dispensers, casual sweepers, garment vaults, moth proofers, and a rug cleaning attachment which sells for $50 a unit. The current vacuum cleaner models utilize a self-sealing bag, while the delux machine provides an automatic shut-off when the bag needs to be replaced. This disposable bag which was introduced in 1952 is providing an increasing source of income.

In addition to stepped-up research expenditures the management has recently made some significant internal changes in the administrative, distribution and sales divisions. These changes have not only improved the company's operating results, but have helped facilitate the possibility of one or more acquisitions sometime in the near future. As the record indicates, the present management team has been effective and imaginative, and now the company is in a sound position to expand and diversify its operations.

For investors primarily interested in a security which appears to have very little downside risk and unusually goor prospects for both near and longer term capital appreciation, I suggest they seriously consider purchasing the common stock of Electrolux. The stock is currently quoted around 36 in the Over-the-Counter Market.

With Richard Kohn

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

Mr. Rosenberg is a mutual fund specialist and a member of the New York Mercantile Exchange and National Stock Exchange. He was formerly with Sutro Brothers & Co.

Joins Laird & Co.

Laird & Company, Corporation, 61 Broadway, New York City, members of the New York Stock Exchange, 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 status and earning power of the private utilities.

The Kennedy Administration has made a number of appointments to Washington posts—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 pet 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 blocs 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 wires for distances greater than 200 miles was uneconomical. In intervening years considerable progress has been made in such transmission, especially in Europe. In Pennsylvania a 13-mile experimental line built by General Public Utilities is now transmitting electricity at 470,000 kw. While further progress is necessary, economical long distance transmission is 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 link, Bonneville to California, seems to be to dispose of excess Bonneville power and get that public power agency "out of the red." There would be an ample market for this power in the Pacific Northwest a few years from now, but Washington doesn't want to wait. However, the principal reason put forward in defense of the project is that big blocs of power could be transferred (over the grid wires) from one area to another where different conditions might prevail. Thus, in the area where surplus power was available there might be no market for it at certain hours of the day or night, while in another area a few hundred miles away, a market might exist at these times due to different economic or climactic conditions.

But it seems doubtful whether the Interior Department has worked out any definite figures in support of this argument. It would cost money to move power from one area to another even with the 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 almost universally. Unless a net saving could be effected by transporting the power from one area to another (over the carrying cost of the grid) the latter would be an unwaranted expenditure of public funds. Moreover, the private utilities have already made some progress in interconnecting large hydro developments, and have (somewhat belatedly, it is true) announced their own plans for a western grid.

The "hot bed" of public power politics has always been the Pacific Northwest. But the difficulty with new projects for hydro development in that area is that most of the best sites have now been developed. However, it seems likely that the four private utilities interested in building the High Mountain Sheep project will be disappointed—the Nez Perce site may be substituted, with Federal development. Over a period of five to 10 years Canada is expected to build a series of dams in British Columbia (under an International Agreement signed last year) which would provide a great deal of extra power in Oregon and Washington both for public and private distributors. Moreover, it is proposed to build the world's largest atomic power plant at Hanford, in conjunction with the current construction of a plant to make plutonium for the Defense Department. Thus the private utilities in that area would seem to be stymied somewhat in plans for future expansion, though during the Eisenhower Administration they established a successful partnership policy with the PUDs for developing hydro sites.

There is another means 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 only 2%. Most of them buy their power from investor-owned utilities (who also "wheel" the power up to a connection with the local distributing facilities). Now plans are under way in some parts of the country for "super co-ops" to borrow 2% money and build generating plants as well as heavy transmission wires, thus largely duplicating the private power facilities. With the double advantage of very cheap construction money and no income tax to pay, the co-ops could then easily undersell the private utilities if their generating units were large enough to make cheap power. While they were originally designed to function only in rural areas, it is quite possible that they might seek to sell power to local industries, in which case they might take valuable business away 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 wean some municipalities away from investor-owned utilities with a promise of lower rates. When franchises run out, municipalities could buy or expropriate the distributing facilities of the private companies in their areas.

Investor-owned electric utilities should make every effort to forestall further inroads into their markets by public power agencies of all types. Rather than relying on any form of Washington lobby, their best policy would seem to be to redouble their publicity regarding the achievements of the investor-owned utilities in lowering utility rates year after year despite inflation. The fact that public power is subsidized power, and that someone besides the consumer must pay for it, should also be widely advertised.

Futterman Corp. Stock Offered

Public offering of 1,000,000 shares of the Futtermon Corp. class A stock at $13.125 per share was made June 12 by Van Alstyne, Noel & Co. and associates.

Of the net proceeds, estimated at $11,955,000, the company will use approximately $4,020,000 to acquire, or reimburse its treasury for the cost of acquisition of, 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 580 Fifth Avenue, New York City, is engaged in the real estate investment business. It owns, manages, constructs, acquires, leases, finances and on occasion disposes of real estate properties within and without the United States, as principal or in a joint or representative capacity, including transactions falling within the provisions, of Federal, state and local legislation relating to housing. The company operates in the belief that distinct advantages result from diversification of real estate holdings both geographically and in use and types of occupancy, thereby increasing stability and diminishing the effect of possible adverse economic conditions in any particular geographic or economic area.

At March 31, 1961, the company owned or leased, and in some cases operated, a total of 31 real estate properties or groups of properties, including office buildings, apartment buildings, hotels, motels and industrial buildings in 20 metropolitan areas.

The company has made or declared monthly distribution of 8 cents a share on the class A stock for the months January through June, 1961.

For the year 1960, the Futterman Corp. and its subsidiaries had consolidated income of $6,617,468 and a net loss of $430,920 after depreciation and amortization. Upon completion of the current financing, outstanding capitalization of the company will consist of $36,142,055 of sundry debt; 3,441,368 shares of class A stock and 150,000 shares of class B stock.

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 "loaned up" and can get only temporary relief by borrowing from the Federal Reserve Banks. Competition for a dwindling supply of available loan funds becomes extremely 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 compensating balances, have earned the right to call on the banks for funds—especially at times when the market is "tight." Usually the demand for bank credit at this juncture is aggravated by unsettled conditions in the long-term market which emphasizes the advantages 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. The premiums may look like a waste of money if there is no fire, just as bank balances may seem a needless extravagance unless the value received from 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 public 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 any allowance for bank balances has been made in computing the working capital portion of the rate base.

As a result most utility companies, as a matter of prudent management, have operated with minimum cash, often insufficient to maintain compensatory balances with their banks. In the tight-money periods in 1957 and 1959-60, for example, some public utilities found it difficult to obtain the necessary bank credit to provide for their normal requirements. Forced trips to the capital markets at a time of severe unsettlement were the alternative which in many cases proved to be quite expensive. As we emerge from the current recession there is every reason to believe that we shall again experience periods of tighter money.

Regulatory commissions should take a further look at the real function of compensatory balances. It would be just as impossible for a public utility company to do business efficiently without bank accounts as it would be to operate without generators, transformers or a coal pile. If utility companies had to hire the personnel to perform the service now furnished by their banks or pay for it by fee, it is quite evident that cost of service would go up. It seems illogical that commissions should penalize a utility company by ignoring the cost of compensatory bank balances which, in the final analysis, is pay for services rendered to help make utility operation more efficient.

*An address by Mr. White as part of a panel discussion at the 29th Annual Convention of the Edison Electric Institute, New York City, June 7, 1961.

Dodge Wire Corp. Stock All Sold

Plymouth Securities Corp., New York City, and Varnedoe, Chisholm & Co., Inc., Savannah, Ga., have reported that the recent offering of 75,000 shares of this firm's common stock at $5.25 per share, has been all sold. Net proceeds, estimated at $341,197, will be used by the company to repay debt.

Dodge Wire, whose address is Industrial Blvd., Covington, Ga., produces woven aluminum screen cloth for sale to manufacturers of window and door screens and to hardware and building material wholesalers. For the six months ended March 31, 1961, it had net sales of $658,868 and net profit of $1,543 against $723,451 and $1,600, respectively, for the like 1960 period. Authorized stock consists of 1,000,000 common shares (par $1) of which 246,454 are now outstanding.

To Form Corporation

On June 8th the partnership of Stern, Hoffman & Co., 52 Wall St., New York City, members of the New York Stock Exchange, will be dissolved and a new corporation, Stern, Hoffman & Co., will be formed. Officers will be Richard H. Stern, president; Arthur E. Hoffman, vice-president and treasurer; Herbert Dobuler, vice-president and secretary; and Victoria Levau, vice-president.

Named Director

Arthur L. Carter, general partner in the investment firm of Carter, Berlind, Potoma & Weill, members of the New York Stock Exchange, has been elected to the board of directors of Theil Publications, Inc., publishers of technical manuals, Franklin Square, Long Island, N. Y.

Nat'l Bagasse Products Corp. Securities Sold

An underwriting group managed jointly by S. D. Fuller & Co., New York City, and Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La., made an initial public offering on June 13 of 16,200 units of National Bagasse Products Corp. consisting of $1,620,000 15-year 7% subordinated debentures, 486,000 shares of class A common stock, and 162,000 warrants to purchase 162,000 shares of class A common stock. Each unit, at a selling price of $163.85, consists of one debenture in the principal amount of $100, 30 shares of class A common stock and ten warrants to purchase class A common stock.

Proceeds from the sale of the units will be applied in part to the cost of factory plant and equipment at Vacherie, La. The balance will be used for working capital and for other corporate purposes.

National Bagasse of 821 Gravier St., New Orleans, was organized in October 1959 to manufacture composition board, insulation board and hardboard from bagasse, a fibrous waste material left after extracting the sugar from sugar cane. The company has contracted for its plant site in Vacherie, La., for its production equipment and for an adequate bagasse supply. Initial production at the rate of about 1,000 tons per month is expected by the first quarter of 1962, with rated production of about 1,875 tons per month anticipated by mid-1962. The company has contracted to sell a minimum of 727 tons per month to Georgia-Pacific Corp. and Fiddes-Moore Corp.

Giving effect to the sale of the debentures, common stock and warrants, capitalization of the company as of Jan. 31, 1961 was: $1,620,000 in subordinated debentures; 486,000 shares of class A common stock, par $1; 528,066 shares of class B common stock, no par value; and 320,580 warrants to purchase common stock.

STATE OF TRADE AND INDUSTRY

Continued from page 10

No. 1 heavy melting grade is up $1.17 a gross ton to $38.50.

Steel Production Data for the Week Ended June 10

According to data compiled by the American Iron and Steel Institute, production for week ending June 10, 1961, was 2,042,000 tons (*109.6%), 0.5% under output of 2,052,000 tons (*110.1%) in the week ended June 3.

Production this year through June 10 amounted to 39,183,000 tons (*91.4), or 29.2% below the 55,362,000 tons (*129.2%) in the period through June 11, 1960.

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

	*Index of Ingot Production for Week Ending June 10, 1961
North East Coast	102
Buffalo	108
Pittsburgh	95
Youngstown	100
Cleveland	126
Detroit	138
Chicago	115
Cincinnati	122
St. Louis	119
Southern	111
Western	124
Total industry	109.6

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

Auto Production Climbed to 126,905 Cars for Week Ended June 9

Regaining its late spring pace after an abbreviated Memorial Day week, U. S. passenger car production climbed to 126,905 this week, with the nation's two largest auto makers bringing their assembly paces into a parallel with the same year-ago week, *Ward's Automotive Reports* said.

Industry output was up 48% from 85,645 units produced last week and was equal to 91% of the 139,423 cars turned out in the comparable week of last year as all but one Ford Motor Co. assembly site was in operation.

Truck production rose to 23,832 this week from 16,637 in the previous five-day session and comparing with 25,041 in the 1960 week.

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 deliveries of some make cars exceeded production.

The statistical agency said that General Motors output for the week was the highest it has been for such a period since mid-December of last year although the figure for Ford has been bettered.

Of the 46 assembly plants operated by the five major auto makers, 44 were in operation for the full five-day week. Two, Ford's Lincoln-Thunderbird site at Wixom, Mich., and its Mercury plant at Wayne, Mich., were closed one day only.

Ward's said Ford will close its car and truck 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. 28.8%; Chrysler Corp. 12.4%; American Motors Corp. 7.7%; and Studebaker - Packard 1.3%.

Business Failures Rebound From Holiday Low

Commercial and industrial failures rebounded to 349 in the week ended June 8 from the holiday low of 254 in the preceding week, reported Dun & Bradstreet, Inc. Casualties exceeded considerably the 283 occurring in the similar week a year ago and the 295 in 1959. As well, 25% more businesses succumbed than in pre-war 1939 when the toll was 279.

Failures with liabilities of $100,000 or more climbed from 26 to 45, the highest level in five weeks and noticeably above the 27 of this size last year. Casualties involving losses under $100,000 also rose sharply to 304 from 228 in the previous week and 256 in the similar week of 1960.

The toll among wholesalers more than doubled, rising to 49 from 20, while casualties were half again as heavy as last week in construction, up to 63 from 40, and in commercial service, up to 28 from 18. Milder increases prevailed in manufacturing, where mortality mounted to 50 from 41 and in retailing, up to 159 from 135. More concerns failed than a year ago in all industry and trade groups except manufacturing.

Canadian failures dipped to 44 from 49, but were noticeably higher than last year when 28 were recorded.

Electric Output 6.1% Higher Than in 1960 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 10, was estimated at 15,004,000,000 kwh., according to the Edison Electric Institute. Output was 1,117,000,000 kwh. above that of the previous week's total of 13,887,000,000 kwh. and 857,000,000 kwh., or 6.1% above that of the comparable 1960 week.

Lumber Shipments Were 7.6% Ahead of 1960 Volume

Lumber production in the United States in the week ended June 3, totaled 220,943,000 board feet compared with 226,266,000 board feet in the prior week, according to reports from regional associations. A year ago the figure was 216,708,000 board feet.

Compared with 1960 levels, output climbed 2%, shipments were up 7.6%, and orders rose 6.2%.

Following are the figures in thousands of board feet for the weeks indicated:

	June 3 1961	May 27 1961	June 4 1960
Production	220,943	226,266	216,708
Shipments	221,424	224,565	205,802
Orders	211,281	220,642	199,031

Freight Car Loadings Showed a Decrease of 7.6% Below Corresponding 1960 Week

Loading of revenue freight in the week ended June 3, 1961, which included the Memorial Day Holiday, totaled 531,267 cars, the Association of American Railroads announced.

The loadings represented a decrease of 43,713 cars or 7.6% below the corresponding week in 1960, and a decrease of 149,350 cars or 21.9% below the corresponding week in 1959. The 1960 week also included the Memorial Day Holiday but the 1959 week did not.

There were 11,831 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended May 27, 1961 (which were included in that week's over-all total). This was an increase of 271 cars or 2.3% above the corresponding week of 1960 and an increase of 3,290 cars or 38.5% above the 1959 week.

Cumulative piggyback loadings for the first 21 weeks of 1961 totaled 227,658 for an increase of 6,034 cars or 2.7% above the corresponding period of 1960 and 68,094 cars or 42.7% above the corresponding period in 1959. There were 58 class I U. S. railroad systems originating this type traffic in the current week compared with 53 one year ago and 47 in the corresponding week in 1959.

Intercity Truck Tonnage Was One-half of One Per Cent Below Corresponding 1960 Week

Intercity truck tonnage in the week ended June 3, was one-half of one per cent below the volume in the corresponding week of 1960, the American Trucking Associations, Inc., announced. Truck tonnage was 12.4% behind that of the previous week of this year. This decrease is largely attributable to the Memorial Day holiday which fell on Tuesday of the latest week reported.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Department of Research and Transport Economics. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

The terminal survey for last week showed increased tonnage from a year ago at 19 localities. Fifteen points reflected tonnage decreases from the 1960 level. Salt Lake City terminals, which registered an unusually poor week a year ago, showed a 39.4% gain. Four other terminal cities—Minneapolis - St.Paul, Birmingham, San Francisco, and Denver—had gains in truck tonnage of 10% or more. Detroit terminals with an over-all decrease of 19.7% reported the greatest year-to-year tonnage decline; four other centers had decreases from 11 to 16%.

Compared to the immediately preceding week, all 34 reporting metropolitan areas registered decreased tonnage. Although off from the previous week, relatively favorable results were shown for Oklahoma City and Denver terminals. The magnitude of the week-to-week decreases is consistent with that experienced during similar Memorial Day weeks in previous years.

Wholesale Commodity Price Index Down Fractionally in Latest Week

With lower prices on grains, flour, sugar, hogs, steers and hides offsetting increases on butter, lambs, cotton and rubber, the general wholesale commodity price level slipped fractionally this week from the prior period. On June 12 the Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 269.07 (1930-32=100), compared with 269.46 a week earlier and 272.55 on the corresponding date a year ago.

Wholesale Food Price Index Down Fractionally From Prior Week

After two consecutive increases, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., dipped fractionally this week and was unchanged from a year ago. On June 13 it stood at $5.89, down 0.5% from the $5.92 of the preceding week.

Higher in wholesale cost this week were potates and hogs. On the down side were flour, wheat, corn, rye, oats, barley, hams, sugar, coffee, cottonseed oil, cocoa, eggs and steers.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Retail Trade Fractionally Exceeds Year Ago

Better weather in some areas stimulated consumer buying in the week ended June 14, helping over-all retail trade move up appreciably from the prior week and fractionally from the similar period a year ago. Gains from last year occurred in sales of women's and children's apparel, furniture, new passenger cars and food products, but purchases of most major appliances, linens and floor coverings lagged behind. The call for men's apparel was close to a year ago.

Nationwide Department Store Sales Increased 1% Above The 1960 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended June 3, 1961, showed an increase of 1% for the like period last year. For the week ended May 27, a decline of 1% was reported. The four-week period ended June 3, 1961, sales advanced 6% over last year.

According to the Federal Reserve System, department store sales in New York City for the week ended June 3, sales were 1% above the same period last year. In the preceding week ended May 27, sales showed a 1% decline over the same period last year. For the four weeks ending June 3, a 6% increase was reported above the 1960 period, while from Jan. 1 to June 3 showed a 1% increase over last year's sales.

Real Estate Investment Trust Stock Offered

Public offering of 500,000 shares of beneficial interest of Real Estate Investment Trust of America is being made today (June 15) by an underwriting group headed jointly by Paine, Webber, Jackson & Curtis; Kidder, Peabody & Co., Inc., and Lee Higginson Corp. The stock is priced at $20 a share.

Proceeds from the sale will be invested by the trust in income-producing real estate in the United States. The trust owns real estate in 12 states, much of the property being held under long-term lease. Organized in 1955, the trust acquired in the following year three Massachusetts business trusts, all of which had been in business for over 60 years.

In the six months ended Nov. 30, 1960 the trust had total income of $1,720,000 and net income of $269,000. In the comparable period of 1959, total income was $1,750,000 and net earnings $253,000.

The trust intends to qualify after June 1, 1961 under the Real Estate Investment Trust Act of 1960 which permits real estate investment trusts to be relieved of Federal income tax on ordinary income and of capital gains distributed to shareholders.

Capitalization of the trust as of May 31, 1961, consisted of $6,056,259 of debt and 1,233,196 shares of beneficial interest outstanding, par $1, not including 50,000 shares which the underwriters have the option to purchase.

National Food Marketers, Inc. Stock All Sold

Pursuant to a May 29, 1961 prospectus, Amber, Burnstein & Co., 40 Exchange Place, New York City, publicly offered and sold 100,000 shares of this firm's common stock at $4 per share. Proceeds will be used by the company for the repayment of debt, the purchase of additional equipment, advertising, and working capital.

National Food Marketers of Blue Anchor, Camden County, New Jersey, produces frozen prepared seafood, meat and poultry products which are packaged in ready-to-cook portions for sale to restaurants, schools, hospitals, clubs, hotels and industrial feeding establishments. The company also produces frozen meals for The Brass Rail for in-plant feeding of industrial workers through vending machines. Authorized stock consists of 1,000,000 common shares of which approximately 320,000 are now outstanding.

Godfrey, Hamilton Branch

ALLENTOWN, Pa. — Godfrey, Hamilton, Magnus & Co., Incorporated has opened a branch office at 666 Hanover Ave., under the direction of John Kasenchak.

Form Bayer, Hebert, Wake

CHEYENNE, Wyo.—Bayer, Hebert, Wake & Co., Inc. has been formed with offices at 1710 Central Avenue to engage in a securities business. Harlan Steiner, Jr. is a principal of the firm.

Now Terrio Co.

WASHINGTON, D. C.—The firm name of Thomas G. Terrio Associates, Inc., 1343 H Street, N. W., has been changed to Terrio & Co., Inc.

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. They've been out of favor for more than four years now, although companies like Texaco and a few others have managed to buck the trend toward downgrading 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 shaky 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, the 27-year-old mutual fund that specializes in oil 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. "The dynamic petrochemicals field, with assets of over $5 billion, is already deeply entrenched in everything from plastics to detergents," notes this study, adding that "experts see the petrochemicals industry gaining 200% in one decade from a 1957 sales volume of $4.6 billion to an annual volume of $14 billion by 1967, or 46% of total chemical tonnage and 71% of its dollar value."

Not only does the study make an impressive argument for the future of the oil industry — its backward look is nothing to conceal either. Thus, performance data on Petroleum Shares show the astounding growth of an investment in this specialized fund. An assumed investment of $10,000 in the fund, with all income and profits distributions reinvested, would have grown in a period of little more than 20 years to $163,000.

Anyone who has tucked away in his portfolio the past few years such issues as Standard Oil Co. (New Jersey) and Pure Oil Co., may find a measure of encouragement in the Petroleum Shares study.

Indeed, Jersey Standard is among the top holdings of Petroleum Shares, comprising nearly 5% of the overall investment. Atlantic Refining and Phillips Petroleum, each accounting for over 5%, are the only issues to top it. Other issues which make up more than 4% each include Cities Service, Gulf Oil, Kerr-McGee, Richfield Oil, Socony Mobil, Standard Oil of California, Union Oil of California and the star, Texaco. Pure Oil is down for 1.6%.

While the shares of the oil companies, basic to the economy of this country, may not be able to equal over the next score of years the performance of the past 20, it is a rare investment group or investor who does not retain a sizable stake in petroleum equities.

The fashion-minded financial district once took a dim view of utilities, too. Yet their sustained popularity and consistent growth over the last 16 years are unsurpassed. In these fast-changing times it may even be that the railroads will one day find friends and that textiles will command respect.

As for those who have misgivings about the future of the oil and gas stocks, we commend the study made by Petroleum Shares. Copies are available at investment dealers and the fund's national sponsor, Distributors Group Inc., 80 Pine Street, New York 5.

The Funds Report

Haydock Fund Inc. reports net asset value at the close of its April 30 fiscal year was equal to $29.19 per share. This compares with $24.45 a share at the close of the preceding year.

* * *

Net assets of **Incorporated Income Fund** increased from $99,300,958 to $ 118,816,685 during the year ended April 30, according to the fund's second-quarter report. Per share net asset value increased from $9.01 to $9.72 in the same period.

During the quarter, common stock holdings increased from 66.1 to 67.5% of the portfolio. Net cash was reduced from 1.8% to 1.2% of the portfolio, bonds and notes from 26.5 to 25.9% and preferred stock from 5.6 to 5.4%. New purchases included Ford Motor Co., Pacific Finance, Pure Oil, Union Oil Co. of California, United Artists, United Merchants & Manaufacturers and Worthington Corp.

* * *

Keystone Growth Common Stock Fund S-3 showed a 32.2% gain in net asset value per share for the first six months of the current fiscal year, President S. L. Sholley told 35,888 shareholders in his semi-annual report.

The addition of 10,000 shares of Emerson Electric Manufacturing Co. brought holdings in electric products to 13.8% of the portfolio. Included in this group are four of the fund's largest individual holdings — International Telephone & Telegraph, Philips' Lamp, Litton Industries and Zenith Radio. In the last six months Keystone S-3 took a position in printing and publishing with the acquisition of 7,000 shares of Time Inc., and 18,040 shares of R. R. Donnelley & Sons. In the transportation category, Keystone increased its holdings in United Air Lines Inc.

* * *

An increase of 18.4% in net asset value was recorded by **Lexington Income Trust** in the first six months of its fiscal year, according to its semi-annual report. The increase boosted net asset value to $12.22 a share on April 30 from $10.34 a share six months previously.

The increase reflected for the most part a substantial appreciation in the market prices of the fund's common stock holdings which, at the close of the fiscal period, accounted for 61.9% of assets with the remainder in senior securities, other than 5.7% in cash and governments. John M. Templeton, President, told shareholders that a factor in the appreciation was a change in policy effected early in the fiscal period which permitted the fund to invest in a wider selection of securities. Previously, the fund's common stock purchases had been limited to the American and New York Stock Exchanges.

* * *

Puritan Fund Inc. reports for the third quarter, ended April 30, total net assets of $101,960,911, equal to $8.40 per share. This compares with $76,226,616 and $7.19 a share six months earlier and $72,476,420 in assets and $7.64 per share on April 30, 1960.

During the three months ended April 30, 1961, Puritan additions included American Can, American Motors, Beaunit Mills, Dan River Mills, Halliburton Co., Industrial Rayon, Parker Pen Co. class A and B, Sheller Manufacturing and U. S. Lines.

Over the same span it eliminated Chicago, Rock Island & Pacific Railroad, Continental Baking, Grumman Aircraft Engineering, Interchemical, Seaboard Air Line Railroad and U. S. Plywood.

* * *

Samson Fund Inc., a mutual fund investing in scientific fields, is available to the public for the first time. Organized by a group of scientists who regularly carry on scientific research in universities and industrial laboratories, the fund seeks to analyze companies in depth, from both a technical and financial viewpoint.

Mirek J. Stevenson, President of Samson Fund and active in optical maser research, research into microwave properties of semiconductors and microwave spectroscopy, is one of three physicists founding the fund. Previously privately operated, net asset value per share appreciated 40% in the last 12 months, from $9.74 to $13.64 (as at May 31, 1961) and 110% in the last two years—from $6.49 to $13.64.

The fund stresses investments in companies active in scientific fields. It invests primarily in common stocks of publicly-held companies, but can also purchase securities privately, even before a public market exists in the common stock.

Samson Fund is a companion fund to Samson Convertible Securities & Capital Fund Inc.

* * *

Westminster Fund Inc. announced it has filed a second amendment to its registration statement with the Securities and Exchange Commission increasing the total value of capital stock registered from $100,000,000 to $125,000,000. Westminster Fund was organized to provide investors owning securities with large unrealized profits the opportunity to diversify their holdings without incurring Federal capital gains tax liability by exchanging their securities for shares of the fund.

Kidder, Peabody & Co. Inc. is dealer-manager of the public offering of the shares of Westminster Fund.

Waldorf Auto Leasing, Inc. Stock Offered

Pursuant to a May 19, 1961 offering circular, Martinelli & Co., Inc., First Atlantic Securities Co., and V. K. Osborne & Sons, Inc., all of New York City, publicly offered 100,000 shares of this firm's 10 cent par common stock at $3 per share. Net proceeds, estimated at $227,500, will be used for the purchase of new automobiles, advertising and sales promotion, and working capital.

Waldorf of 1712 East 9th Street, Brooklyn, N. Y., is engaged in the leasing of automobiles to corporations, individuals and members of the professions. It has an authorized capital of 1,000,000 common shares, of which 250,000 will be outstanding on completion of this sale.

OBSERVATIONS...

Continued from page 4

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

* * *

SIGNIFICANT FUND ITEM

The record of Mutual Fund Redemptions, that is cash-ins at asset value by holders, as just up-dated through April, is quite significant.

During the month of April they rose to $117 million, up from only $69 million in April 1960. During the first four months, Jan.-April, of this year they totaled $448 million against $289 million in the corresponding period of 1960. These totals constitute, respectively, 46% and 36% of concurrent sales. Calculated as a percentage of the total average assets (the redemption "pool"), a more realistic formula, the ratio rose to 2.4% this year from 1.9% in 1960.

The National Association of Investment Companies, the "trade association," has, under the aegis of Research Director Harold Oberg, just completed a 17-year period study of redemption behavior. The analysis, based on the ratio of cash-ins to net assets, shows substantial correlation between their fluctuations and Stock Exchange volume and the course of stock prices.

This correlation again indicates the fund holders' desire to transfer into "Hot Stock," or increased confidence in *timing* the market. Both of these urges sabotage the beneficial aims provided by the Fund technique, in the way of long-term and expert management, relieving the inexperienced holder from making portfolio decisions. Instead apparently, the Fund buyer too often makes two series of management decisions: one in choosing a Fund initially, and thereafter in timing the closing-out or switching his Fund shares

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

* * *

FROM OUR MAIL BAG

In our column, "Rockets, Satellites — and Investment Growth," of April 27 last, we maintained that many corporate outlays regarded as spelling expansion and set up as capital assets in accordance with proper accounting procedure, are really *defensive* —at least by the investor—and should be offset against current *income*. "Defensiveness" as thus used by us denotes failure of the outlay to bring in correspondingly increased earnings. We cited the retail business as exemplifying such expenditures' frequent prompting by the need to match the improvements made by competitors and by the customers' changed buying habits. We specifically cited air-conditioning and the opening of surburban stores as at least partly *defensive*.

We further quoted from a discussion with Crawford H. Greenewalt, referred to by our correspondent below, in which the President of that traditionally venerated *growth* institution du Pont, agreed that the current emphasis on research activities, along with *cash flow*, omits their partially *defensive* nature.

These conclusions elicited some disagreement from verbal communicants, including one of the high officials of Federated Department Stores, who insists that air-conditioning and other physical store expenditures do completely bring about profitable growth.

On the other hand, the following approving letter comes from the Executive Vice-President of another leading retail chain.

"Your editorial comment on investment growth represents a quite original viewpoint with which I agree.

"You are quite right when you state that there are many expenditures in a department store's program, which are defensive in nature. Some branch store development is of that sort, but not completely. If it is properly planned, it will add more sales than would be obtained otherwise, although often at the expense of return on over-all investment.

"Mr. Greenewalt's comment seems quite realistic. I see that you have a rather cynical view on much that is said and written on research and growth, and I agree with that."

Inflation or Deflation Ahead?

Continued from page 13

and faster economic growth. We all applaud these objectives provided that they are linked with the goal of general price stability. The fact is, however, that to the extent that expansionary fiscal and monetary policies are employed by the government to achieve and maintain full employment and faster growth, it is inevitable that the problem of combating inflation will return. This is because a tight economy is bound to strengthen the cost-push forces of inflation. It is also the type of economy in which excessive demands are likely to be a problem from the viewpoint of price stability.

I do not mean to suggest that stability of the general price level is inconsistent with the pursuit of full employment and vigorous economic growth. Rather, I strongly believe that general price stability is absolutely essential to sound and sustainable economic growth. The point is that under conditions of full employment and accelerated growth the job of maintaining general price stability becomes exceedingly difficult and requires more timely and better informed Government and private policy actions than we have had in the past.

Conclusions

I have tried to set forth, on one hand, the important reasons for believing that further inflation is not in prospect in the early 1960s, and on the other, some equally important reasons why inflationary pressures may reappear in the next few years. Against the background of this discussion, my own conclusions on whether inflation or deflation lies ahead may be stated briefly as follows:

(1) We can rule out the possibility of any significant and prolonged decline in the general price level in the early 1960s. This is based on the conviction that the currently popular theory of chronic slack will prove to be a total myth, and that the aggregate spending by consumers, business and industry, and all levels of government in the emerging space age, and under continuing conditions of international political tention, will be so great as to assure no real possibility of general deflation. I am tempted to say that with the huge volume of private and public debt which has been built up during the past 15 years any significant general deflation would be politically inconceivable.

(2) I believe that the danger of renewed inflationary pressures in the early 1960's is a real one which must be vigilantly guarded against. The natural forces of general business recovery now beginning to show themselves, plus government fiscal, monetary, housing, and other policies aimed at achieving full employment and faster economic growth, could easily revive the forces of inflation by the second half of 1962. It is significant that inflationary booms are usually traceable to such factors as large Federal deficits and excessive liquidity resulting from policies adopted in business recession but delayed in their impact until the boom phase of the cycle. So far we have seemed to avoid this danger of being too heavy-handed in the recession, thanks to the limitations placed upon expansionary policies by the international balance of payments and gold outflow problem, but it remains to be seen whether we shall continue to have such admirable restraint.

(3) Although I believe the forces of inflation will not be far below the surface in the next few years, I would guess that any rise in the general price level that may occur will be moderate. This opinion is based on the thought that although government policies will be expansionary, they will be limited by the need to meet the discipline of foreign competition. Thus, as I see things, there is little danger of a sharp run-up of the general price level, but there is a danger of the government pursuing expansionary fiscal and monetary policies to the point of provoking a moderate decline in the value of the dollar, say 2% per year. Indeed, there are many economists today who argue that this degree of inflation is justified, if not required, to permit the achieving of full employment and faster growth.

(4) Whether the maintenance of full employment and faster economic growth can be achieved without provoking further inflation depends in large measure on the means employed to achieve these goals. If they are pursued by means of government policies designed to encourage a higher rate of personal and business saving, and a higher rate of private investment spending, and if such policies are accompanied by appropriate monetary policy, I think that there is a good chance to accomplish full employment and a somewhat higher growth rate on a sound, sustainable basis without incurring further inflation.

(5) Finally, the steady rise in the cost of services even in business recessions suggests that, regardless of the movement of the general price level, the services will probably remain a troublesome area of steady price rise in the early 1960's.

*Remarks of Dr. O'Leary before the Fourth Economic Conference of the National Industrial Conference Board, New York City.

Bregman, Cummings Partner

Bregman, Cummings & Co., 4 Albany Street, New York City, members of the New York Stock Exchange, on June 15th will admit Paul E. Oscher to partnership.

Walston Officers

Walston & Co., Inc., 74 Wall St., New York City, members of the New York Stock Exchange, have named Jack Albert, Vincent C. Gubitosi and Norman E. Tracy assistant treasurers.

Forms Crowe Inv. Services

(Special to THE FINANCIAL CHRONICLE)

CASTRO VALLEY, Calif.—Ralph Crowe is engaging in a securities business from offices at 18929 California St. under the firm name of Crowe Investment Services. Mr. Crowe was formerly with Skaife & Co.

Businessman's BOOKSHELF

Airline Traffic and Financial Data—Quarterly Review—Air Transport Association of America, 1000 Connecticut Avenue, N. W., Washington 6, D. C. (paper).

Annual Reports—Survey of Interest in and Reaction to the Annual Reports by Women Stockholders —Graphics Institute, 42 West 39th Street, New York 18, N. Y., $2.50.

Business Cycles and Forecasting —Elmer Clark Bratt—Fifth Edition—Richard D. Irwin, Inc., Homewood, Ill. (cloth).

Canada and the United States: Neighbors in Democracy—Study of the similarities and differences in the democratic governments of Canada and the United States—Distillers Corporation - Seagrams Limited, 1430 Peel Street, Montreal 2, Canada.

Distressed Areas in a Growing Economy—Committee for Economic Development, 711 Fifth Avenue, New York 21, N. Y. (paper), $1.

Efta's Foreign Trade in 1960 — European Free Trade Association, 711 14th Street, N. W., Washington 5, D. C.

Europe at Sixes and Sevens: The Common Market, The Free Trade Association, and the United States —Emile Benoit—Columbia University Press, 2960 Broadway, New York 27, N. Y. (cloth), $5.

Fiduciary Trust Company—Booklet Describing the Background and Objectives of the Fiduciary Trust Company of New York—Fiduciary Trust Company, 1 Wall Street, New York 5, N. Y. (paper).

Freeman, June 1961—Containing articles on Art of Deception; Abundance versus Scarcity; When Businessmen Behave Like Blue Eagles; What Rent Control Does; Price and Exchange Controls; Centralized or Multiple Economies, etc.—Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y., 50c per copy.

Guide to Personal Success in Management — Fred DeArmond — An Outline of a Program Designed to Sharpen Managerial Skills, Develop Working Methods, and Achieve Results — Prentice-Hall, Inc., Englewood Cliffs, N. J., $4.95.

Household Decision-Making — Edited by Nelson N. Foote—New York University Press, Washington Square, New York 3, N. Y. (cloth), $6.50.

How to Get More for Your Money —Sylvia Porter—World Publishing Company, New York, N. Y. (cloth), $3.95.

Ideologies of Taxation — A Study of the Realities of our Tax System — Louis Eisenstein — Ronald Press Company, 15 East 26th Street, New York 10, N. Y. (cloth), $5.

Intercity Truck Tonnage, 1960 — American Trucking Associations, Inc., Washington 6, D. C. (paper).

Investment Companies Fact Book —Describing Operations of Investment Companies and Their Services—National Association of Investment Companies, 61 Broadway, New York 6, N. Y. (paper), 25 cents.

Journal of Political Economy, April, 1961—Containing Articles on Evaluation of Public Services; Financial Development of Japan; Correct Public Prediction and the Stability of Equilibrium; How Income Ought to Be Distributed; etc.—University of Chicago Press, 5750 Ellis Avenue, Chicago 37, Ill.—Subscription, $6 per year; single copies, $1.75.

Long-Term Financing — John F. Childs—Prentice-Hall Inc., Englewood Cliffs, N. J. (cloth), $15.

Neifeld's Manual on Consumer Credit — M. R. Neifeld — Mack Publishing Company, Easton, Pa. (cloth).

Methods of Stating Consumer Finance Charges—Robert W. Johnson—New York State Consumer Finance Association, 233 Broadway, New York 7, N. Y. (paper).

Municipal Industrial Financing—Report of Special Committee to Study Industrial Aid Financing by States and Political Subdivisions —Investment Bankers Association of America, 425 13th Street, N. W., Washington 4, D. C.

New European Market: A Guide for American Businessmen — The Chase Manhattan Bank, New York 15, N. Y.

New Independent Nations — Descriptive Pamphlets Highlighting the People and the Lands—Indonesia, 15 cents; Morocco, 10 cents; Nigeria, 5 cents; Togo, 10 cents—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

New Source of Capital Funds for Small Business—12-page booklet — Midland Capital Corporation, 110 William Street, New York 38, N. Y. (paper).

New Wage and Hour Law—Revised Edition—Bureau of National Affairs, Inc., 1231 24th Street, N. W., Washington 7, D. C., $9.50.

New York State Business Fact Book—1961 Supplement—Updating Data on the State's Economic and Metropolitan Areas, Counties and Major Communities — New York State Department of Commerce, Division of Public Information, 112 State Street, Albany 7, N. Y. (paper).

Patchwork History of Foreign Aid —Lorna Morley and Felix Morley — American Enterprise Association, 1012 Fourteenth Street, N. W., Washington 5, D. C. (paper), $1, (quantity prices on request).

Political Handbook of the World, 1961—Walter H. Mallory, Editor—Council on Foreign Relations, 58 East 68th Street, New York 21, N. Y., $4.50.

Primer of Labor Relations—Bureau of National Affairs, Inc., 1231 24th Street, N. W., Washington 7, D. C., $1.

Tax Exemption of Cooperatives—An Economist's appraisal of a special tax privilege—Robert T. Patterson — University Publishers, Inc., 59 East 54th Street, New York 22, N. Y. (cloth), $5.

Trade Union Democracy in Western Europe — Walter Galenson — University of California Press, Berkeley 4, Calif. (paper), $2.25.

University of Chicago Press: Fall 1961 Catalogue — University of Chicago Press, 5750 Ellis Avenue, Chicago 37, Ill. (paper).

Water & Irrigation: Development and Financing of Farm and Ranch Irrigation Systems — American Bankers Association, 12 East 36th Street, New York 16, N. Y. (paper), $1.

Waterways of the United States: Rivers-Harbors-Lakes-Canals — National Association of River and Harbor Contractors, 15 Park Row, New York 38, N. Y. (cloth).

What Advertising Agencies Are—What They Do and How They Do It—Third Edition—American Association of Advertising Agencies, 420 Lexington Avenue, New York 17, N. Y. (paper), on request.

What Every Businessman Should Know About Profit Sharing — Profit Sharing Research Foundation, 1718 Sherman Avenue, Evanston, Ill. (paper), on request.

Your Bank—A 128-page Textbook —David H. McKinley—Pennsylvania Bankers Association, Box 152, Harrisburg, Pa. (cloth), $1.50 (quantity prices on request).

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (per cent capacity)	June 17	70.0	70.0	68.0	62.3
Equivalent to—					
Steel ingots and castings (net tons)	June 17	2,042,000	2,052,000	1,988,000	1,775,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 2	7,060,710	7,054,410	7,143,310	6,813,360
Crude runs to stills—daily average (bbls.)	June 2	8,360,000	8,049,000	7,878,000	7,961,000
Gasoline output (bbls.)	June 2	29,060,000	29,089,000	27,470,000	28,943,000
Kerosene output (bbls.)	June 2	2,197,000	1,741,000	2,331,000	2,276,000
Distillate fuel oil output (bbls.)	June 2	12,474,000	12,952,000	11,340,000	12,245,000
Residual fuel oil output (bbls.)	June 2	6,524,000	5,922,000	5,788,000	6,229,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 2	210,475,000	210,493,000	216,732,000	209,908,000
Kerosene (bbls.) at	June 2	27,798,000	27,154,000	26,897,000	25,017,000
Distillate fuel oil (bbls.) at	June 2	95,235,000	90,259,000	84,857,000	96,667,000
Residual fuel oil (bbls.) at	June 2	44,779,000	44,039,000	41,715,000	39,733,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 3	531,267	578,767	543,544	574,980
Revenue freight received from connections (no. of cars)	June 3	472,080	495,925	496,408	496,330
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 8	$662,000,000	$399,900,000	$559,700,000	$482,000,000
Private construction	June 8	299,100,000	255,400,000	340,700,000	232,200,000
Public construction	June 8	362,900,000	174,500,000	219,000,000	249,800,000
State and municipal	June 8	243,400,000	138,000,000	173,100,000	187,100,000
Federal	June 8	119,500,000	36,500,000	45,900,000	62,700,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 3	7,650,000	*8,130,000	7,315,000	7,849,000
Pennsylvania anthracite (tons)	June 3	302,000	308,000	321,000	294,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE=100	June 3	132	137	140	131
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 10	15,004,000	13,887,000	14,278,000	14,147,000
FAILURES (COMMERCIAL AND INDUSTRIAL)—DUN & BRADSTREET, INC.	June 8	349	254	368	283
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 6	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	June 6	$66.44	$66.44	$66.44	$66.41
Scrap steel (per gross ton)	June 6	$37.83	$36.83	$36.50	$31.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 7	30.600c	30.600c	29.600c	32.600c
Export refinery at	June 7	29.050c	29.525c	29.175c	29.550c
Lead (New York) at	June 7	11.000c	11.000c	11.000c	12.000c
Lead (St. Louis) at	June 7	10.800c	10.800c	10.800c	11.800c
‡Zinc (delivered) at	June 7	12.000c	12.000c	12.000c	13.500c
Zinc (East St. Louis) at	June 7	11.500c	11.500c	11.500c	13.000c
Aluminum (primary pig, 99.5%) at	June 7	26.000c	26.000c	26.000c	26.000c
Straits tin (New York) at	June 7	112.375c	111.250c	109.375c	101.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 13	87.73	87.25	89.89	86.82
Average corporate	June 13	87.18	87.32	87.86	85.20
Aaa	June 13	91.34	91.62	92.20	89.51
Aa	June 13	89.78	89.64	90.20	87.59
A	June 13	86.38	86.38	87.18	84.81
Baa	June 13	81.90	82.03	82.15	79.25
Railroad Group	June 13	84.68	84.68	85.33	83.15
Public Utilities Group	June 13	88.67	88.67	88.95	85.33
Industrials Group	June 13	88.40	88.67	89.23	86.91
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 13	3.85	3.90	3.59	3.86
Average corporate	June 13	4.62	4.61	4.57	4.77
Aaa	June 13	4.32	4.30	4.26	4.45
Aa	June 13	4.43	4.44	4.40	4.59
A	June 13	4.68	4.68	4.62	4.80
Baa	June 13	5.03	5.02	5.01	5.25
Railroad Group	June 13	4.81	4.81	4.76	4.93
Public Utilities Group	June 13	4.51	4.51	4.49	4.76
Industrials Group	June 13	4.53	4.51	4.47	4.64
MOODY'S COMMODITY INDEX	June 13	368.3	368.9	365.7	376.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 3	317,081	320,360	371,060	327,221
Production (tons)	June 3	300,899	331,806	325,861	289,565
Percentage of activity	June 3	84	93	93	85
Unfilled orders (tons) at end of period	June 3	447,581	432,421	466,293	480,507
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	June 9	113.65	113.46	113.11	110.31
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 19	3,791,030	3,954,200	3,880,930	3,462,440
Short sales	May 19	609,150	656,730	683,320	690,460
Other sales	May 19	3,272,320	3,298,410	3,227,330	2,744,410
Total sales	May 19	3,881,470	3,955,140	3,910,650	3,434,870
Other transactions initiated off the floor—					
Total purchases	May 19	567,530	705,800	557,090	600,680
Short sales	May 19	17,600	64,100	40,000	171,220
Other sales	May 19	556,480	638,360	598,200	511,800
Total sales	May 19	574,080	702,460	638,200	683,020
Other transactions initiated on the floor—					
Total purchases	May 19	1,087,772	1,265,891	1,021,381	1,037,225
Short sales	May 19	104,160	197,210	111,690	183,280
Other sales	May 19	1,158,136	1,215,333	949,816	959,878
Total sales	May 19	1,262,296	1,412,543	1,061,506	1,143,158
Total round-lot transactions for account of members—					
Total purchases	May 19	5,446,332	5,925,891	5,459,401	5,100,345
Short sales	May 19	730,910	918,040	835,010	1,044,960
Other sales	May 19	4,986,936	5,152,103	4,775,346	4,216,088
Total sales	May 19	5,717,846	6,070,143	5,610,356	5,261,048
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	May 19	2,435,224	2,500,321	2,691,386	2,057,726
Dollar value	May 19	$131,955,364	$125,401,172	$139,772,237	$100,648,152
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 19	2,561,919	2,641,642	2,766,569	1,917,146
Customers' short sales	May 19	6,903	11,169	8,207	12,115
Customers' other sales	May 19	2,555,016	2,630,473	2,758,362	1,905,031
Dollar value	May 19	$129,838,352	$125,622,698	$126,504,452	$93,315,084
Round-lot sales by dealers—					
Number of shares—Total sales	May 19	813,570	831,600	830,600	556,360
Short sales	May 19				
Other sales	May 19	813,570	831,600	830,600	556,360
Round-lot purchases by dealers—Number of shares	May 19	650,530	672,100	707,950	663,470
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	May 19	817,550	1,047,280	979,640	1,188,650
Other sales	May 19	24,627,470	25,779,940	24,894,610	19,301,760
Total sales	May 19	25,445,020	26,827,220	25,874,250	20,490,410
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	June 6	119.0	*118.8	119.1	119.6
Farm products	June 6	87.0	86.5	86.9	89.2
Processed foods	June 6	107.8	*107.8	108.4	107.5
Meats	June 6	92.6	92.1	93.6	98.1
All commodities other than farm and foods	June 6	127.9	*127.7	127.8	128.3

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of March:			
Total domestic production (barrels of 42 gallons each)	262,492,000	232,514,000	250,956,000
Domestic crude oil output (barrels)	231,596,000	204,274,000	220,977,000
Natural gasoline output (barrels)	30,883,000	28,225,000	29,956,000
Benzol output (barrels)	13,000	15,000	23,000
Crude oil imports (barrels)	33,276,000	28,768,000	29,292,000
Refined product imports (barrels)	27,877,000	30,117,000	29,966,000
Indicated consumption domestic and export (barrels)	307,291,000	298,622,000	344,746,000
Increase all stocks (barrels)	16,354,000	7,223,000	34,532,000
AMERICAN RAILWAY CAR INSTITUTE—Month of April:			
Orders for new freight cars	2,040	1,796	5,540
New freight cars delivered	2,933	3,874	5,569
Backlog of cars on order and undelivered (end of month)	13,658	15,801	41,003
AMERICAN ZINC INSTITUTE, INC.—Month of May:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	73,632	*72,865	79,216
Shipments (tons of 2,000 pounds)	79,599	*76,733	62,039
Stocks at end of period (tons)	213,054	*219,021	165,038
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of April (Millions of dollars):			
Manufacturing	$53,700	$53,800	$54,800
Wholesale	13,200	13,400	12,900
Retail	25,200	25,000	25,800
Total	$92,100	*$92,200	$93,500
COAL EXPORTS (BUREAU OF MINES)—Month of April:			
U. S. exports of Pennsylvania anthracite (net tons)	11,768	106,911	110,117
To North and Central America (net tons)	10,235	42,949	100,502
To Europe (net tons)	904	60,313	3,421
To South America (net tons)	———	94	509
To Asia (net tons)	629	3,555	5,685
COKE (BUREAU OF MINES)—Month of Apr.:			
Production (net tons)	3,855,386	3,723,875	5,755,718
Oven coke (net tons)	3,787,921	3,653,657	5,653,858
Beehive coke (net tons)	67,465	70,218	101,860
Oven coke stocks at end of month (net tons)	4,726,665	4,696,808	3,752,298
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of April 30:			
Total consumer credit	$53,972	$53,906	$52,353
Instalment credit	41,988	42,058	40,651
Automobile	17,200	17,265	17,170
Other consumer goods	10,585	10,679	10,281
Repairs and modernization loans	2,922	2,922	2,814
Personal loans	11,281	11,192	10,386
Noninstalment credit	11,984	11,848	11,702
Single payment loans	4,402	4,417	4,226
Charge accounts	4,096	4,004	4,245
Service credit	3,486	3,427	3,231
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of April	647,216	795,472	708,200
In consuming establishments as of April 29	2,060,913	1,973,165	1,964,596
In public storage as of April 29	7,284,691	8,272,170	8,655,571
Linters—Consumed month of April	104,444	113,452	109,851
Stocks—April 29	662,571	680,999	628,285
Cotton spindles active as of April 29	17,360,000	17,430,000	17,599,000
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average=100—Month of May:			
Adjusted for seasonal variation	145	*148	141
Without seasonal adjustment	141	*135	139
METAL OUTPUT (BUREAU OF MINES)—Month of March:			
Mine production of recoverable metals in the United States—			
Gold (in fine ounces)	124,041	*113,831	121,778
Silver (in fine ounces)	3,057,218	*2,878,913	2,961,330
Copper (in short tons)	99,783	*88,303	88,931
Lead (in short tons)	23,736	*20,804	25,460
Zinc (in short tons)	42,618	*38,836	42,084
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of May:			
Total number of vehicles	646,764	543,645	730,523
Number of passenger cars	542,866	446,452	612,094
Number of motor trucks	103,443	96,773	118,029
Number of motor coaches	365	420	400
PORTLAND CEMENT (BUREAU OF MINES)—Month of April:			
Production (barrels)	26,463,000	21,851,000	27,015,000
Shipments from mills (barrels)	24,531,000	39,165,000	27,341,000
Stocks at end of month (barrels)	39,948,000	*38,237,000	38,554,000
Capacity used (per cent)	74	59	80
RAILROADS EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of April:			
Total operating revenues	$714,879,960	$761,284,757	$856,291,478
Total operating expenses	584,130,708	611,238,627	652,676,733
Taxes	76,750,965	86,092,308	94,204,791
Net railway operating before charges	22,630,438	32,070,404	82,274,098
Net income after charges (estimated)	4,000,000	14,000,000	62,000,000
TIN—CONSUMPTION OF PRIMARY AND SECONDARY TIN IN THE UNITED STATES (BUREAU OF MINES)—Month of March (in long tons):			
Stocks in beginning of period	31,640	33,115	34,640
Receipts	5,320	4,180	7,200
Supply	36,960	37,295	41,840
Stocks at end of period	30,310	31,640	33,765
Total processed	6,650	5,655	8,075
Intercompany scrap transactions	160	150	200
Consumed in manufacturing	6,490	5,505	7,875
Primary	3,990	3,570	5,190
Secondary	2,500	1,935	2,685
U. S. GOVT. STATUTORY DEBT LIMITATION As of May 31 (000's omitted):			
Total face amount that may be outstanding at any time	$293,000,000	$293,000,000	$295,000,000
Outstanding—			
Total gross public debt	290,145,640	287,987,166	289,366,525
Guaranteed obligations not owned by the Treasury	225,396	219,097	133,449
Total gross public debt and guaranteed obligations	$290,371,037	$288,206,264	$289,499,974
Deduct—Other outstanding public debt obligations not subject to debt limitation	396,445	397,593	406,533
Grand total outstanding	$289,974,591	$287,808,671	$289,093,441
Balance face amount of obligations issuable under above authority	3,025,408	5,191,328	5,906,588
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of May 31	$290,371,037	$288,206,264	$289,499,974
General funds balance	5,161,665	4,033,617	7,510,814
Net debt	$285,209,372	$284,172,647	$281,989,160
Computed annual rate	3.075%	3.091%	3.327%

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

A. T. U. Productions, Inc.
June 1, 1961 ("Reg. A.") 100,000 shares of common stock (par 10 cents). **Price**—$3. **Business**—TV film productions. **Proceeds**—For general corporate purposes. **Office**—130 W. 57th St., New York, N. Y. **Underwriter**—Marshall Co., New York.

Abbey Automation Systems, Inc.
June 6, 1961 filed 100,000 common shares. **Price** — $3. **Business**—The design manufacture and sale of automation equipment for industry. **Proceeds**—For new facilities, sales program, demonstration laboratory and working capital. **Office**—37-05 48th Ave., Long Island City, N. Y. **Underwriter**—John Joshua & Co., Inc., New York.

● **Accesso Corp.**
Jan. 30, 1961 filed 40,000 shares of common stock and 40,000 shares of preferred stock (par $10) to be offered for public sale in units consisting of one share of common and one share of preferred stock. **Price**—$15 per unit. **Business**—The company is engaged in the design, manufacture and sale of fluorescent lighting systems, acoustical tile hangers, metal tiles and other types of acoustical ceiling systems. **Proceeds**—For the repayment of loans and general corporate purposes. **Office** — 3425 Bagley Avenue, Seattle, Wash. **Underwriter**—Ralph B. Leonard & Sons, Inc., New York City (managing).

Acme Missiles & Construction Corp.
Jan. 6, 1961 filed 30,000 outstanding shares of class A common stock. **Price** — To be supplied by amendment. **Business**—The construction and installation of missile launching platforms. **Proceeds**—To selling stockholders. **Office** — 43 North Village Avenue, Rockville Centre, N. Y. **Underwriter**—None.

Action Discount Dollars Corp.
April 14, 1961 (letter of notification) 42,500 units, each unit to consist of one share of common stock (par one cent) and one share of class A stock (par $1). **Price**—$7 per unit. **Business**—The sale and redemption of trading stamps. **Proceeds** — For printing trading stamps, catalogues; advertising and franchise development. **Office**—26 Broadway, New York, N. Y. **Underwriter**—J. B. Coburn Associates, Inc., New York, N. Y. **Offering**—Imminent.

● **A-Drive Auto Leasing System, Inc. (6/19-23)**
Jan. 19, 1961 filed 100,000 shares of class A stock, of which 75,000 are to be offered for public sale by the company and 25,000 shares, being outstanding stock, by the present holders thereof. **Price**—$10 per share. **Business**—The company is engaged in the business of leasing automobiles and trucks for periods of over one year. **Proceeds**—To repay loans; open new offices in Philadelphia, Pa., and New Haven, Conn.; lease and equip a large garage in New York City and lease additional trucks. **Office**—1616 Northern Boulevard, Manhasset, N. Y. **Underwriter**—Hill, Darlington & Grimm, New York City (managing).

Adelphi Electronics, Inc.
May 29, 1961 ("Reg. A.") 100,000 common shares (par 10 cents). **Price**—$3. **Business**—Distributes electronic products. **Proceeds**—To repay a loan, acquire new quarters, for expansion, inventory, and working capital. **Office**—142 Mineola Blvd., Mineola, N. Y. **Underwriter**—H. B. Crandall Co., New York.

Advanced Electronics Corp.
May 31, 1961 ("Reg. A") 150,000 class A shares (par 10 cents). **Price**—$2. **Business**—Designs and manufactures radio telemetry systems, frequency filters and power supplies for the missile, rocket and space programs. **Proceeds**—For research and development, equipment, repayment of loans and working capital. **Office**—2 Commercial St., Hicksville, N. Y. **Underwriter** — Edward Hindley & Co., New York City. **Offering**—Expected in mid-July.

Advanced Investment Management Corp.
Jan. 13,1961 filed 300,000 shares of common stock. **Price**—$3.50 per share. **Business**—The company was organized in October, 1960 to operate an insurance home office service and management company with the related secondary purpose of owning investments in entities engaged in the insurance business. **Proceeds**—The company will use the proceeds estimated at $851,895 as a reserve for the acquisition of interests in life insurance; for furniture and fixtures; for the establishment of a sales organization and for working capital. **Office**—The Rector Building, Little Rock, Ark. **Underwriter**—Advanced Underwriters, Inc., Little Rock, Ark.

● **Advanced Scientific Instruments, Inc.**
May 19, 1961 filed 875,000 shares of common stock. **Price**—$1.15 per share. **Business**—The company was formed in March, 1961 to engage in the development, manufacture, sale and lease of electronic, electro-mechanical and electro-optical equipment. **Proceeds** — For equipment, developmental work and working capital. **Office**—1208 Title Insurance Building, Minneapolis, Minn. **Underwriter**—Naftalin & Co., Minneapolis. **Offering**—Expected in early August.

★ **Affiliated Investment Corp.**
May 29, 1961 filed 400,000 common shares. **Price** — $5. **Business**—The company plans to invest in life insurance concerns. **Proceeds**—For investment. **Office**—1730 K St., N. W., Washington, D. C. **Underwriter**—Affiliated Underwriters, Inc., Washington, D. C.

Air Master Corp.
May 26, 1961 filed 200,000 shares of class A common stock, of which 50,000 shares are to be offered for public sale by the company and 150,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture and sale of aluminum storm windows and doors, and other aluminum products. **Proceeds**—For working capital, and other corporate purposes. **Office**—20th Street, and Allegheny Avenue, Philadelphia, Pa. **Underwriter**—Francis I. du Pont & Co., New York City (managing).

★ **Airmex Land Development Corp.**
June 1, 1961 ("Reg. A") 25,000 class A common shares (par $1). **Price**—$10. **Proceeds**—For purchase of a contract, and working capital. **Address**—Tucson, Ariz. **Underwriter**—None.

Air-Space Devices Inc.
May 4, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For repayment of bank loans, expansion, new equipment, and working capital. **Office**—1024 Burbank Blvd., Burbank, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif.

★ **Alix of Miami, Inc.**
June 8, 1961 filed 100,000 class A common shares, of which 70,000 are to be offered by the company and 30,000 by stockholders. **Price**—$9. **Business**—Manufacturers of women's wear. **Proceeds**—For working capital. **Office**—2700 N. W. 5th Ave., Miami, Fla. **Underwriter**—Clayton Securities Corp., Boston (managing).

● **Allison Business Services, Inc. (6/26-30)**
April 17, 1961 (letter of notification) 100,000 shares of capital stock (par 10 cents). **Price**—$3 per share. **Business**—The supplying of temporary office personnel. **Proceeds**—To purchase assets of Rapid Computing Co., Inc. and for general corporate purposes. **Office**—122 E. 42nd Street, New York, N. Y. **Underwriter**—Hancock Securities Corp., New York, N. Y.

Allstate Bowling Centers, Inc.
May 19, 1961 filed 300,000 shares of capital stock, of which 200,000 shares will be sold for the account of the company and 100,000 shares for All-State Properties, Inc., parent. The stock will be offered for subscription by holders of All-State Properties on the basis of one share for each nine shares held. **Price**—To be supplied by amendment. **Business**—The construction and operation of bowling centers in several states. **Proceeds**—For expansion and working capital. **Office** — 30 Verbena Avenue, Floral Park, N. Y. **Underwriter**—Bear, Stearns & Co., New York City.

Almar Rainwear Corp. (7/3-7)
April 28, 1961 filed 120,000 shares of common stock. **Price** — To be supplied by amendment. **Business** — The manufacture and sale of plastic film raincoats and related items for men, women and children. **Proceeds**—For inventory, taxes, accrued sales commissions and working capital. **Office**—Washington, Ga. **Underwriter**—D. H. Blair & Co., New York City (managing).

Alside, Inc.
May 11, 1961 filed 200,000 outstanding shares of common stock to be offered for public sale by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of aluminum siding and paneling for houses. **Proceeds** — For the selling stockholders. **Office**—3773 Akron-Cleveland Rd., Akron, O. **Underwriter** — Reynolds & Co., Inc., New York City (managing).

Amcrete Corp.
May 4, 1961 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business** — The sale of pre-cast and pre-stressed concrete panels for swimming pools and pumps, filters, ladders, etc. **Proceeds**—For building test pools; advertising, inventory and working capital. **Office**—102 Mamaroneck Avenue, Mamaroneck, N. Y. **Underwriter**—Alexandria Investments & Securities, Inc., Washington, D. C.

American Electronic Laboratories, Inc.
May 26, 1961 filed 10,632 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**—Suplee, Yeatman, Mosley Co., Inc., Philadelphia, Pa.

American Facsimile Corp.
April 28, 1961 (letter of notification) 40,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Business**—The manufacture of facsimile communication equipment. **Proceeds**—For equipment; sales promotion and advertising; research and development, and working capital. **Office**—160 Coit Street, Irvington, N. J. **Underwriter**—Shell Associates, Inc., New York, N. Y.

● **American Finance Co., Inc. (6/26-30)**
April 21, 1961 filed $500,000 of 6% convertible subordinated debentures due 1971; 75,000 shares of common stock, and 25,000 common stock purchase warrants to be offered for public sale in units consisting of one $200 debenture, 30 common shares and 10 warrants. **Price**—$500 per unit. **Business**—The company and its subsidi-

Power Designs Common Offered

Public offering of 500,000 shares of Power Designs Inc., common stock was made June 13 by Pistell, Crow, Inc., New York City. The stock was priced at $2 per share. Proceeds will be used by the company for various corporate purposes, including retirement of an outstanding $100,000 short-term bank loan, expansion of a research and development program and promotion of activities by the company on the Pacific Coast and possible expansion into Canada and Europe.

The company designs, manufactures and sells power supply equipment for the commercial conversion of AC power into controlled voltages and currents necessary for reliable operation of complex electronic equipment. The company was organized in 1952.

For the six months ended Dec. 31, 1961 the company reported income from sales of $909,201 and net income of $80,315. This compared with $667,401 and $56,964, respectively, for the corresponding period of 1959. For the fiscal year ended June 30, 1960 income from sales was $1,431,445 and net income $100,658.

Capitalization as adjusted to give effect to this sale consists of 2,000,000 authorized shares of common stock of which 1,350,000 shares are outstanding.

Mecanair, Inc. Common Offered

Public offering of 60,000 shares of Mecanair, Inc. common stock, at $3 per share, was made June 13 by Old Colony Securities Corp., Stoneham, Mass.

Net proceeds from the sale will be used to increase the productive capacity of the company, to develop a line of electro-magnetic brushless rotary transducers, and to purchase special tools and test equipment. The proceeds may also be used to retire loans outstanding.

Mecanair, Inc., of Sudbury, Mass., designs, develops and constructs mechanical and electromechanical devices. Since its inception, the company has been developing and fabricating industrial equipment designed to solve special problems, as well as for general sale. The company also engages in specialized machine shop work as a sub-contractor.

Upon conclusion of this financing, all of the 400,000 authorized shares of common stock will be outstanding.

In New Location

OMAHA, Neb. — Bridges Investment Counsel opened new offices in the Swanson Building at 8401 West Dodge Road. The firm was organized by Marvin W. Bridges in 1944.

Bridges Investment Counsel provides securities portfolio planning advice and management to individuals, institutions, and trustees for pension and profit sharing funds.

aries are primarily engaged in the automobile sale finance business. One additional subsidiary is a Maryland savings and loan association and two are automobile insurance brokers. **Proceeds**—For the retirement of debentures, and capital funds. **Office** — 1472 Broadway, New York City. **Underwriter**—Lomasney, Loving & Co., New York City.

● American Missiltronics Corp.
June 6, 1961 filed 125,000 shares of class A common. **Price**—$4 per share. **Business**—The issuing firm is a holding company for Jersey Packing Co., and a closed circuit television camera manufacturer. **Proceeds**—For the purchase of equipment, research and development, expansion of the Missiltronics Division, advertising, inventory and working capital. **Office** — 136 Orange St., Newark, N. J. **Underwriter**—T. M. Kirsch & Co., New York City. **Offering**—Expected in early August.

American Mortgage Investment Corp.
April 29, 1960 filed $1,800,000 4% 20-yr. collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark **Underwriter** — Amico, Inc. **Offering** — Expected in late July.

★ American Orbitronics Corp.
June 1, 1961 ("Reg. A") 100,000 common shares (par one cent). **Price**—$3. **Proceeds**—For raw material, machinery, and working capital. **Office**—1730 K St., N. W., Suite 309, Washington, D. C. **Underwriter**—H. P. Black & Co., Washington, D. C.

● American Photocopy Equipment Co. (6/26-30)
May 16, 1961 filed 435,000 shares of common stock, of which 50,000 shares will be offered for the account of the company and 385,000 for certain selling stockholders. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of desk-top photocopy machines, paper and supplies, and binding equipment. **Proceeds**—The company will use its share of the proceeds for general corporate purposes. **Office**—2100 West Dempster St., Evanston, Ill. **Underwriter** — Lehman Brothers, New York City (managing).

American Univend Corp.
May 29, 1961 filed 100,000 common shares. **Price** — By amendment. **Business**—The leasing of vending machines and the sale of merchandise for distribution therein. **Proceeds**—For the repayment of debt, purchase of additional machines, and other corporate purposes. **Office**—120 E. 56th St., New York. **Underwriter**—Robert A. Martin Associates, Inc., New York.

Amity Corp. (6/26-30)
Jan. 17, 1961 filed 88,739 shares of common stock (par $1). **Price**—$3 per share. **Business**—Land development, including the building of an air strip, a marina, and a housing cooperative. This is the issuer's first public financing. **Proceeds**—For general corporate purposes, including $170,000 for construction and $12,000 for debt reduction. **Office**—Equitable Building, Baltimore, Md. **Underwriter**—Karen Securities Corp., New York City.

● Antilles Electronics Corp. (6/26-30)
May 8, 1961 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Address**—San Lorenzo, Puerto Rico. **Underwriter**—Fraser & Co., Inc., Philadelphia, Pa.

Apache Corp.
May 29, 1961 filed $750,000 of participating units in the Apache Canadian Gas & Oil Program 1961 to be offered for public sale in 100 units. **Price**—$7,500 per unit. **Business**—The acquisition, holding, testing, developing and operating of gas and oil leaseholds. **Proceeds**—For general corporate purposes. **Office**—523 Marquette Ave., Minneapolis. **Underwriter**—APA, Inc., Minneapolis. **Offering**—Expected in mid-August.

Apache Corp. (6/26-30)
March 31, 1961 filed 300 units in the Apache Gas and Oil Program 1962. **Price**—$15,000 per unit. **Business**—The acquisition, holding, testing, developing and operating of gas and oil leaseholds. **Proceeds**—For general corporate purposes. **Office**—523 Marquette Ave., Minneapolis, Minn. **Underwriter** — The company and its subsidiary, APA, Inc., will act as underwriters for the Program.

Apache Realty Corp. (7/10-14)
March 31, 1961 filed 1,000 units in the First Apache Realty Program. **Price**—$5,000 per unit. **Business**—The Program plans to engage in the real estate business, with emphasis on the acquisition, development and operation of shopping centers, office buildings and industrial properties. **Proceeds** — For investment. **Office** — 523 Marquette Ave., Minneapolis, Minn. **Underwriter**—Blunt Ellis & Simmons, Chicago (managing).

● Architectural Plastics Corp.
April 20, 1961 (letter of notification) 103,191 shares of common stock (par $1) of which 26,326 shares are to be offered by the company and 76,865 shares by the underwriter. **Price**—$1.25 per share. **Proceeds**—For working capital. **Office**—1355 River Road, Eugene, Ore. **Underwriter**—Zilka, Smither & Co., Inc., Portland, Ore.

● Arcs Industries, Inc. (7/10-14)
May 19, 1961 filed $1,630,000 of 6% convertible subordinated debentures due 1971, to be offered for subscription by common stockholders on the basis of $500 of debentures for each 100 shares held. **Price** — At par. **Business**—The manufacture of electronic, electrical and electro-mechanical devices for use in the missile and computer fields. **Proceeds**—To repay loans, purchase a building, and for working capital. **Office** — 755 Park Avenue, Huntington Station, L. I., N. Y. **Underwriter**—Lomasney, Loving & Co., New York City (managing).

Arizona Color Film Processing Laboratories, Inc.
March 23, 1961 filed 2,100,500 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each share held. **Price**—22 cents per share. **Business**—The processing of black and white and color film. **Proceeds**—To repay loans and for working capital. **Office**—2 North 30th Street, Phoenix, Ariz. **Underwriter**—None.

Arkansas Valley Industries, Inc.
May 12, 1961 filed $1,500,000 of convertible subordinated sinking fund debentures due 1976. **Price**—100% of principal amount. **Business**—The production and sale of chicken feed, hatching chicks and poultry. **Proceeds**—For new facilities, the improvement of marketing improvements, and for working capital. **Office**—Dardenelle, Ark. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo. (managing).

Atlantic Fund for Investment in U. S. Government Securities, Inc.
July 22, 1960, filed 2,000,000 shares of common stock. **Price** — $25 per share. **Business** — A diversified investment company, which will become an open-end company with redeemable shares upon the sale and issuance of the shares being registered. **Proceeds**—For investment in U. S. Government securities. **Office**—50 Broad Street, New York City. **Underwriter**—Capital Counsellors, 50 Broad Street, New York City. **Note**—This company was formerly the Irving Fund for Investment in U. S. Government Securities, Inc. **Offering**—Imminent.

● Audiographic Inc.
Feb. 27, 1961 filed 150,000 shares of common stock. **Price**—$4 per share. **Business**—The manufacture and sale of fire and burglar warning systems. **Proceeds**—To establish subsidiaries, buy equipment to make component parts of warning systems now manufactured by others, reduce indebtedness, add to inventory, and for working capital. **Office**—Bellemore, L. I., N. Y. **Underwriter**—First Broad Street Corp., New York City (managing).

Australia (Commonwealth of) (6/27)
June 2, 1961 filed $25,000,000 of 20-year bonds due July 1, 1981. **Proceeds**—For the Commonwealth's international reserves. The Australian currency equivalent of the proceeds will be applied toward capital works programs now being financed by loans. **Underwriter** — Morgan Stanley & Co., New York (managing).

★ Automated Gift Plan, Inc.
June 12, 1961 ("Reg. A") 100,000 common shares (par 10c). **Price**—$3. **Business**—The manufacture and sale of "Gift Bookards" designed to provide simplified gift giving for business and industry. **Proceeds**—For advertising, sales promotion, repayment of loans, working capital and the establishment of national dealerships. **Office**—80 Park Ave., New York. **Underwriter**—J. Laurence & Co., Inc., New York.

Automated Merchandising Capital Corp.
May 24, 1961 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—A closed-end non-diversified management investment company formed to provide financial assistance to concerns active in the vending industry. **Proceeds** — For investment. **Office**—10 East 40th St., New York City. **Underwriter**—Blair & Co., Inc., New York City (managing).

Automatic Canteen Co. of America (6/30)
May 26, 1961 filed $20,800,000 of convertible subordinated debentures due July 1, 1981 to be offered for subscription by common stockholders on the basis of $100 of debentures for each 32 shares held of record about June 30. **Price**—To be supplied by amendment. **Business**—The development, manufacture, sale and leasing of vending machines. **Proceeds**—For the repayment of debt, the construction of a factory addition at Whippany, N. J., and for other corporate purposes. **Office**—Merchandise Mart, Chicago, Ill. **Underwriter**—Glore, Forgan & Co., New York City (managing).

Automotive Vacuum Control Corp.
March 30, 1961 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For advertising, new products and working capital. **Office**—1007 East Second Street, Wichita, Kan. **Underwriter**—Donald J. Hinkley & Co., Inc., Denver, Colo.

★ Autoscope, Inc.
June 5, 1961 ("Reg. A") 115,000 class A common shares (par 10 cents). **Price**—$2. **Proceeds**—For inventory, and working capital. **Office**—1601-14th St., N. W., Washington, D. C. **Underwriter**—None.

BBM Photocopy Manufacturing Corp.
May 26, 1961 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The assembly and sale of accessory equipment for photocopy machines. **Proceeds**—For acquisition of the Bohn Duplicator Co. a division of Willmor International Corp. **Office**—42 W. 15th St., New York City. **Underwriter**—Shields & Co., New York City (managing).

Bel-Aire Products, Inc.
April 14, 1961 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—For repayment of a loan, new equipment, lease of a plant, and working capital. **Office** — 25970 W. 8 mile Road, Southfield, Mich. **Underwriter** — International Equities Co., Miami, Fla.

Beryllium Manufacturing Corp.
Feb. 27, 1961 filed 105,000 shares of common stock. **Price**—$4.50 per share. **Business** — The fabrication of pure beryllium components and other materials. **Proceeds**—For expansion and inventory, with the balance for work-

Continued on page 50

NEW ISSUE CALENDAR

June 15 (Thursday)
Southern Electric Generating Co. ____ **Bonds**
(Bids 11 a.m. DST) $20,000,000

June 16 (Friday)
Big Boy Properties, Inc. ____ **Common**
(No underwriting) $1,000,000
Cable Carriers, Inc. ____ **Capital**
(No underwriting) 196,109 shares
Chroma-Glo, Inc. ____ **Common**
(Jamieson & Co.) $297,000
Curley Co., Inc. ____ **Common**
(Carter, Berlind, Potoma & Weill) 50,000 shares
Julie Research Laboratories, Inc. ____ **Common**
(C. E. Unterberg, Towbin Co.) $1,000,000
Motor Travel Services, Inc. ____ **Common**
(Bratter & Co. Inc.) $299,000
Stratton Corp. ____ **Debentures**
(Cooley & Co.) $650,000
Tassette, Inc. ____ **Class A**
(Amos Treat & Co., Inc.; Bruno Lenchner, Inc. and Karen Securities Corp.) $2,400,000

June 19 (Monday)
A-Drive Auto Leasing System, Inc. ____ **Class A**
(Hill, Darlington & Grimm) $1,000,000
Brooklyn Union Gas Co. ____ **Bonds**
(Bids 11 a.m. DST) $20,000,000
Capital for Technical Industries, Inc. ____ **Common**
(Dempsey-Tegeler & Co.) $5,000,000
Colorplate Engraving Co. ____ **Common**
(Mineo & Co.) $300,000
Consumers Automatic Vending, Inc. ____ **Common**
(Diran, Norman & Co. and V. S. Wickett & Co. Inc.) $625,000
Diotron, Inc. ____ **Common**
(Royer Securities Co.) $300,000
Dixon Chemical Industries, Inc. ____ **Debentures**
(Offering to stockholders—underwritten by P. W. Brooks & Co., Inc.) $1,500,000
Dixon Chemical & Research, Inc. ____ **Debentures**
(P. W. Brooks & Co., Inc.) $2,900,000
Elgeet Optical Co., Inc. ____ **Common**
(Troster, Singer & Co.) $1,130,000
Equity Capital Co. ____ **Common**
(Paine, Webber, Jackson & Curtis) 100,000 shares
Fox-Stanley Photo Products, Inc. ____ **Common**
(Equitable Securities Corp.) 387,500 shares
G-W. Ameritronics, Inc. ____ **Units**
(Fraser & Co., Inc.) $320,000
Harvey's Stores, Inc. ____ **Class A**
(Maltz, Greenwald & Co.) $1,125,000
Jefferson Counsel Corp. ____ **Class B Common**
(No underwriting) $300,000
Marine & Electronics Manufacturing Inc. ____ **Com.**
(Lecluse & Co.) $300,000
Model Vending, Inc. ____ **Common**
(Milton D. Blauner & Co., Inc.; Hallowell, Sulzberger, Jenks, Kirkland & Co. and M. L. Lee & Co., Inc.) 150,000 shares
New York Trap Rock Corp. ____ **Common**
(Smith, Barney & Co.) 175,000 shares
Permian Corp. ____ **Common**
(Lehman Brothers and Shearson, Hammill & Co.) 285,000 shares
Photronics Corp. ____ **Common**
(Offering to stockholders—underwritten by L. D. Sherman & Co.) 150,000 shares
Renaire Foods, Inc. ____ **Common**
(P. W. Brooks & Co., Inc.) $750,000
Renaire Foods, Inc. ____ **Debentures**
(P. W. Brooks & Co., Inc.) $600,000
Wrather Corp. ____ **Common**
(Lee Higginson Corp.) 350,000 shares
Zurn Industries, Inc. ____ **Common**
(Lee Higginson Corp.) 175,000 shares

June 20 (Tuesday)
Consolidated Edison Co. of New York, Inc. ____ **Bonds**
(Bids 11 a.m. DST) $50,000,000
Eurofund, Inc. ____ **Common**
(Offering to stockholders—underwritten by Glore, Forgan & Co.; Francis I. du Pont & Co. and Shearson, Hammill & Co.) 551,250 shares
Gulf Oil Corp. ____ **Capital**
(First Boston Corp.) 1,670,000 shares
Holiday Sportswear, Inc. ____ **Common**
(George K. Baum & Co.) 86,000 shares
Industrial Control Products, Inc. ____ **Common**
(Edward Hindley & Co.) $495,000

June 21 (Wednesday)
Development Corp. of America ____ **Common**
(Amos Treat & Co. Inc.) $600,000
National Mercantile Corp. ____ **Units**
(A. T. Brod & Co.) 100,000 units
Union Oil Co. of California ____ **Debentures**
(Dillon, Read & Co. Inc.) $60,000,000 (due June 1, 1991)
Union Oil Co. of California ____ **Debentures**
(Dillon, Read & Co. Inc.) $60,000,000 (due June 1, 1986)

June 22 (Thursday)
Northern Illinois Gas Co. ____ **Common**
(Offering to stockholders—First Boston Corp. and Glore, Forgan & Co.) 450,037 shares

June 26 (Monday)
Allison Business Services, Inc. ____ **Capital**
(Hancock Securities Corp.) $300,000
American Finance Co., Inc. ____ **Units**
(Lomasney, Loving & Co.) $1,250,000
American Photocopy Equipment Co. ____ **Common**
(Lehman Brothers) 435,000 shares
Amity Corp. ____ **Common**
(Karen Securities Corp.) $226,217
Antilles Electronics Corp. ____ **Common**
(Fraser & Co.) $300,000
Apache Corp. ____ **Units**
(APA, Inc. Minneapolis, Minn.) $4,500,000
Bookshelf of America, Inc. ____ **Common**
(D. H. Blair & Co.) $299,800
Church Builders, Inc. ____ **Common**
(Associates Management, Inc.) $275,000
CompuDyne Corp. ____ **Common**
(Hayden, Stone & Co.) 168,000 shares
Faradyne Electronics Corp. ____ **Debentures**
(S. D. Fuller Co.) $2,000,000

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Fidelity Bankers Life Insurance Corp.____Common
(Lee Higginson Corp. and Shearson, Hammill & Co.) 547,128 shares

Gordon Jewelry Corp.________________Class A
(Paine, Webber, Jackson & Curtis) 140,000 shares

Hager, Inc.__________________________Common
(Marron, Sloss & Co., Inc.) 200,000 shares

Harwyn Publishing Corp.______________Common
(N. A. Hart & Co.) $412,500

Hunt Foods & Industries Inc.__________Debentures
(Offering to stockholders—underwritten by Goldman, Sachs & Co.) $38,799,500

Jefferson Construction Co.____________Common
(Pistell, Crow, Inc.) $1,870,000

Micro Electronics Corp.______________Common
(R. Baruch & Co.) $400,000

Mohawk Insurance Co.________________Common
(R. F. Dowd & Co., Inc.) $900,000

Recreation Enterprises, Inc.___________Units
(I. M. Simon & Co.) $550,000

Southeastern Capital Corp.____________Common
(Paine, Webber, Jackson & Curtis) $6,250,000

Southwestern States Telephone Co.______Common
(Dean Witter & Co.) 110,000 shares

Standard Brands Paint Co.____________Common
(Sutro Bros. & Co. and Allen & Co.) 265,000 shares

Suval Industries Inc.________________Common
(Milton D. Blauner & Co. and Brukenfeld & Co.) $500,000

Templeton, Damroth Corp.____________Debentures
(Hecker & Co.) $445,000

Triangle Instrument__________________Common
(Armstrong & Co., Inc.) $300,000

U. S. Home & Development Corp.________Capital
(Auchincloss, Parker & Redpath) 300,000 shares

June 27 (Tuesday)

Australia (Commonwealth of)____________Bonds
(Morgan Stanley & Co.) $25,000,000

Massachusetts Electric Co.____________Bonds
(Bids 11 a. m. EDST) $17,500,000

June 28 (Wednesday)

Special Metals, Inc.___________________Units
(White, Weld & Co. Inc. and Lehman Brothers) 53,125 units

Tennessee Valley Authority_____________Bonds
(Bids to be received) $50,000,000

June 29 (Thursday)

CMC Finance Group, Inc.______________Common
(Auchincloss, Parker & Redpath) 150,000 shares

Capital Properties, Inc.________________Units
(Hougdon & Co. Inc.) $600,000

Electrarc, Inc.________________________Common
(P. de Rensis & Co., Inc.) $500,000

Empire Life Insurance Co. of America_____Capital
(Consolidated Securities Inc.) $300,000

Hardeman (Paul), Inc.__________________Common
(Michael G. Kletz & Co.) 350,000 shares

Income Planning Corp.__________________Units
(Espy & Wanderer Inc.) $200,000

Kaiser Aluminum & Chemical Corp.______Common
(First Boston Corp.) 375,000 shares

Nash (J. M.) Co., Inc.________________Debentures
(Robert W. Baird & Co.) $2,000,000

Wej-It Expansion Products, Inc.__________Common
(Amos C. Sudler & Co.) $300,000

June 30 (Friday)

Automatic Canteen Co. of America____Debentures
(Offering to stockholders—underwritten by Glore, Forgan & Co.) $20,000,000

International Silver Co.______________Debentures
(Offering to stockholders—underwritten by Lehman Brothers) $7,822,000

Metropolis Bowling Centers, Inc.________Common
(Russell & Saxe Inc.; Thomas, Williams & Lee Inc. and V. S. Wickett & Co.) $990,000

Taffet Electronics, Inc.________________Common
(Fialkov & Co. Inc.) $396,000

July 3 (Monday)

Almar Rainwear Corp._________________Common
(D. H. Blair & Co.) 120,000 shares

Chock Full O' Nuts Corp.____________Debentures
(F. Eberstadt & Co.) $7,500,000

Comptometer Corp.____________________Common
(Offering to stockholders—no underwriting) 160,401 shares

Diamond Crystal Salt Co.______________Common
(Kidder, Peabody & Co.) 300,000 shares

First Small Business Corp. of New Jersey__Capital
(Shearson, Hammill & Co. and Heller & Meyer) $3,750,000

General Acceptance Corp._____________Debentures
(Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co.) $15,000,000

Gilbert Data Systems, Inc._____________Common
(Schrijver & Co.) $350,000

Goodway Printing So___________________Capital
(Paine, Webber, Jackson & Curtis) 247,500 shares

Income Properties, Inc.________________Class A
(Eisele & King, Lebaire, Stout & Co.) $1,462,500

Investors Preferred Life Insurance Co.___Common
(Life Securities, Inc.) $840,000

Mill Factors Corp.____________________Common
(Lee Higginson Corp.) 75,000 shares

Seaboard Electronic Corp.______________Common
(Amos Treat & Co. Inc.) $550,000

Servonic Instruments, Inc._____________Common
(C. E. Unterberg, Towbin Co.) 95,000 shares

Survivors' Benefit Insurance Co.________Common
(Offering to stockholders—no underwriting) $1,085,000

Terry Industries, Inc.__________________Common
(Greenfield & Co. is underwriting the company's stock) 1,728,337 shares

Uris Buildings Corp.___________________Common
(Kuhn, Loeb & Co.) 159,403 shares

Vic Tanny Enterprises, Inc.____________Common
(S. D. Fuller & Co.) 320,000 shares

July 5 (Wednesday)

Canandaigua Enterprises Corp.__________Units
(S. D. Fuller & Co.) 8,000 units

July 10 (Monday)

Apache Realty Corp.____________________Units
(Blunt Ellis & Simmons) $5,000,000

Arcs Industries, Inc.__________________Debentures
(Lomasney, Loving & Co.) $1,630,000

Kane-Miller Corp.______________________Common
(Netherlands Securities Co., Inc.; Seymour Blauner Co. and J. J. Bruno & Co.) $600,000

Superstition Mountain Enterprises, Inc.__Common
(No underwriting) $5,000,000

Taddeo Bowling & Leasing Corp.__________Units
(Lomasney, Loving & Co.) $1,620,000

Thoroughbred Enterprises, Inc.__________Common
(Sandkuhl & Co. Inc.) $340,000

Vinco Corp.__________________________Debentures
(S. D. Fuller & Co.) $2,000,000

World Color Press, Inc.________________Common
(Scherck, Richter Co. and Dempsey-Tegeler & Co.) 218,000 shares

July 11 (Tuesday)

Consolidated Production Corp.__________Common
(Shearson, Hammill & Co.) 200,000 shares

July 12 (Wednesday)

California Electric Power Co.____________Bonds
(Bids 9 a.m. PST) $8,000,000

Texas Eastern Transmission Corp.________Preferred
(Dillon, Read & Co.) 200,000 shares

Texas Eastern Transmission Corp.______Debentures
(Dillon, Read & Co.) $30,000,000

July 13 (Thursday)

Brockton Edison Co.__________________Preferred
(Bids to be received) 40,000 shares

July 17 (Monday)

Chemonics Corp.______________________Common
(Grant, Fontaine & Co.; Evans MacCormack & Co.; Stone & Youngberg and Sellgren, Miller & Co.) $300,000

Marine Structures Corp._________________Common
(Grant, Fontaine & Co.) $300,000

July 19 (Wednesday)

Microtron Industries, Inc._______________Common
(Amos C. Sudler & Co.) $300,000

July 24 (Monday)

Cosnat Record Distributing Corp.________Common
(Amos Treat & Co.) 150,000 shares

Fifth Dimension Inc.___________________Common
(Milton D. Blauner & Co., Inc.) 60,0000 shares

Ihnen (Edward H.) & Son, Inc.___________Common
(Amos Treat & Co. Inc.) $375,000

Mortgage Guaranty Insurance Co.________Common
(Bache & Co.) 155,000 shares

Packer's Super Markets, Inc.____________Common
(Milton D. Blauner & Co., Inc.) $600,000

Philadelphia Laboratories, Inc.__________Common
(Woodcock, Moyer, Fricke & French, Inc.) $600,000

July 25 (Tuesday)

Union Electric Co.____________________Preferred
(Bids 11 a. m. EDT) $30,000,000

August 1 (Tuesday)

Investors Funding Corp. of New York______Units
(Eisele & King, Libaire, Stout & Co.) $2,600,000

August 8 (Tuesday)

Northern States Power Co.______________Bonds
(Bids to be received) $20,000,000

August 15 (Tuesday)

Consumers Power Co.___________________Bonds
(Bids to be received) $40,000,000

August 18 (Friday)

Lytton Financial Corp.__________________Capital
(William R. Staats & Co. and Shearson, Hammill & Co.) 300,000 shares

September 8 (Friday)

Western Union Telegraph Co.____________Common
(Offering to stockholders—underwriters to be named) 1,070,000 shares

September 27 (Wednesday)

Rochester Gas & Electric Corp.__________Bonds
(Bids to be received) $12,000,000

September 28 (Thursday)

Mississippi Power Co.___________________Bonds
(Bids to be received) $5,000,000

Mississippi Power Co.________________Preferred
(Bids to be received) $5,000,000

October 18 (Wednesday)

Georgia Power Co.______________________Bonds
(Bids to be received) $15,500,000

Georgia Power Co.____________________Preferred
(Bids to be received) $8,000,000

December 5 (Tuesday)

Virginia Electric & Power Co.____________Bonds
(Bids to be received) $15,000,000

December 7 (Thursday)

Gulf Power Co.__________________________Bonds
(Bids to be received) $5,000,000

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ing capital. **Office**—253 W. Merrick Rd., Valley Stream, L. I., N. Y. **Underwriter**—Eldes Securities Corp., New York City. **Offering**—Imminent.

Bid D Chemical Co.
May 17, 1961 (letter of notification) 60,000 shares of class a common stock (par $1). **Price** — $5 per share. **Office**—1708 W. Main St., Oklahoma City, Okla. **Underwriter**—Donald J. Hinkley & Co., Inc., Denver, Colo.

● **Big Boy Properties, Inc. (6/16)**
March 20, 1961 filed 100,000 shares of common stock **Price**—$10 per share. **Business**—The company plans to operate a chain of "Big Boy" restaurants in California. **Proceeds** — For the purchase of restaurants and other properties. **Office**—1001 East Colorado Street, Glendale, Calif. **Underwriter**—None.

★ **Blackman Merchandising Corp.**
June 8, 1961 filed 72,500 class A common shares. **Price** —By amendment. **Business**—The wholesale distribution of soft goods lines and artificial flowers. **Proceeds**—For expansion; inventory and working capital. **Office**—1401 Fairfax Trafficway, Kansas City, Kan. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

Bloomfield Industries, Inc.
May 1, 1961 filed 140,000 shares of common stock, of which 40,000 shares are to be offered for public sale by the company and 100,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The manufacture and sale of food service equipment (for restaurants, hotels, etc.,) and houseware and hospital products. **Proceeds**—For product expansion, working capital and other corporate purposes. **Office**—4546 West 47th St., Chicago, Ill. **Underwriters** — Westheimer & Co., Cincinnati and Divine & Fishman, Inc., Chicago and New York City. **Offering**—Expected in late June.

Blue Haven Industries, Inc.
March 30, 1961 (letter of notification) 70,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—To increase inventory, reduce indebtedness and for working capital. **Office**—11933 Vose St., North Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co.,

Bolt Beranek & Newman, Inc.
April 27, 1961 filed 160,000 shares of common stock, of which 90,140 shares are to be offered for public sale by the company and 69,860 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company is a group of scientists and engineers engaged in research, consultation and product development in the fields of architectural acoustics, applied physics, instrumentation, psychoacoustics, bio-medical technology, man-made machines and information systems. **Proceeds** — For the repayment of debt, and working capital. **Office**—50 Moulton Street, Cambridge, Mass. **Underwriter**—Hemphill, Noyes & Co., New York City (managing). **Offering**—Expected in late June.

Bonded Homes, Inc.
May 15, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Office** —2328 N. W. 7th St., Miami, Fla. **Underwriter**—Givens & Co., Inc., 1202 duPont Bldg., Miami 32. Fla.

Bookshelf of America, Inc. (6/26-30)
April 17, 1961 (letter of notification) 74,950 shares of common stock (par 10 cents). **Price** — $4 per share. **Business**—The mail order sale of religious books. **Proceeds**—For moving expenses, new equipment and working capital and general corporate purposes. **Office**—889 Broadway, New York, N. Y. **Underwriter**—D. H. Blair & Co., New York, N. Y.

Bramalea Consolidated Developments, Ltd.
May 19, 1961 filed $6,000,000 (U. S.) of 6½% sinking fund debentures due July 1, 1973, 600,000 shares of common stock and 240,000 12-year warrants (exercisable at $10 per share) to be offered for public sale in units, each consisting of $50 of debentures, five common shares and two warrants. **Price** — $100 per unit. **Business** — The company is building a planned industrial-commercial-residential community at Chinquacousy, Ont., near Toronto. **Proceeds**—To repay debt and for working capital. **Office**—P. O. Box 129, Brampton, Ont., Canada. **Underwriter**—Shields & Co., New York City (managing).

★ **Brisker Corp.**
June 2, 1961 ("Reg. A") 160,000 common shares (par 25 cents). **Price**—$1. **Proceeds**—For repayment of loans, machine rental, working capital and general corporate purposes. **Office**—2833 St. Charles Ave., Suite 4, New Orleans, La. **Underwriter** — Copley & Co., Colorado Springs, Colo.

● **Broadcast International, Inc.**
June 2, 1961 (letter of notification) 60,000 shares of common stock (par five cents). **Price**—$5 per share. **Business**—Producers of radio and television programs. **Proceeds**—For general corporate purposes. **Office**—3 W. 57th St., New York City. **Underwriter**—Harry Odzer Co., New York, N. Y.

● **Brockton Edison Co. (7/13)**
June 6, 1961 filed 40,000 shares of preferred (par $100). **Proceeds** — To retire all outstanding 6.40% preferred stock, prepay a bank loan, and for construction. **Office** —36 Main St., Brockton, Mass. **Underwriters**—By competitive bidding. Probable bidders: Kidder, Peabody & Co.; Kuhn, Loeb & Co., and Stone & Webster Securities Corp. **Bids**—To be received at 49 Federal St. (8th floor) Boston, Mass., up to 11 a.m. (EDST) July 13, 1961. **Information Meeting** — Above address July 11, 11 a.m. (EDST).

Brooklyn Union Gas Co. (6/19)
May 1, 1961 filed $20,000,000 of first mortgage bonds due 1986. **Proceeds**—For the repayment of bank loans and other corporate purposes. **Office**—176 Remsen Street, Brooklyn, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp., and Harriman Ripley & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co.; Blyth & Co., Inc., and F. S. Moseley & Co. (jointly). **Bids**—To be received on June 19, 1961 (11 a.m. DST).

★ Brown (W. A.) Manufacturing Co.
June 12, 1961 filed 170,680 outstanding common shares. **Price**—By amendment. **Business** — The manufacture of photo-mechanical equipment. **Proceeds** — For selling stockholders. **Office**—Prudential Plaza, Chicago. **Underwriters**—Loewi & Co., Inc., Milwaukee and Blunt Ellis & Simmons, Chicago.

Builtwell Homes, Inc.
May 25, 1961 filed $1,000,000 of convertible subordinated debentures due 1981 and 300,000 shares of common stock, to be offered for sale in 100,000 units, each consisting of $10 of debentures and three common shares. **Price**—To be supplied by amendment. **Business**—The construction financing and sale of shell homes. **Proceeds**—For the repayment of debt, the opening of additional sales offices and the financing of home sales. **Office**—Adrian, Ga. **Underwriter**—The Robinson-Humphrey Co., Inc., Atlanta, Ga. (managing).

★ Burgmaster Corp.
June 8, 1961 filed 190,000 common shares (par $1), of which 100,000 shares are to be offered by the company and 90,000 shares by a stockholder. **Price**—By amendment. **Business**—The manufacture of drilling machines. **Proceeds**—To repay debt, purchase equipment and real estate and for working capital. **Office**—15001 S. Figueroa St., Gardena, Calif. **Underwriter**—Shearson, Hammill & Co., New York.

● Business Funds, Inc.
June 2, 1961 filed 1,300,000 shares of capital stock. **Price**—$11. **Business**—A small business investment company. **Proceeds** — For investment. **Office** — 201 Main St., Houston, Texas. **Underwriters**—Clark, Dodge & Co., Inc., New York; Alex. Brown & Sons, Baltimore, and Rotan, Mosle & Co., Houston.

CMC Finance Group, Inc. (6/29)
April 28, 1961 filed 150,000 shares of class A common stock. **Price**—To be supplied by amendment. **Business**—The company, through its 20 subsidiaries, is engaged in the consumer finance business in North Carolina, South Carolina and Georgia. **Proceeds** — For working capital. **Office**—1009 Wachovia Building, Charlotte, N. C. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

Cable Carriers, Inc. (6/16)
March 23, 1961 filed 196,109 shares of capital stock. **Price**—To be supplied by amendment. **Business**—The company which began operations in 1954, is engaged in the research and development of special material handling systems for industrial and commercial use based on company-owned patents. **Proceeds**—For working capital. **Office**—Kirk Boulevard, Greenville, S. C. **Underwriter**—To be named.

● Calandra Photo, Inc.
May 29, 1961 filed 170,000 class A shares, including 50,000 to be sold by the company and 120,000 by stockholders. **Price**—By amendment. **Business**—The processing of photographic film, wholesale distribution of photographic equipment, and operation of retail camera stores. **Proceeds**—For exampansion, equipment, and working capital. **Office**—116 North 42nd Street, Omaha, Neb. **Underwriter**—Cruttenden, Podesta & Co., Chicago (managing).

● California Electric Power Co. (7/12)
June 1, 1961 filed $8,000,000 of first mtge. bonds due 1991. **Proceeds** — For the repayment of bank loans. **Office**—2885 Foothill Blvd., San Bernardino, Calif. **Underwriters** — Competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—July 12 (9 a.m. PST) at the office of O'Melveny & Myers, Room 900, 433 South Spring St., Los Angeles.

● Calvideo Electronics, Inc.
May 29, 1961 ("Reg. A.") 100,000 common shares (par 10 cents). **Price**—$3. **Proceeds**—For repayment of debt and working capital. **Office**—18601 S. Santa Fe Ave., Compton, Calif. **Underwriters**—J. K. Norton & Co. and Stern, Zeiff & Co., Inc., New York.

★ Canada Dry Corp.
June 8, 1961 filed $7,138,400 of convertible subordinated debentures due July 1, 1981 to be offered for subscription by common stockholders on the basis of $100 of debentures for each 33 shares held. **Price**—At par. **Business** — The manufacture and distribution of carbonated and alcoholic beverages, extracts and syrups in the U. S. and Canada. **Proceeds**—To prepay short term loans, for expansion and working capital. **Office**—100 Park Ave., New York. **Underwriter**—None.

Canandaigua Enterprises Corp. (7/5)
May 2, 1961 filed $4,000,000 of sinking fund debentures due 1976, 240,000 shares of class A stock, and warrants to purchase 120,000 shares of class A stock to be offered for public sale in units, each consisting of $500 of debentures, 30 class A shares, and 6-year warrants to purchase 15 class A shares at $5 per share. **Price**—To be supplied by amendment. **Business**—The company owns a majority stock interest in Finger Lakes Racing Association, Inc., which is erecting a thoroughbred race track at Canandaigua, New York. The company plans to engage in recreational and entertainment activities and may construct hotels, motels or restaurants adjacent to the race track. **Proceeds**—For construction, working capital and general corporate purposes. **Office**—26 Broadway, New York City. **Underwriter**—S. D. Fuller & Co., New York City (managing).

Capital For Technical Industries, Inc. (6/19-23)
April 10, 1961 filed 500,000 shares of common stock. **Price**—$10 per share. **Business**—A small business investment company. **Proceeds**—To repay a loan and to provide long term capital to small business concerns. **Office**—1281 Westwood Blvd., Los Angeles, Calif. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Capital Properties Inc. (6/29)
April 21, 1961 filed $600,000 of 9½% debentures due 1977 and 12,000 shares of common stock to be offered for public sale in units of $1,000 of debentures and 20 common shares. **Price**—$1,000 per unit. **Business**—The company plans to purchase and lease back three buildings to be erected by Tower's Marts, Inc., for use as retail discount department stores. **Proceeds**—For acquisition of the above properties. **Office**—36 Pearl St., Hartford, Conn. **Underwriter**—Hodgdon & Co., Inc., Washington, D. C.

Capital Southwest Corp.
May 8, 1961 filed 1,250,000 shares of common stock. **Price**—$11 per share. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—6517 Hillcrest Avenue, Dallas, Texas. **Underwriter**—Rotan, Mosle & Co., Houston, Texas (managing).

★ Caterpillar Tractor Co.
June 9, 1961 filed $50,000,000 of sinking fund debentures due June 15, 1986. **Business**—The manufacture of heavy-duty farm and construction equipment. **Proceeds**—To repay bank loans. **Office** — 600 West Washington St., East Peoria, Ill. **Underwriter**—Blyth & Co., Inc., New York (managing).

Chalco Engineering Corp.
Jan. 30, 1961 filed 100,000 shares of common stock. **Price**—$6 per share. **Business**—The company is engaged in the business of engineering, research, development, manufacturing and installation of custom communication systems and electronic, electro-mechanical and mechanical systems and devices for ground support facilities for missile and space programs of the U. S. Government. The company also manufactures special purpose products sold for military use. **Proceeds**—For the repayment of loans and for working capital. **Office** — 15126 South Broadway, Gardena, Calif. **Underwriter** — First Broad Street Corp., New York City (managing).

Chemonics Corp. (7/17)
Nov. 14, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Business**—Manufacturers of printed circuits for the missile industries. **Proceeds** — For general corporate purposes and working capital. **Office**—990 S. Fairoaks Ave., Pasadena, Calif. **Underwriters**—Grant, Fontaine & Co., Oakland, Calif. (managing); Evans MacCormack & Co., Los Angeles, Calif.; Stone & Youngberg, San Francisco and Sellgren, Miller & Co., Oakland, Calif.

Chester Litho, Inc.
May 12, 1961 filed 100,000 shares of common stock. **Price**—$4 per share. **Business**—Commercial printing and art. **Proceeds**—For working capital. **Office**—Chester, N. Y. **Underwriter**—S. Schramm & Co., Inc., New York City (managing).

● Chock Full O' Nuts Corp. (7/3-7)
April 7, 1961 filed $7,500,000 of subordinated debentures, due May 1, 1961. **Price**—To be supplied by amendment. **Business**—The operation of a chain of restaurants in the New York City area, and the packaging and retail sale of coffee. **Proceeds**—For expansion. **Office**—425 Lexington Avenue, New York 17, N. Y. **Underwriter**—F. Eberstadt & Co., New York City (managing).

● Chrislin Photo Industries Corp.
May 29, 1961 ("Reg. A.") 50,000 shares of class A stock (par five cents). **Price**—$6. **Business**—Developing and designing products. **Proceeds** — For general corporate purposes. **Office** — 17 Jeffrey Lane, Hicksville, N. Y. **Underwriter**—Lewis Wolf, Inc., New York.

● Chroma-Glo, Inc. (6/16)
March 2, 1961 (letter of notification) 90,000 shares of common stock (par 50 cents). **Price** — $3.30 per share. **Business** — The manufacture of pressure sensitive emblems. **Proceeds**—For payment of obligations; purchase of equipment; and for working capital. **Office**—525 Lake Ave., S., Duluth 2, Minn. **Underwriter**—Jamieson & Co., Minneapolis, Minn.

Church Builders, Inc. (6/26-30)
Feb. 6, 1961 filed 50,000 shares of common stock, series 2. **Price**—$5.50 per share. **Business**—A closed-end diversified investment company of the management type. **Proceeds**—For investment. **Office**—501 Bailey Avenue, Fort Worth, Texas. **Distributor**—Associates Management, Inc., Fort Worth, Texas.

Cinema Syndicate, Inc.
May 2, 1961 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Business**—The production of motion pictures. **Proceeds**—For the repayment of loans; purchase of equipment; production of four motion pictures, and working capital. **Office**—619 W. 54th St., New York, N. Y. **Underwriter**—Fontana Securities, Inc., New York, N. Y.

● Clark Equipment Credit Corp.
April 21, 1961 filed $20,000,000 of debentures, series A, due 1981. **Price**—To be supplied by amendment. **Business**—The financing in the U. S. and Canada of retail time sales of products manufactured by Clark Equipment Co., parent. **Proceeds**—For the repayment of debt. **Office**—324 East Dewey Ave., Buchanan, Mich. **Underwriters**—Lehman Brothers and Blyth & Co., Inc., New York City (managing). **Offering** — Temporarily postponed.

Clarkson Laboratories, Inc.
April 27, 1961 filed 200,000 shares of common stock. **Price**—$2 per share. **Business**—The company plans to engage in the development, manufacture, packaging and sale of industrial chemicals and latex, resins and plastic compounds for industrial and commercial use. **Proceeds**—For plant additions, repayment of debt, and working capital. **Office**—1450 Ferry Avenue, Camden, N. J. **Underwriters**—Ross, Lyon & Co., Inc., and Globus, Inc., both of New York City.

★ Coastal Acceptance Corp.
June 6, 1961 ("Reg. A") $125,000 of 10-year registered series notes to be offered in denominations of $100 to $1,000. **Price**—At par. **Proceeds**—For working capital. **Office**—36 Lowell St., Manchester, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

Color Reproductions, Inc.
May 10, 1961 (letter of notification) 950 units of $95,000 of 6% subordinated debentures, due June 30, 1971, and 47,500 shares of common stock (par one cent) to be offered in units, each unit consisting of $100 of debentures and 50 shares of common stock. **Price**—$287.50 per unit. **Business**—The company makes color photographs and reproductions for churches, institutions, seminaries and schools. **Proceeds**—For equipment; sales promotion; repayment of loans; construction of buildings and improvements of facilities. **Office**—202 E. 44th St., New York, N. Y. **Underwriter**—William, David & Motti, Inc., New York, N. Y.

Color-Tone Originals, Inc.
May 1, 1961 (letter of notification) 37,500 shares of common stock (par 10 cents). **Price**—$4 per share. **Business** — Manufacturers of greeting cards. **Proceeds** — For advertising; inventory; machinery and working capital. **Office**—112 Pearl St., Mt. Vernon, N. Y. **Underwriter**—D. Klapper Associates, Inc., New York, N. Y.

● Colorplate Engraving Co. (6/19-23)
April 25, 1961 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price** — $4 per share. **Business**—Color photo-engraving. **Proceeds**—For repayment of loans; acquisition of equipment, and working capital. **Office**—311 W. 43rd Street, New York, N. Y. **Underwriter**—Mineo & Co., 99 Wall Street, New York, New York.

Components Specialties, Inc.
April 20, 1961 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$3.50 per share. **Business**—The importation and sale of electronic subminiature components. **Proceeds** — For repayment of debt; advertising, inventory and working capital. **Office**—3 Foxhurst Road, Baldwin, L. I., N. Y. **Underwriter**—Fund Planning, Inc., New York, N. Y.

Comptometer Corp. (7/3)
March 31, 1961 filed 160,401 shares of common stock to be offered for subscription by holders of outstanding common stock; 6½% subordinated convertible sinking fund debentures, series A, due 1970; and option agreements for the purchase of common shares. Warrants will be issued on the basis of one right for each common share held on the record date, one right for each share issuable upon conversion of a series A debenture, as if such debenture had been converted, and one right for each share issuable under the option agreements. The warrants will provide that one new share will be issuable for each eight rights tendered. **Price**—To be supplied by amendment. **Business**—The company's activities are organized on a divisional basis—Business Machines, Communications and Electronics, Business Forms, Burke Golf and Worthington Golf Ball Divisions. **Proceeds**—For the repayment of debt and for working capital. **Office**—5600 West Jarvis Ave., Chicago, Ill. **Underwriters** — To be named.

CompuDyne Corp. (6/26)
May 12, 1961 filed 168,000 shares of common stock, of which 120,000 are to be offered for public sale by the company and 48,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The furnishing of instruments and systems for missile sites, and the design, development, assembly and manufacture of electronic and other devices used in the automatic control of aeronautical and missile test facilities. **Proceeds**—For inventory, expansion, research and development, the redemption of outstanding 6% debentures due Dec. 1, 1961, and working capital. **Office**—404 South Warminster Rd., Hatboro, Pa. **Underwriter**—Hayden, Stone & Co., New York City (managing).

● Computer Equipment Corp.
April 5, 1961 (letter of notification) 38,984 shares of common stock (no par) being offered for subscription by stockholders on the basis of one new share for each 12 shares held of record April 20. Rights expire June 14. **Price**—$2.10 per share. **Proceeds**—For research and production, and general corporate purposes. **Office**—11612 W. Olympic Blvd., Los Angeles, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

● Conolite, Inc.
June 1, 1961 filed 170,000 class A shares. **Price** — $5. **Business**—Manufacturers "Conolite," a laminate used in the construction, furniture and aircraft industries and for electrical insulation. **Proceeds**—For the purchase of the "Conolite" business of Continental Can Co., Inc.; the repayment of debt; moving expenses, and working capital. **Office**—Suite 414, 52 Broadway, New York. **Underwriter**—Amos Treat & Co., Inc., New York.

Consolidated Bowling Corp.
March 29, 1961 filed 738,000 shares of common stock and $900,000 of 6% convertible subordinated debentures, due in July, 1981. **Prices**—For the stock: $3.50 per share; for the debentures: 100% of principal amount. **Business**—Operates bowling centers and owns real estate. **Proceeds** — For expansion. **Office** — 880 Military Road, Niagara Falls, N. Y. **Underwriter**—None.

Consolidated Edison Co. of New York, Inc. (6/20)
May 9, 1961 filed $50,000,000 of 30-year first mortgage bonds. **Office**—4 Irving Place, New York City. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Bos-

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ton Corp.; Morgan Stanley & Co. **Bids**—To be received at the company's office on June 20 at 11 a.m. **Information Meeting**—Scheduled for June 13 at 10 a.m., on the 13th floor of 4 Irving Place, New York City.

● **Consolidated Production Corp. (7/11-14)**
May 26, 1961 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company, which plans to change its name to Consolidated Production Corp., buys and manages fractional interests in producing oil and gas properties. **Proceeds**—For investment, and working capital. **Office**—14 North Robinson, Oklahoma City, Okla. **Underwriter** — Shearson, Hammill & Co., New York City (managing). **Note**—This company formerly was named Cador Production Corp.

● **Consumers Automatic Vending, Inc. (6/19-23)**
March 31, 1961 filed 125,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business**—The installation, maintenance and servicing of automatic vending machines, including complete in-plant automatic cafeterias, in the metropolitan New York area. **Proceeds**—For equipment, the reduction of debt and other corporate purposes. **Office** — 59-05 56th Street, Maspeth N. Y. **Underwriters**—Diran, Norman & Co., and V. S. Wickett & Co., Inc., both of New York City.

Cortez Life Insurance Co.
Jan. 12, 1961 filed 500,000 shares of common stock **Price**—$3 per share. **Business**—The company is engaged in the business of writing life insurance, annuity policies and re-insurance. **Proceeds**—For general corporate purposes. **Office**—304 Main St., Grand Junction Colo. **Underwriter**—None.

★ **Cosmodyne Corp.**
June 12, 1961 filed 100,000 common shares. **Price**—By amendment. **Business** — The manufacture of equipment for the storage of super-cold liquids and gases. **Proceeds**—For manufacture of new equipment, repayment of loans; general corporate purposes and working capital. **Office**—3232 W. El Segundo Blvd., Hawthorne, Calif. **Underwriter**—Dean Witter & Co., San Francisco.

● **Cosnat Record Distributing Corp. (7/24-28)**
May 26, 1961 filed 150,000 shares of common stock, of which 105,556 shares are to be offered for public sale by the company and 44,444 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The manufacture and distribution of phonograph records. **Proceeds**—For the repayment of debt, and working capital. **Underwriter**—Amos Treat & Co., New York City (managing). **Office**—315 West 47th Street, New York City.

Crown Aluminum Industries Corp.
May 1, 1961 filed $2,000,000 of convertible subordinated debentures due 1976. **Price**—To be supplied by amendment. **Business** — The manufacture and distribution of enameled aluminum siding and aluminum accessories. **Proceeds**—For plant expansion, new equipment and the development of new products. **Office**—5820 Center Avenue, Pittsburgh, Pa. **Underwriters** — Adams & Peck; Allen & Co., and Andresen & Co., all of New York City.

● **Curley Co., Inc. (6/16)**
March 30, 1961 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The manufacture and packaging of household liquid detergents for distribution under private labels. **Proceeds**—For general corporate purposes. **Office**—Jefferson and Masters Sts., Camden, N. J. **Underwriter**—Carter, Berlind, Potoma & Weill, New York City (managing).

Custom Shell Homes, Inc.
May 8, 1961 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—To erect sample homes, repay a loan, and for expansion and working capital. **Office**—412 W. Saratoga St., Baltimore, Md. **Underwriter**—T. J. McDonald & Co., Washington, D. C.

Dallas Airmotive, Inc.
May 26, 1961 filed 390,000 shares of common stock, of which 350,000 shares are to be offered for public sale by the company and 40,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The overhaul of aircraft engines for commercial and military customers. **Proceeds** — For realty acquisitions, the repayment of debt, and for expansion. **Office**—6114 Forest Park Road, Dallas, Texas. **Underwriter** — Eppler, Guerin & Turner, Inc., Dallas (managing).

★ **Data Components, Inc.**
June 6, 1961 ("Reg. A") 120,000 common shares (par 10 cents). **Price**—$2. **Business**—The marking and fabrication for metal parts. **Proceeds**—For moving expenses, plant equipment, sales promotion and working capital. **Office** — 2212 McDonald Ave., Brooklyn, N. Y. **Underwriter**—A. J. Frederick Co., Inc., New York.

Data Processing, Inc.
April 12, 1961 (letter of notification) 75,000 shares of no par common stock. **Price**—$4 per share. **Business**—The research, design and development of advanced digital computer programs. **Proceeds**—To purchase or lease computer equipment. **Office**—1334 Main St., Waltham, Mass. **Underwriter** — First Weber Securities Corp., 79 Wall St., New York City.

Datatrol Corp.
April 26, 1961 filed 60,000 shares of common stock. **Price**— $4.25 per share. **Business**—The company acts as a consultant or advisor in matters pertaining to data processing problems and equipment. **Proceeds**—To develop data processing systems and for working capital. **Office**—8113-A Fenton Street, Silver Spring, Md. **Underwriter** — First Investment Planning Co., Washington, District of Columbia.

Davenport Water Co.
May 15, 1961 (letter of notification) 3,000 shares of 5½% cumulative preferred stock. **Price** — At par ($100 per share). **Office**—214 Perry St., Davenport, Iowa. **Underwriter**—Quail & Co., Inc., Davenport, Iowa.

● **De-Electronics, Inc.**
April 13, 1961 (letter of notification) 112,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Business** — The manufacture of electronic components and assemblies. **Proceeds** — For the purchase of inventory; manufacturing facilities and working capital. **Office**—50 E. Third St., Mount Vernon, N. Y. **Underwriter**—Theodore Arrin & Co., (managing) and T. M. Kirsch & Co., both of New York City.

● **Decitron Electronics Corp.**
March 16, 1961 filed 50,000 shares of common stock (par one cent), of which 30,000 shares are to be offered for public sale by the company and 20,000 outstanding shares by the present holders thereof. **Price** — $2 per share. **Business** — The design, manufacture and sale of electronic equipment for the U. S. Government. **Proceeds** — For research and development and for working capital. **Office**—850 Shepherd Ave., Brooklyn, N. Y., **Underwriter**—M. L. Lee & Co., New York City.

Denver Real Estate Investment Fund
May 15, 1961 filed 600,000 shares in the Fund. **Price**—To be supplied by amendment. **Business**—The Fund will offer investors the opportunity to participate jointly in large and diversified real estate investments which offer promise of growth and increased values. **Proceeds**—For investment. **Office**—660 17th Street, Denver, Colo. **Underwriters** — Bosworth, Sullivan & Co., Inc., and Boettcher & Co., both of Denver, Colo. (managing).

Development Corp. of America (6/21)
March 30, 1961 filed 200,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The development and construction of single-family residences and communities in Florida. **Proceeds**—For general corporate purposes. **Office** — 5707 Hollywood Boulevard, Hollywood, Fla. **Underwriter**—Amos Treat & Co., Inc., New York City (managing).

★ **Devonbrook, Inc.**
June 8, 1961 filed 120,000 outstanding common shares to be sold by stockholders. **Price**—$5. **Business**—Manufacturers of women's apparel. **Proceeds**—For the selling stockholders. **Office**—1400 Broadway, New York. **Underwriter**—Globus, Inc., New York.

Diamond Crystal Salt Co. (7/3-7)
May 22, 1961 filed 300,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 916 South Riverside Drive, St. Clair, Mich. **Underwriter**—Kidder, Peabody & Co., New York City (managing).

Diotron, Inc. (6/19-23)
March 29, 1961 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For raw materials, production, testing and working capital. **Office** — 3650 Richmond St., Philadelphia, Pa. **Underwriter**—Royer Securities Co., Philadelphia, Pa.

● **Dixon Chemical Industries, Inc. (6/19-23)**
March 31, 1961 filed $1,500,000 of 6% convertible subordinated income debentures due 1981 to be offered for subscription by holders of the company's common stock. **Price** — To be supplied by amendment. **Business** — The manufacture of sulfuric acid. **Proceeds**—For the construction of a new plant and for working capital. **Office**—1260 Broad Street, Bloomfield, N. J. **Underwriter**—P. W. Brooks & Co., Inc., New York City (managing).

● **Dixon Chemical & Research, Inc. (6/19-23)**
March 31, 1961 filed $2,900,000 of 6% convertible sinking fund debentures, due 1978. **Price**—To be supplied by amendment. **Business**—The production of sulfuric acid, liquid sulfur dioxide, aluminum sulfate, chromic acid and corrosion-resistant coatings. **Proceeds** — For construction of a new plant, repayment of debt, and working capital. **Office**—1260 Broad Street, Bloomfield, N. J. **Underwriter**—P. W. Brooks & Co., Inc., New York City (managing).

Dollar Mutual Fund, Inc.
April 25, 1961 filed 100,000,000 shares of capital stock. **Price** — $1 per share. **Business** — A diversified mutual fund. **Proceeds** — For investment. **Office** — 736 Midland Bank Bldg., Minneapolis, Minn. **Underwriter**—Fund Distributors, Inc.

● **Dolomite Glass Fibres, Inc.**
Dec. 27, 1960 filed 500,000 shares of 7% preferred stock (cumulative - convertible); 50,000 class A common shares (voting) and 300,000 common shares (non-voting). **Price**—$10 per share for the preferred and $1 per share for the class A and common shares. **Business**—The manufacture and sale of glass fibre for insulation and glass fibre threads, mats and rovings for use in the production of reinforced plastics. **Proceeds**—For working capital and the purchase of additional equipment. **Office**—1037 Jay St., Rochester, N. Y. **Underwriter** — None.

Dubow Chemical Corp.
April 10, 1961 (letter of notification) 80,000 shares of class A common stock (par one cent). **Price**—$2.25 per share. **Business**—The development and manufacture of chemical products. **Proceeds**—For general corporate purposes. **Office**—222 Newbridge Ave., East Meadow, L. I., N. Y. **Underwriters** — Planned Investing Corp., New York City and Fidelity Investors Service, East Meadow, L. I., N. Y.

Dumas Milner Corp.
May 24, 1961, filed $2,000,000 of 6% convertible subordinated debentures due 1971, and 400,000 outstanding shares of class A common stock to be offered for public sale by the present holders thereof. The securities will be sold in 200,000 units, each consisting of one $10 par debenture and two class A shares. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of products used in cleaning, sanitation maintenance and household laundering. **Proceeds**—For the repayment of debt and product expansion. **Office**—Jackson, Miss. **Underwriter**—Courts & Co., Atlanta, Ga. (managing).

Dynamic Vending Corp.
April 26, 1961 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price** — $4 per share. **Business**—The purchase and sale of vending equipment and electrical appliances. **Proceeds**—For general corporate purposes and working capital. **Office** — 44 Beaver Street, New York 4, N. Y. **Underwriter**—A. D. Gilhart & Co., Inc., New York, N. Y.

● **Eastern Camera & Photo Corp.**
Dec. 29, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Operating a chain of retail stores and concessions selling cameras, film and photographic supplies and equipment; also processes and prints black and white photographic film. **Proceeds**—To reduce indebtedness incurred by acquisitions, to pay notes due, and for general corporate purposes. **Office**—68 W. Columbia Street, Hempstead, N. Y. **Underwriter**—Street & Street Co., Inc., New York. **Note** — This company formerly was named Eastern Camera Exchange, Inc.

Eastern Lime Corp.
March 31, 1961 filed $700,000 of subordinated debentures, due 1976. **Price**—At 100% of principal amount. **Business**—The operation of a quarry in Kutztown, Pa., and the production of limestone for cement companies. **Proceeds**—For new equipment and the repayment of debt. **Office**—Kutztown, Pa. **Underwriters**—Stroud & Co., Inc., Philadelphia and Warren W. York & Co., Inc., Allentown, Pa. (co-managers).

★ **Edwards Container Corp.**
May 29, 1961 ("Reg. A") 60,000 common shares (par $1). **Price** — $5. **Proceeds** — To repay loans, purchase plant machinery and for working capital. **Office**—3535 Eastham Drive, Culver City, Calif. **Underwriter**—Olmstead, Allen & Co., Los Angeles, Calif.

Eichler Homes, Inc.
May 16, 1961 filed $2,000,000 of convertible subordinated debentures due June 1, 1973. **Price**—To be supplied by amendment. **Business**—The erection of apartments and homes in So. California. **Proceeds**—For the purchase of additional land. **Office**—Palo Alto, Calif. **Underwriter**—J. S. Strauss & Co., San Francisco, Calif. (managing).

Electra International, Ltd.
May 5, 1961 filed 70,000 shares of capital stock. **Price**—To be supplied by amendment. **Business**—The manufacture of products in the automotive ignition field for sale outside of the United States. **Proceeds** — For research, and development, and working capital. **Office**—222 Park Ave., South, New York City. **Underwriters**—Robert A. Martin Associates, Inc., and Ezra Kureen Co., both of New York City.

● **Electrarc, Inc. (6/29)**
April 21, 1961 filed 100,000 shares of common stock, **Price** — $5 per share. **Business** — The research and development of arc welding and wire shielding. **Proceeds**—For equipment, working capital and miscellaneous expenses. **Office**—505 Washington St., Lynn, Mass. **Underwriter**—P. de Rensis & Co., Inc., Boston, Mass.

Electronic Products Corp.
May 11, 1961 (letter of notification) 100,000 shares of common stock (no par). **Price**—$2 per share. **Office**—4642 Belair Rd., Baltimore, Md. **Underwriters**—Bertner Bros. and Earl Edden & Co., New York, N. Y.

Electronics Capital Corp.
May 25, 1961 filed 612,463 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each three shares held. **Price**—To be supplied by amendment. **Business** — The company is licensed under the Small Business Investment Act of 1958 and provides long-term investment capital and management services to small business concerns in the electronics field. **Proceeds**—For investment. **Office**—1400 Fifth Ave., San Diego, Calif. **Underwriter**—Bear, Stearns & Co., New York City (managing).

Elgeet Optical Co., Inc. (6/19)
March 28, 1961 filed 180,000 shares of common stock. **Price** — $6.50 per share. **Business** — The production of lenses and optical systems for camera manufacturers. **Proceeds**—For repayment of bank loans, new machinery, research and development, with the balance for general corporate purposes. **Office**—838 Smith Street, Rochester, N. Y. **Underwriter**—Troster, Singer & Co., New York City (managing).

Empire Life Insurance Co. of America (6/29)
March 14, 1961 (letter of notification) 30,000 shares of capital stock (no par). **Price**—$10 per share. **Proceeds**—To go to selling stockholders. **Office**—2801 W. Roosevelt Road, Little Rock, Ark. **Underwriter**—Consolidated Securities, Inc., 2801 W. Roosevelt Road, Little Rock, Ark.

Enterprise Hotel Development Corp.
May 19, 1961 filed 242,000 shares of common stock and 9,680 shares of preferred stock (par $100) to be offered for public sale in units of one preferred and 25 common shares. **Price**—$150 per unit. **Business**—The company was formed by the Commonwealth of Puerto Rico to build and own a luxury, beach-front hotel in San Juan. The hotel will be operated under a 30-year lease by a subsidiary of Sheraton Corp. of America. **Proceeds**—For construction. **Office**—1205 Ponce de Leon Avenue, Santurce, P. R. **Underwriter**—None.

● **Equity Capital Co. (6/19)**
April 7, 1961 filed 100,000 shares of common stock (par $1.25). **Price**—To be supplied by amendment. **Business**—The making of short-term construction and second mortgage loans, and the buying of improvement loan

obligations from the holders thereof. **Proceeds**—To retire debt and for working capital. **Office** — 430 First Avenue North, Minneapolis, Minn. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing).

● Ets-Hokin & Galvan, Inc.
June 1, 1961 filed 209,355 common shares, including 100,000 to be sold by the company and 109,355 by stockholders. **Price**—By amendment. **Business**—Installs electrical and electronic systems in missile installations. **Proceeds**—For general corporate purposes. **Office**—551 Mission St., San Francisco, Calif. **Underwriter** — Van Alstyne, Noel & Co., New York (managing).

Eurofund, Inc. (6/20)
May 18, 1961 filed 551,250 shares of common stock (par $1) to be offered for subscription by stockholders on the basis of one new share for each two shares held. **Price**—To be supplied by amendment. **Business**—The Fund invests in securities of companies having operations in the Common Market Area of Europe. **Proceeds**—For investment. **Office**—14 Wall Street, New York City. **Underwriters**—Glore, Forgan & Co., (managing); Francis I. du Pont & Co.; Shearson, Hammill & Co., all of New York City.

Fairfield Controls, Inc.
May 19, 1961 filed 150,000 shares of common stock. **Price**—$1 per share. **Business**—The manufacture of electronic solid state power controls designed by the company's engineers from specifications supplied by customers. **Proceeds**—For equipment, repayment of a loan, inventory, advertising and working capital. **Office**—114 Manhattan Street, Stamford, Conn. **Underwriters**—Globus, Inc., and Lieberbaum & Co., both of New York City.

★ Famous Artists Schools, Inc.
June 13, 1961 filed 336,625 common shares of which 100,000 will be sold by the company and 236,625 by stockholders. **Price**—By amendment. **Proceeds**—For general corporate purposes. **Office** — 680 Fifth Ave., New York City. **Underwriter**—Bear, Stearns & Co., New York (managing).

Faradyne Electronics Corp. (6/26-30)
Jan. 30, 1961 filed $2,000,000 of 6% convertible subordinated debentures. **Price**—100% of principal amount. **Business**—The company is engaged in the manufacture and distribution of high reliability materials and basic electronic components, including dielectric and electrolytic capacitors and precision tungsten wire forms. **Proceeds**—For the payment of debts and for woorking capital. **Office**—471 Cortlandt Street, Belleville, N. J. **Underwriter**—S. D. Fuller Co.

Federal Factors, Inc.
May 8, 1961 filed $700,000 of 6½% convertible subordinated debentures due 1976 and 70,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—A finance company. **Proceeds**—To repay loans, and for working capital. **Office**—400 S. Beverly Drive, Beverly Hills, Calif. **Underwriters**—Thomas Jay, Winston & Co., Beverly Hills, Calif.; Maltz, Greenwald & Co. and Globus, Inc., New York, N. Y.

★ Federal Tool & Manufacturing Co.
June 12, 1961 filed 300,000 outstanding common shares. **Price** — $5. **Business**—The manufacture of short-term stampings out of metals. **Proceeds**—For the selling stockholders. **Office**—3600 Alabama Ave., Minneapolis. **Underwriter**—Jamieson & Co., Minneapolis.

● Ferson Optics, Inc.
May 29, 1961 ("Reg. A.") 75,000 common shares (no par). **Price**—$4. **Proceeds**—To purchase machinery for development and promotion, and working capital. **Address**—Ocean Springs, Miss. **Underwriters**—McLarty & Duddleston, Jackson Miss.; Beil & Hough, Inc., St. Petersburg, Fla.; J. C. Bradford & Co., Nashville, Tenn.; Clement A. Evans & Co., Inc. and Robinson-Humphrey Co., Inc., Atlanta, Ga. and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.

● Fiat Metal Manufacturing Co., Inc.
March 29, 1961 filed 220,462 outstanding shares of common stock (par 10 cents), to be offered for public sale by the present holder thereof. **Price**—To be supplied by amendment. **Business**—The manufacture and distribution of prefabricated metal shower cabinets, glass shower enclosures and pre-cast shower floors. **Proceeds**—For the selling stockholder. **Office** — Michael Court, Plainview, L. I., N. Y. **Underwriter**—Dempsey-Tegeler & Co., St. Louis and New York City. **Offering**—Imminent.

Fidelity Bankers Life Insurance Corp. (6/26-30)
April 27, 1961 filed 547,128 shares of common stock. **Price** — To be supplied by amendment. **Business** — The writing of ordinary, group and credit life insurance in 13 states and the District of Columbia. **Proceeds**—For additional capital. **Office**—Broad at Willow Lawn, Richmond, Va. **Underwriters** — Lee Higginson Corp., and Shearson, Hammill & Co., both of New York City (managing).

Fifth Dimension Inc. (7/24-28)
May 25, 1961 filed 60,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The design, development, manufacture and sale of precision instruments for measurement and control applications. **Proceeds**—For research and new product development. **Office**—P. O. Box 483, Princeton, N. J. **Underwriter**—Milton D. Blauner & Co., Inc., New York City (managing).

First Diversified Fund
May 15, 1961 filed 20,000 shares of the Fund. **Price**—$100 per share. **Business**—The Fund was organized in May, 1961, to provide investors with an opportunity to own an interest in diversified income-producing properties, chiefly real estate. **Proceeds**—For investment. **Office**—627 Salem Avenue, Dayton, Ohio. **Sponsor**—The Dahio Co., Dayton, Ohio.

● First National Real Estate Trust
June 6, 1961 filed 1,000,000 shares of beneficial interest in the Trust. **Price**—By amendment. **Business**—Real estate investment. **Office**—15 William St., New York. **Distributor**—Aberdeen Investors Program, Inc., New York.

★ First Mortgage Fund
June 12, 1961 filed 1,200,000 shares of beneficial interests. **Price** — $15. **Business** — A real estate investment trust. **Proceeds**—For investment. **Office**—30 Federal St., Boston. **Underwriter**—Shearson, Hammill & Co., New York.

● First Small Business Corp. of New Jersey (7/3-7)
April 18, 1961 filed 300,000 shares of capital stock (par $1), to be offered for public sale by the present holder thereof. **Price** — $12.50 per share. **Business** — A small business investment company organized in July, 1960, by the National State Bank of Newark, sole stockholder. **Proceeds**—For investment and working capital. **Office**—810 Broad St., Newark, N. J. **Underwriters**—Shearson, Hammill & Co., New York City and Heller & Meyer, East Orange, N. J.

First Small Business Investment Company of Tampa, Inc.
Oct. 6, 1960 filed 500,000 shares of common stock. **Price**—$12.50 per share. **Proceeds** — To provide investment capital. **Office**—Tampa, Fla. **Underwriter**—None.

● First Surety Corp.
May 31, 1961 filed 736,493 outstandnig shares of capital stock to be offered for sale by stockholders. **Price**—By amendment. **Business**—The company owns Surety Savings & Loan Association, a California corporation; operates an insuranec agency, and acts as a trustee under deeds of trust . **Proceeds**—For general corporate purposes. **Office**—237 Olive Ave., Burbank, Calif. **Underwriter**—Dempsey-Tegeler & Co., St. Louis (managing).

Flato Realty Fund
April 21, 1961 filed 2,000,000 shares of participation in the Fund. **Price**—$10 per share. **Business**—A new real estate investment trust. **Proceeds** — For investment. **Office**—Highway 44 and Baldwin Blvd., Corpus Christi, Texas. **Distributor**—Flato, Bean & Co., Corpus Christi, Texas.

Flora Mir Candy Corp.
May 24, 1961 (letter of notification) 85,700 shares of common stock (par 10 cents). **Price**—$3.50 per share. **Business**—The manufacture of candy products. **Proceeds**—For repayment of loans; working capital, and expansion. **Office**—1717 Broadway, Brooklyn, N. Y. **Underwriters**—Security Options Corp.; Jacey Securities Co. and Planned Investing Corp. all of New York City.

★ Florida Steel Corp.
June 8, 1961 filed 100,000 common shares to be sold by stockholders. **Price** — By amendment. **Business** — The fabricating and warehousing of steel products. **Proceeds**—For the selling stockholders. **Office**—1715 Cleveland St., Tampa, Fla. **Underwriters**—McDonald & Co., Cleveland and Kidder, Peabody & Co., New York (managing).

Ford Motor Co.
May 26, 1961 filed 2,750,000 outstanding shares of common stock to be offered for public sale by the present holders thereof. **Price**—To be related to the current market price of the stock at the time of the sale. **Proceeds**—For the selling stockholder (the Ford Foundation). **Office**—Dearborn, Mich. **Underwriter**—Blyth & Co., Inc., New York City (managing). **Offering**—Expected in late June.

Fox-Stanley Photo Products, Inc. (6/19-23)
March 29, 1961 filed 387,500 shares of common stock (par $1) of which 50,000 shares are to be offered for public sale by the company and 337,500 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—In May 1961 the company plans to take over the businesses of The Fox Co., San Antonio, Tex., and the Stanley Photo Service, Inc., St. Louis, Mo., which are now engaged in the processing of photographic films and the sale of photographic equipment. **Proceeds**—For working capital and possible future acquisitions. **Office**—1734 Broadway, San Antonio, Tex. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

● Frederick-Willys Co., Inc.
April 20, 1961 (letter of notification) 150,000 shares of common stock (par five cents). **Price**—$1.15 per share. **Business**—Manufacture of family recreation equipment. **Proceeds**—To repay debt, purchase additional equipment, for research and development, and working capital. **Office**—6519 Nicollet Avenue, Minneapolis, Minn. **Underwriter**—Continental Securities, Inc., Minneapolis, Minn.

Frontier Airlines, Inc.
March 16, 1961 filed 250,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business**—The transportation by air of passengers, property and mail between 66 cities in 11 states. **Proceeds**—For the selling stockholders. **Office** — 5900 E. 39th Ave., Denver, Colo. **Underwriter**—To be named.

● G-W Ameritronics, Inc. (6/19-23)
Jan. 25, 1961 filed 80,000 shares of common stock and 160,000 warrants to purchase a like number of common shares, to be offered for public sale in units, each consisting of one share of common stock and two warrants. Each warrant will entitle the holder thereof to purchase one share of common stock at $2 per share from March to August 1961 and at $3 per share from September 1962 to February 1964. **Price** — $4 per unit. **Business** — The company (formerly Gar Wood Philadelphia Truck Equipment, Inc.), distributes, sells, services and installs Gar Wood truck bodies and equipment in Pennsylvania, Delaware, and New Jersey, under an exclusive franchise. **Proceeds** — For general corporate purposes. **Office**—Kensington and Sedgley Avenues, Philadelphia, Pa. **Underwriter**—Fraser & Co., Inc, Philadelphia, Pa.

Garan Inc.
May 29, 1961 filed 120,000 shares of common stock. **Price**—$6.50 per share. **Business**—The manufacture of men's and boys' sport shirts. **Proceeds**—To equip a new plant at Lambert, Miss., and for working capital. **Office**—112 W. 34th Street, New York City. **Underwriter**—J. R. Williston & Beane, New York City (managing). **Offering**—Expected in late July.

★ Gateway Loan Corp.
May 24, 1961 ("Reg. A") 8,000 common shares (par $1). **Price**—$10. **Proceeds**—For working capital. **Office**—1223 Madison Ave., Madison, Ill. **Underwriter**—None.

★ General Acceptance Corp. (7/3)
June 7, 1961 filed $15,000,000 of convertible capital debentures due June 1, 1981. **Price**—By amendment. **Business**—A finance company. **Proceeds**—For working capital. **Office**—1105 Hamilton St., Allentown, Pa. **Underwriters**—Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co., New York (managing).

● General Economics Corp.
March 8, 1961 filed 130,000 shares of common stock. **Price**—$5 per share. **Business**—The company is active in the over-the-counter market as both broker and principal, sells mutual fund securities and life insurance, and finances the payment of life insurance premiums. **Proceeds**—For additional working capital. **Office**—130 W. 42nd Street, New York City. **Underwriter**—Continental Planning Co., 130 West 62nd Street, New York City. **Offering**—Expected in late June.

General Resistance, Inc.
April 24, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business**—The manufacture of precision wire sound resistors, restance networks and measuring instruments. **Proceeds**—For repayment of loans; working capital and general corporate purposes. **Office**—430 Southern Boulevard, Bronx, N. Y. **Underwriters**—Flomenhaft, Seidler & Co., Inc., New York, N. Y., and I. R. E. Investors Corp., Levittown, N. Y.

● Getz (William) Corp.
June 6, 1961 filed 105,000 shares of common of which 80,000 shares are to be offered by the company and 25,000 shares by a stockholder. **Price** — By amendment. **Business**—Company manufactures dental supplies. **Proceeds**—For repayment of a bank loan and general corporate purposes. **Office**—7512 S. Greenwood Ave., Chicago. **Underwriter**—Bacon, Whipple & Co., Chicago.

Giannini Scientific Corp.
Feb. 27, 1961 (letter of notification) 30,000 shares of common stock (par 10 cents). **Price** — $10 per share. **Business**—Research, development and manufacturing in technological fields. **Proceeds** — For general corporate purposes. **Office**—30 Broad Street, New York, N. Y. **Underwriter**—Kidder, Peabody & Co., Inc., New York, N. Y.

Gibbs (T. R.) Medicine Co., Inc.
May 26, 1961 filed 110,000 shares of class A stock. **Price**—$3 per share. **Business**—The manufacture, marketing and distribution of proprietary drug products. **Proceeds**—For advertising and general corporate purposes. **Office**—1496 H Street, N. E., Washington, D. C. **Underwriter**—None.

● Gilbert Data Systems, Inc. (7/3-7)
April 14, 1961 filed 175,000 shares of common stock. **Price**—$2 per share. **Business**—The affixing of price tags, packing, warehousing of apparel and other services for department and chain stores. **Proceeds**—For plant additions, repayment of debt and working capital. **Office**—441 Ninth Ave., New York City. **Underwriter**—Schrijver & Co., New York City.

Gilbert Youth Research, Inc.
May 29, 1961 filed 65,000 shares of common stock, of which 50,000 shares are to be offered for public sale by the company and 15,000 outstanding shares by the present stockholder. **Price**—To be supplied by amendment. **Business** — The company conducts consumer research, does telephone sales promotion and prepares articles and books which are related to or relate to merchandising advice to the teenage youth and student fields. **Proceeds**—For working capital. **Office**—205 E. 42nd Street, New York City. **Underwriter**—McDonnell & Co., N. Y.

● Gimbel Brothers, Inc.
May 11, 1961 filed $25,000,000 of sinking fund debentures, due June 1, 1981. **Price** — To be supplied by amendment. **Business**—The issuer, together with its subsidiaries, constitutes one of the country's larger department store organizations. **Proceeds** — About $7,850,000 will be used to redeem the issuer's $4.50 cumulative preferred stock, with the balance to be used for construction of branch stores and general corporate purposes. **Office**—33rd St. and Broadway, New York City. **Underwriters**—Lehman Brothers and Goldman, Sachs & Co., both of New York City (managing). **Offering**—Imminent.

● Goodway Printing Co. (7/3-7)
May 23, 1961 filed 247,500 shares of no par capital stock, of which 60,000 shares are to be offered for public sale by the company and 187,500 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business**—Commercial printing and the publication of technical journals for prime defense contractors. **Proceeds**—For working capital. **Office**—4030 Chestnut St., Philadelphia, Pa. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing).

Gordon & Breach, Science Publishers, Inc.
April 21, 1961 (letter of notification) 80,000 shares of common stock (par 10 cents). **Price**—$1.75 per share. **Business**—Publishers of scientific textbooks. **Proceeds**—For working capital. **Office** — 150 Fifth Avenue, New York, N. Y. **Underwriter**—First Weber Securities Corp., New York, N. Y.

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Gordon Jewelry Corp. (6/26-30)
May 5, 1961 filed 140,000 shares of class A stock. **Price**—To be supplied by amendment. **Business**—The company conducts a retail credit jewelry business and has two life insurance subsidiaries. **Proceeds**—For expansion. **Office**—Stewart Bldg., Houston, Texas. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing).

Greater Arizona Mortgage Co.
May 1, 1961 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—Mayer Central Building, Suite 115, Phoenix, Ariz. **Underwriters**—Henry Fricke Co., New York, N. Y. and Preferred Securities, Inc., Phoenix, Ariz.

Growth, Inc.
May 17, 1961 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Address**—Lynn, Mass. **Underwriter**—Mann & Creesy, Salem, Mass.

Growth Properties
May 9, 1961 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company plans to engage in all phases of the real estate business. **Proceeds** — To reduce indebtedness, construct apartment units, buy land, and for working capital. **Office**—Suite 418, Albert Bldg., San Rafael, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif. (managing).

● **Gulf Oil Corp. (6/20)**
May 26, 1961 filed 1,670,000 outstanding shares of capital stock (par $8.333) 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 the selling stockholders. **Office**—Gulf Bldg., Pittsburgh 30, Pa. **Underwriter**—First Boston Corp., New York City (managing).

Gulf-Southwest Capital Corp.
May 19, 1961 filed 1,250,000 shares of common stock. **Price** — To be supplied by amendment. **Business** — The company is licensed as a small business investment concern. **Proceeds**—For investment. **Office**—Esperson Building, Houston, Texas. **Underwriters**—Harriman Ripley & Co., New York City and Underwood, Neuhaus & Co., Inc., Houston (managing).

● **Hager Inc. (6/26-30)**
March 31, 1961 filed 200,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The financing and sale of household food freezers and frozen foods to the consumer. **Proceeds**—For the repayment of debt and working capital. **Office**—2926 Fairfield Ave., Bridgeport, Conn. **Underwriter**—Marron, Sloss & Co., Inc., New York City (managing).

★ **Hamco Machine & Electronics Corp.**
June 6, 1961 ("Reg. A") 150,000 common shares (par 10 cents). **Price** — $2. **Business** — Manufacturers of saw sharpeners. **Proceeds**—For general corporate purposes. **Office**—99 Mt. Hope Ave., Rochester, N. Y. **Underwriter**—None.

Handmacher-Vogel, Inc.
May 17, 1961 245,000 shares of common stock, of which 94,950 shares are to be offered for public sale by the company and 120,050 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of women's suits and costumes. **Proceeds**—For the purchase of equipment and inventory and for plant modernization. **Office**—533 7th Ave., New York City. **Underwriter** — Butcher & Sherrerd, Philadelphia, Pa.

Hardeman (Paul), Inc. (6/29)
April 26, 1961 filed 350,000 shares of common stock (par 25 cents). **Price**—To be supplied by amendment. **Business**—The design, engineering, construction and installation of missile launching bases and related facilities for the armed forces. **Proceeds**—For working capital. **Office**—Stanton, Calif. **Underwriter**—Michael G. Kletz & Co., New York City (managing).

Harvey Aluminum (Inc.)
May 16, 1961 filed 1,000,000 shares of class A common stock. **Price**—To be supplied by amendment. **Business**—The production of primary aluminum and aluminum mill products. **Proceeds**—For expansion. **Office**—19200 So. Western Ave., Torrance, Calif. **Underwriters**—Kuhn, Loeb & Co., Inc., and Tucker, Anthony & R. L. Day, both of New York City (managing). **Offering**—Expected in late June.

Harvey House, Inc.
May 8, 1961 filed 140,000 shares of common stock. **Price**—$3 per share. **Business**—The publication and distribution of educational books and materials. **Proceeds**—For expansion and the repayment of debt. **Office**—5 South Buckout Street, Irvington-on-Hudson, New York. **Underwriter**—Michael G. Kletz & Co., New York City (managing).

● **Harvey's Stores, Inc. (6/19-23)**
April 28, 1961 filed 150,000 outstanding shares of class A stock to be offered for public sale by the present holders thereof. **Price**—$7.50 per share. **Business**—The operation of a chain of women's wear and children's apparel stores in Ohio, Indiana, Illinois and Michigan. **Proceeds** — For the selling stockholders. **Office** — 500 Seventh Avenue, New York City. **Underwriter**—Maltz, Greenwald & Co.. New York City (managing).

Harwyn Publishing Corp. (6/26)
March 30, 1961 filed 110,000 shares of class A common stock (par 10 cents). **Price**—$3.75 per share. **Business**—The publishing of illustrated encyclopedic works, principally for children. **Proceeds**—For general corporate purposes. **Office**—170 Varick Street, New York City. **Underwriter**—N. A. Hart & Co., Bayside, N. Y.

Hathaway Instruments, Inc.
May 5, 1961 filed 351,280 shares of common stock, of which up to 90,000 shares are to be offered for public sale by the present holders thereof and the balance by the company. **Price** — At-the-market at time of sale. **Business**—The design, manufacture and sale of electric power recording instruments. **Office**—2401 E. Second Avenue, Denver, Colo. **Underwriters**—Bear, Stearns & Co. and Wertheim & Co., New York, N. Y.

Hazeltine Investment Corp.
June 5, 1961 filed 13,000 5% preferred shares ($100 par) and 13,000 common shares to be offered for sale in units of one preferred and one common share. **Price**—$101 per unit. **Business**—The acquisition and development of real estate. **Proceeds** — For investment, repayment of debt, and working capital. **Office**—660 Grain Exchange, Minneapolis. **Underwriter**—None.

Hickory Industries, Inc.
March 9, 1961 (letter of notification) 25,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business** — Manufacturers of barbecue machines and allied equipment. **Proceeds** — For general corporate purposes. **Office**—10-20 47th Road, Long Island City, N. Y. **Underwriter**—J. B. Coburn Associates, Inc., New York, N. Y. **Offering**—Imminent.

Holiday Sportswear, Inc. (6/20)
April 21, 1961 filed 86,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of specialized bowling apparel for men, women and children. **Proceeds**—For additional working capital. **Office**—311 West Eighth St., Kansas City, Mo. **Underwriter**—George K. Baum & Co., Kansas City, Mo. (managing).

Home-Maker Stores, Inc.
May 17, 1961 (letter of notification) 85,700 shares of common stock (par $2.50). **Price**—$3.50 per share. **Office**—2306 Foshay Tower, Minneapolis, Minn. **Underwriter**—M. H. Bishop & Co., Minneapolis, Minn.

★ **Houston Corp.**
June 9, 1961 filed 583,334 common shares to be offered for subscription by holders of common and class A stock. **Price**—By amendment. **Business** — The operation of a pipe line system of natural gas. **Proceeds**—For expansion, working capital and general corporate purposes. **Office**—First Federal Bldg., St. Petersburg, Fla. **Underwriters**—Blyth & Co., Inc., Lehman Brothers and Allen & Co., New York.

Howe Plastics & Chemical Companies, Inc.
March 29, 1961 (letter of notification) 40,000 shares of common stock (par one cent). **Price**—At-the-market. **Business**—The manufacture of plastic items. **Proceeds**—For the repayment of debt; advertising and sales promotion; expansion and working capital. **Office**—4077 Park Avenue, Bronx 57, N. Y. **Underwriter**—J. I. Magaril Co., New York, N. Y. **Offering**—Imminent.

● **Hunt Foods & Industries Inc. (6/26-30)**
May 23, 1961 filed $38,799,500 of convertible subordinated debentures due July 1, 1986, to be offered to the holders of the outstanding common on the basis of $100 principal amount of debentures for each 12 shares held. **Price**—To be supplied by amendment. **Business** — The company processes, packages and distributes food and grocery products. **Proceeds**—For construction and working capital. **Office**—Fullerton, Calif. **Underwriter**—Goldman, Sachs & Co., New York City (managing).

Hydro-Space Technology, Inc.
May 12, 1961 filed 300,000 shares of common stock, of which 155,000 shares are to be offered for public sale by the company and 145,000 outstanding shares by the present holders thereof. **Price**—$3 per share. **Business**—The design, engineering, production and sale of cartridge actuated devices, the evaluation of propulsion systems and propellants, and the production of buoyancy devices for underwater research and defense. **Proceeds**—For new equipment and facilities, the repayment of loans and working capital. **Office**—West Caldwell, N. J. **Underwriters**—Michael G. Kletz & Co., Inc., and John H. Kaplan & Co., both of New York City.

Hydrodyne Industries, Inc.
May 19, 1961 (letter of notification) 75,000 shares of common stock (par one cent). **Price** — $2.50 per share. **Business** — The manufacture of hydraulic components. **Proceeds** — For purchase of equipment and inventory; marketing and sales promotion; repayment of loans; research and development; moving expenses and installation costs; preparation of catalogues and other literature; reserves and general corporate purposes. **Office** — 15 Holman Boulevard, Hicksville, L. I., N. Y. **Underwriter**—United Planning Corp., Newark, N. J.

● **Hydroswift Corp.**
Oct. 20, 1960 filed 120,000 shares of common stock. **Price**—$3 per share. **Business**—The firm, which was organized in February, 1957, makes and wholesales products and services for the fiberglass industry, including particularly fiberglass boats known as "HydroSwift" and "Skyliner." **Proceeds**—For general funds, including expansion. **Office**—1750 South 8th Street, Salt Lake City, Utah. **Underwriter** — Whitney & Co., Salt Lake City, Utah. **Offering**—Imminent.

I C Inc.
June 29, 1960 filed 600,000 shares of com. stock (par $1) **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Building, Denver, Colo. **Underwriters**—Industrial Securities Corp. and Amos C. Sudler & Co., both of Denver, Colo. **Offering**—Expected in late July.

I T A Electronics Corp.
April 7, 1961 (letter of notification) 60,000 shares of common stock. **Price**—$5 per share. **Business**—Manufactures electronic equipment and components. **Proceeds**—For general corporate purposes. **Office**—Lansdown, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa.

● **Ihnen (Edward H.) & Son, Inc. (7/24-28)**
May 16, 1961 filed 75,000 shares of common stock. **Price**—$5 per share. **Business**—The construction of public and private swimming pools and the sale of pool equipment. **Proceeds**—To reduce indebtedness, to buy equipment, and for working capital. **Office**—Montvale, N. J. **Underwriter** — Amos Treat & Co., Inc., New York City (managing).

● **Income Planning Corp. (6/29)**
Dec. 29, 1960 (letter of notification) 5,000 shares of cumulative preferred stock (no par) and 10,000 shares of class A common stock (par 10 cents) to be offered in units consisting of one share of preferred and two shares of common. **Price** — $40 per unit. **Proceeds**—To open a new branch office, development of business and for working capital. **Office**—3300 W. Hamilton Boulevard, Allentown, Pa. **Underwriter**—Espy & Wanderer, Inc., Teaneck, N. J.

Income Properties, Inc. (7/3)
March 31, 1961 filed 150,000 shares of class A stock (par 50 cents). **Price**—$9.75 per share. **Business**—Formerly known as Price Investors Corp., the company owns and operates six apartment houses and plans to construct two more. **Proceeds**—To repay debt and for working capital. **Office**—1801 Dorchester Road, Brooklyn, N. Y. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York City (managing).

Independence Life Insurance Co. of America
May 24, 1961 filed 150,000 shares of capital stock, of which 100,000 shares are to be offered for public sale by the company and 50,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The writing of life and disability insurance, principally in southern California. **Proceeds**—To be added to the company's general funds. **Office**—99 South Lake Ave., Pasadena, Calif. **Underwriter**—Blyth & Co., Inc., New York City.

● **Industrial Control Products, Inc. (6/20)**
March 10, 1961 filed 165,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The engineering, designing and precision machining of electronic components. **Proceeds** — For research and development, inventory, equipment, start-up costs of semi-conductor production, and for working capital. **Office**—78 Clinton Rd., Caldwell Township, N. J. **Underwriter** — Edward Hindley & Co., New York City.

Industrial Materials, Inc.
April 27, 1961 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Business**—The manufacture of a new patented fiber glass material to be used in rocket motor cases. **Proceeds**—For expenses, equipment and working capital. **Office**—1025 Shoreham Bldg., Washington, D. C. **Underwriter**—Atlantic Equities Co., Washington, D. C.

Information for Industry, Inc.
May 24, 1961 ("Reg. A.") 60,000 common shares, (par 25 cents). **Price**—$5. **Proceeds**—For product development, inventory, and working capital. **Office**—1000 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Mackall & Coe, Washington, D. C.

Inland Life Insurance Co.
May 18, 1961 filed 375,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The writing of non-participating ordinary life and group life insurance. **Proceeds**—For investment and general corporate purposes. **Office**—175 West Jackson Boulevard, Chicago, Ill. **Underwriter**—A. G. Becker & Co., Chicago (managing).

International Cablevision Corp.
May 23, 1961 filed 164,850 shares of class A common stock. **Price**—$10 per share. **Business**—The construction and operation of television cable systems. **Proceeds**—For expansion, general corporate purposes, and to offset deficits anticipated during the commencement of certain Florida operations. **Office**—New York City. **Underwriter**—James Anthony & Co., Inc., New York City (managing).

International Marine, Inc.
May 29, 1961 ("Reg. A.") 75,000 common shares (par one cent) of which 60,000 are to be sold by the company and 15,000 by the underwriter. **Price**—$4. **Proceeds**—For repayment of debt, advertising, inventory, and working capital. **Office**—790 N. E. 79th St., Miami, Fla. **Underwriter**—Albion Securities Co., Inc., New York.

International Silver Co. (6/30)
May 16, 1961 filed $7,822,000 of convertible subordinated debentures due Aug. 1, 1981 to be offered for subscription by common stockholders on the basis of $100 of debentures for each 15 shares held of record June 30 with rights to expire about July 17. **Price**—To be supplied by amendment. **Business** — The manufacture and sale of silverware, flatware and table accessories. **Proceeds**—For the retirement of such 7% cumulative preferred shares as are tendered to the company during a period commencing June 12. **Office**—16 East 40th Street, New York City. **Underwriter**—Lehman Brothers, New York City (managing).

Invesco Collateral Corp.
March 6, 1961 filed $900,000 of 6% registered subordinated debentures to be offered in three series of $300,000 each, due June 30, 1965, 1966 and 1967, respectively. **Price**—$4,315; $4,190 and $4,079 per $5,000 of debentures. **Business**—The company, a wholly-owned subsidiary of Investors Funding Corp. of New York was organized under New York law in June, 1960, to purchase, invest

in and sell real estate mortgages. **Proceeds**—For investment. **Office**—511 Fifth Avenue, New York City. **Underwriter**—None.

Investors Funding Corp. of New York (8/1)
May 1, 1961 filed $2,000,000 of registered subordinated debentures due 1976 (with class A warrants to purchase 20,000 class A shares) and 40,000 shares of class A stock to be offered for public sale in units consisting of one $500 debenture and 10 class A shares. **Price**—$650 per unit. **Business**—The buying, selling and investing in real estate particularly apartment houses in the New York City area. **Proceeds**—For general corporate purposes. **Office**—630 Fifth Avenue, New York City. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York City.

Investors Preferred Life Insurance Co. (7/3)
March 30, 1961 filed 400,000 shares of common stock. **Price**—$2.40 per share. **Business**—The company is authorized to sell life, accident and health insurance. **Proceeds**—To be added to capital and surplus. **Office**—310 Spring Street, Little Rock, Ark. **Underwriter**—Life Securities, Inc., P. O. Box 3662, Little Rock.

★ **Israel-America Hotels, Ltd.**
June 8, 1961 filed 1,250,000 ordinary shares. **Price**—$1 per share, payable in cash or State of Israel bonds. **Business**—The operation of hotels. **Proceeds**—For construction and operation of a hotel at Herzlia, Israel. **Address**—Tel Aviv, Israel. **Underwriter**—Brager & Co., New York.

"Isras" Israel-Rassco Investment Co. Ltd.
March 27, 1961 filed 30,000 shares of ordinary stock. **Price**—$62 per share. The company may, but is not obligated to, accept payment in State of Israel bonds. **Proceeds**—For the construction of hotels, office buildings, housing projects and the like. **Office**—Tel Aviv, Israel. **Underwriter**—None.

● **Ivest Fund, Inc.**
Feb. 20, 1961 filed 150,000 shares of common stock. **Price**—Net asset value at the time of the offering. **Business**—A non-diversified, open-end investment company, whose stated objective is capital appreciation. **Proceeds**—For investment. **Office**—One State Street, Boston, Mass. **Underwriter**—Ivest, Inc., One State Street, Boston, Mass.

Jackson National Life Insurance Co.
April 11, 1961 filed 300,000 shares of class A common stock. **Price**—$4 per share. **Business**—The company plans to engage in the life insurance business. **Proceeds**—For capital funds, and working capital. **Office**—245 West Michigan Avenue, Jackson, Mich. **Underwriter**—Apex Investment Co., Detroit.

● **Jefferson Construction Co. (6/26-30)**
May 10, 1961 filed 340,000 shares of common stock, of which 110,000 shares are to be offered for public sale by the company and 230,000 outstanding shares by the present holders thereof. **Price**—$5.50 per share. **Business**—The company bids on government contracts for the erection of buildings, roads, dams, airstrips and canals and undertakes construction contracts for private commercial interests on a lump sum or a cost-plus-fixed-fee basis. **Proceeds**—For the purchase of equipment. **Office**—75 First St., Cambridge, Mass. **Underwriter**—Pistell, Crow, Inc., New York City.

● **Jefferson Counsel Corp. (6-19-23)**
March 13, 1961 filed 30,000 shares of class B common stock (non-voting). **Price**—$10 per share. **Business**—The company was organized under Delaware law in January 1961 to sponsor the organization of the Jefferson Growth Fund, Inc., a new open-end diversified investment company of the management type. **Proceeds**—For organizational and operating expenses. **Office**—52 Wall St., New York City. **Underwriter**—None.

Jolyn Electronic Manufacturing Corp.
April 24, 1961 (letter of notification) 64,500 shares of common stock (par one cent). **Price**—$3 per share. **Business**—The manufacture of machine tool products, drift meters, sextants and related items. **Proceeds**—For repayment of a loan, working capital, and general corporate purposes. **Office**—Urban Avenue, Westbury, L. I., N. Y. **Underwriter**—Kerns, Bennett & Co., Inc., New York, N. Y.

● **Julie Research Laboratories, Inc. (6/16)**
March 29, 1961 filed 100,000 outstanding shares of common stock to be offered for public sale by the present stockholder. **Price**—$10 per share. **Business**—Basic research and development leading to the design, manufacture and sale of precise electronic components and instruments. **Proceeds**—For the selling stockholder. **Office**—603 West 130th Street, New York City. **Underwriter**—C. E. Unterberg, Towbin Co., New York City (managing).

Kaiser Aluminum & Chemical Corp. (6/29)
May 31, 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 selling stockholder. **Price**—To be supplied by amendment. **Business**—The company is a major producer of primary aluminum and fabricated aluminum products. **Proceeds**—For working capital. **Office**—300 Lakeside Drive, Oakland, Calif. **Underwriters**—First Boston Corp., New York City and Dean Witter & Co., San Francisco, Calif.

Kane-Miller Corp. (7/10-14)
May 17, 1961 filed 120,000 shares of common stock. **Price**—$5 per share. **Business**—The company is a wholesaler and distributor of grocery products to institutions, restaurants, steamship lines and the like. **Proceeds**—For inventory, and working capital. **Office**—81 Clinton Street, Yonkers, N. Y. **Underwriters**—Netherlands Securities Co., Inc., and Seymour Blauner Co., both of New York City and J. J. Bruno & Co., Pittsburgh, Pa.

Keltner Electronics, Inc.
May 31, 1961 ("Reg. A.") 150,000 common shares (par 25 cents). **Price**—$1. **Proceeds**—For research, working capital and repayment of debt. **Office**—1045 W. Hampden St., Englewood, Colo. **Underwriter**—Schmidt, Sharp, McCabe & Co., Inc., 1717 Stout St., Denver, Colo.

Knickerbocker Biologicals, Inc.
Dec. 23, 1960, filed 100,000 outstanding shares of class A stock. **Price**—$6 per share. **Business**—The manufacture, packaging and distribution of a line of diagnostic serums and cells used for the purpose of blood grouping and testing. The company also operates blood donor centers in New York and Philadelphia. **Proceeds**—For the selling stockholders. **Office**—300 West 43rd Street, New York City. **Underwriter**—None.

Krystinel Corp.
April 12, 1961 filed 90,000 shares of class A stock. **Price**—$2.50 per share. **Business**—The company produces ferrites, which are ceramic-like materials with magnetic properties, and conducts a research and development program for ferrite products. **Proceeds**—For the repayment of a loan, research and development, new equipment and working capital. **Office**—P. O. Box 6, Fox Island Road, Port Chester, N. Y. **Underwriters**—Ross, Lyon & Co., Inc., and Schrijver & Co., both of New York City.

Lafayette Realty Co.
April 28, 1961 filed 129.3 limited partnership interests. **Price**—$5,000 per interest. **Business**—The partnership owns a contract to purchase the fee title to the Lafayette Building in Detroit, Mich. **Proceeds**—To purchase the above property. **Office**—18 E. 41st Street, New York City. **Underwriter**—Tenney Securities Corp., 18 E. 41st Street, New York City.

● **Lannett Co., Inc.**
April 7, 1961 (letter of notification) 150,000 shares of common stock. **Price**—$2 per share. **Business**—The manufacture and sale of pharmaceuticals. **Proceeds**—For a new building, research and development, and a sales training program. **Office**—Frankford Ave., and Allen St., Philadelphia, Pa. **Underwriter**—Netherlands Securities Co., Inc., New York City.

Lanvin-Parfums, Inc.
May 17, 1961 filed 440,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The importation and distribution in the U. S. of French perfumes. **Proceeds**—To E. L. Cournand, the issuer's president, selling stockholder. **Office**—767 5th Ave., New York City. **Underwriter**—Goldman, Sachs & Co., New York City (managing).

"Lapidoth" Israel Oil Prospectors Corp. Ltd.
Oct. 27, 1960 filed 1,500,000 ordinary shares. **Price**—To be supplied by amendment, and to be payable either totally or partially in Israel bonds. **Business**—The company was organized in October 1959 as a consolidation of individual and corporate licensees who had been operating in the oil business as a joint venture. **Proceeds**—For exploration and development of oil lands. **Office**—22 Rothschild Blvd., Tel-Aviv, Israel. **Underwriter**—None.

Lewis & Clark Marina, Inc.
May 9, 1961 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Address**—Yankton, S. D. **Underwriter**—E. W. Behrens & Co., Inc., Sioux Falls, S. D.

Lincoln Fund, Inc.
March 30, 1961 filed 951,799 shares of common stock. **Price**—Net asset value plus a 7% selling commission. **Business**—A non-diversified, open-end, management-type investment company whose primary investment objective is capital appreciation and, secondary, income derived from the sale of put and call options. **Proceeds**—For investment. **Office**—300 Main St., New Britain, Conn. **Distributor**—Horizon Management Corp., New Britain.

Lithonia Lighting, Inc.
May 23, 1961 filed 226,000 shares of common stock of which 136,000 shares are to be sold for the account of the company and 90,000 shares for certain selling stockholders. **Price**—To be supplied by amendment. **Business**—The manufacture of fluorescent lighting fixtures for commercial, institutional and industrial buildings. **Office**—Conyers, Ga. **Underwriters**—Bache & Co., New York City and Robinson-Humphrey Co., Inc., Atlanta, Ga.

Long Island Bowling Enterprises, Inc.
May 24, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The operation of bowling alleys. **Proceeds**—For general corporate purposes. **Address**—Mattituck, L. I., N. Y. **Underwriter**—Tau Inc New York, N. Y.

Long Island Lighting Co.
June 2, 1961 filed $25,000,000 of first mtge. bonds, series L, due 1991. **Proceeds**—For construction. **Office**—250 Old Country Road, Mineola, N. Y. **Underwriters**—Competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; First Boston Corp., and Blyth & Co., Inc. (jointly); W. C. Langley & Co. and Smith, Barney & Co. (jointly). **Offering**—Expected in late July.

Lytton Financial Corp. 8/18)
March 30, 1961 filed 300,000 shares of capital stock. **Price**—To be supplied by amendment. **Business**—The company owns the stocks of several California savings and loan associations. It also operates an insurance agency, and through a subsidiary, Title Acceptance Corp., acts as trustee under trust deeds securing loans made by the associations. **Proceeds**—To repay loans and for working capital. **Office**—8150 Sunset Boulevard, Hollywood, Calif. **Underwriters**—William R. Staats & Co., Los Angeles and Shearson, Hammill & Co., New York City (managing).

M. B. M. Corp.
May 26, 1961 ("Reg. A.") $300,000 of 6½% sinking fund equipment notes to be offered in units of $1,000.
June 2, 1961 filed $25,000,000 of firt mtge. bonds, series **Price**—At par. **Proceeds**—For repayment of loans, and working capital. **Office**—1331 S. 20th St., Omaha, Neb. **Underwriter**—First Trust Co. of Lincoln, Neb.

M & F Graphic Arts & Industrial Photographic Supply Co.
May 1, 1961 filed 80,000 shares of class A common stock, of which 60,000 shares are to be offered for the account of the issuing company and 20,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The distribution of photographic supplies to amateur and professional photographers. **Proceeds**—For working capital and general corporate purposes. **Office**—220 Luckie St., N. W., Atlanta, Ga. **Underwriter**—Robinson-Humphrey Co., Inc., Atlanta, Ga. (managing).

★ **M-G, Inc.**
May 26, 1961 ("Reg. A") 100,000 class A common shares (par $1). **Proceeds**—For new equipment, construction, and working capital. **Address**—Weimar, Tex. **Underwriter**—Rowles, Winston & Co., Houston, Tex.

MacGregor Bowling Centers, Inc.
May 3, 1961 filed 120,000 shares of common stock, of which 100,000 will be offered for public sale by the company and 20,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To repay loans and for working capital. **Office**—5309 South Park Blvd., Houston, Tex. **Underwriters**—Rowles, Winston & Co., and Fridley & Frederking, Houston.

Mages Sporting Goods Co.
May 1, 1961 filed 1,029,961 shares of common stock to be offered for subscription by stockholders on the basis of one new share for each two common shares held. **Price**—To be supplied by amendment. **Business**—The mail order and retail sale of sporting goods and recreational equipment. **Proceeds**—For the repayment of debt and other corporate purposes. **Office**—227 West Madison Street, Chicago, Ill. **Underwriter**—None.

Magna Pipe Line Co. Ltd.
June 1, 1961 filed 750,000 common shares, of which 525,000 will be offered for sale in the U. S., and 225,000 in Canada. **Price**—By amendment. **Business**—The company plans to build and operate an underwater natural gas transmission pipeline from British Columbia to Vancover Island and a subsidiary will build a pipeline from Bremerton to Port Angeles, Washington. **Proceeds**—For construction. **Office**—508 Credit Foncier Bldg., Vancouver, B. C. **Underwriters**—(In U. S.) Bear, Stearns & Co., New York. (In Canada) W. C. Pitfield & Co., Ltd., Montreal.

★ **Mairs & Power Income Fund, Inc.**
June 7, 1961 filed 40,000 common shares. **Price**—By amendment. **Business**—A mutual fund. **Proceeds**—For investment. **Office**—1002 First National Bank Bldg., St. Paul, Minn. **Underwriter**—None.

● **Marine & Electronics Manufacturing Inc. (6/19-23)**
Sept. 22, 1960 (letter of notification) 75,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For expenses in the fabrication of sheet metal parts for missiles, rockets, radar and marine items. **Address**—319 W. Howard St., Hagerstown, Md. **Underwriter**—Lecluse & Co., Washington, D. C.

Marine Structures Corp. (7/17)
Feb. 1, 1961 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To purchase raw materials, advertising and for working capital. **Office**—204 E. Washington St., Petaluma, Calif. **Underwriter**—Grant, Fontaine & Co., Oakland, Calif.

Massachusetts Electric Co. (6/27)
April 24, 1961 filed $17,500,000 of first mortgage bonds, series F, due 1991. **Proceeds**—For the repayment of debt and for construction. **Office**—939 Southbridge Street, Worcester, Mass. **Underwriters**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co., and Coffin & Burr, Inc. **Bids**—To be received on June 27, 1961 at 11 a.m. (EDST), Room 100, 441 Stuart St., Boston, Mass. **Information Meeting**—June 22 11 a.m. (EDST) at the above address.

● **Metropolis Bowling Centers, Inc. (6/30)**
May 1, 1961 filed 198,000 shares of common stock, of which 120,000 shares are to be offered for public sale by the company and 78,000 outstanding shares by the present holders thereof. **Price**—About $5 per share. **Business**—The acquisition and operation of bowling centers, principally in New York City. **Proceeds**—To improve existing properties and acquire other bowling centers. **Office**—647 Fulton Street, Brooklyn, N. Y. **Underwriters**—Russell & Saxe, Inc., (managing); Thomas, Williams & Lee, Inc., and V. S. Wickett & Co., New York City.

● **Metropolitan Securities, Inc.**
Nov. 17, 1960 (letter of notification) 100,000 shares of class A common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—919-18th St., N. W., Washington, D. C. **Underwriter**—Hodgdon & Co., Washington, D. C.

● **Micro Electronics Corp. (6/26-30)**
March 31, 1961 filed 100,000 shares of common stock. **Price**—$4 per share. **Business**—The manufacture of printed circuits for the electronics industry. **Proceeds**—$124,000 for new plant, $76,000 for equipment, and $110,000 for working capital. **Office**—1191 Stout St., Denver, Colo. **Underwriter**—R. Baruch & Co., Washington, D. C. (managing).

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● Microtron Industries, Inc. (7/19)
March 1, 1961 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price** — $1 per share. **Proceeds** — For purchase of equipment; inventory of parts; working capital; and research and development. **Office** — 120 S. Fairfax, Denver, Colo. **Underwriter** — Amos C. Sudler & Co., Denver, Colo.

Microwave Semiconductor & Instruments Inc.
May 12, 1961 filed 120,000 shares of common stock. **Price**—$3 per share. **Business**—The research, development, manufacture and sale of microwave devices and instruments. **Proceeds**—For additional equipment, research, inventory and working capital. **Office** — 116-06 Myrtle Avenue, Richmond Hill, N. Y. **Underwriter** — First Investment Planning Co., Washington, D. C.

● Mid-Continent Corp.
June 5, 1961 filed 140,000 common shares. **Price**—$7.50. **Business** — General real estate. **Proceeds** — For investment and advances to subsidiaries. **Office**—997 Monroe Ave., Memphis. **Underwriter**—James N. Reddoch & Co., Memphis.

Midwestern Acceptance Corp.
Sept. 8, 1960, filed 1,169,470 shares of common stock and $994,050 of 6% debentures, to be offered for public sale in units of one share of stock and 85 cents of debentures. **Price** — $1 per unit. **Business** — The company will do interim financing in the home building industry. **Proceeds**—To start its lending activities. **Address**—P. O. Box 886, Rapid City, S. D. **Underwriter**—None.

★ Military Corp.
June 7, 1961 ("Reg. A") 8,061 common shares (par $4) and $128,976 principal amount of 7% or 8% subordinated convertible debentures due Aug. 15, 1963 and Aug. 15, 1965 to be offered for subscription by stockholders on a pro rata basis in units of one common share and one $16 debenture. **Price**—$32 per unit. **Proceeds**—For current debts, construction and working capital. **Office**—Forsyth Bldg., Atlanta, Ga. **Underwriter**—None.

● Mill Factors Corp. (7/3-7)
May 31, 1961 filed 75,000 common shares. **Price** — By amendment. **Business**—General factoring in the textile and apparel fields. **Proceeds**—For working capital, and the repayment of debt. **Office**—380 Park Ave., South, New York. **Underwriter** — Lee Higginson Corp., New York (managing).

Minnesota Scientific Corp.
March 24, 1961 filed 1,500,000 shares of common stock. **Price**—$1.15 per share. **Business**—The company is licensed under the Small Business Investment Act of 1958 and is registered with the SEC as a non-diversified, closed-end, management investment company, which will invest in the fields of electronics, physics and chemistry. **Proceeds**—For investment and operating expenses. **Office** — First National Bank Building, Minneapolis, Minn. **Underwriter**—Bratter & Co., Inc., Minneapolis, Minn. **Note**—This company was formerly named National Scientific Corp.

Miratel Electronics, Inc.
May 1, 1961 (letter of notification) 100,000 shares of common stock (par 30 cents). **Price**—$3 per share. **Proceeds**—To repay notes, for research and development, equipment and working capital. **Office**—1st St., Southeast & Richardson St., New Brighton, Minn. **Underwriter**—None.

Missile-Tronics Corp.
May 8, 1961 (letter of notification) 151,900 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Business**—The manufacturers of technical equipment. **Proceeds** — For payment of loans; machinery and office equipment; reduction of current liabilities; research and development and working capital. **Office**—245 4th St., Passaic, N. J. **Underwriter** — Hopkins, Calamari & Co., Inc., 26 Broadway, New York, N. Y.

● Model Vending, Inc. (6/19-23)
April 27, 1961 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The operation of vending machines for the retail sale of cigarettes, candy and a variety of other food and drink products. The company also operates coin-type phonograph machines and amusement devices. **Proceeds** — For new equipment, modernization of accounting procedures, and general corporate purposes. **Office**—4830 N. Front Street, Philadelphia, Pa. **Underwriter**—Milton D. Blauner & Co., Inc., New York City (managing), Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa., and M. L. Lee & Co., Inc., New York City.

Modern Homes Construction Co.
May 10, 1961 filed $5,500,000 of subordinated debentures due June 15, 1981 and 550,000 shares of common stock to be offered for public sale in 275,000 units, each unit consisting of $20 principal amount of debentures and two common shares. **Price**—To be supplied by amendment. **Business**—The construction, financing and sale of shell homes principally in the southern and southwestern portions of the U. S. **Proceeds**—To finance the sale of additional shell homes. **Office**—P. O. Box 1331, Valdosta, Ga. **Underwriter**—Harriman Ripley & Co., New York City (managing).

Moderncraft Towel Dispenser Co., Inc.
March 30, 1961 filed 80,000 shares of common stock, of which 73,750 shares are to be offered for public sale by the company and 6,250 outstanding shares by the underwriter. **Price**—$4 per share. **Business**—The manufacture and sale of an improved towel dispensing cabinet. **Proceeds**—For advertising, research and development, payment of debt, and working capital. **Office** — 20 Main Street, Belleville, N. J. **Underwriter**—Vickers, Christy & Co., Inc., New York City.

● Mohawk Insurance Co. (6/26-30)
Aug. 8, 1960, filed 75,000 shares of class A common stock **Price**—$12 per share. **Proceeds**—For general funds. **Office**—198 Broadway, New York City. **Underwriter**—R. F Dowd & Co., Inc., 39 Broadway, New York 6, N. Y.

Mokan Small Business Investment Corp., Inc.
Jan. 17, 1961 filed 3,000 shares of common stock. **Price**—$100 per share. **Business**—The company was organized under Kansas law in October 1960 and is applying to the Small Business Administration for a Federal license to operate as a small business investment company. **Proceeds**—For general corporate purposes. **Office** — 719 Walnut St., Coffeyville, Kan. **Underwriter**—None.

Monticello Lumber & Mfg. Co., Inc.
April 11, 1961 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The sale of lumber, building supplies and hardware. **Proceeds**—To repay loans and for working capital. **Address**—Monticello, N. Y. **Underwriter**—J. Laurence & Co., Inc., New York, N. Y.

Morris Shell Homes, Inc.
May 1, 1961 filed $3,000,000 of 8% subordinated debentures due July 1, 1986; 150,000 shares of common stock; 150,000 first warrants and 150,000 second warrants, to be offered for public sale in units, each consisting of one $20 debenture, one common share, one first warrant and one second warrant. **Price** — To be supplied by amendment. **Business** — The construction and sale of shell homes. **Office** — 505 Morgan Street, Knoxville, Tenn. **Underwriter**—Johnson, Lane, Space Corp., Savannah (managing).

● Mortgage Guaranty Insurance Co. (7/24-28)
Oct. 17, 1960 filed 155,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Insuring lenders against loss on residential first mortgage loans, principally on single family non-farm homes. **Proceeds**—For capital and surplus. **Office**—606 West Wisconsin Avenue, Milwaukee, Wis. **Underwriter**—Bache & Co., New York City (managing). **Note**—This stock is not qualified for sale in New York State.

● Motor Travel Services, Inc. (6/16)
May 2, 1961 (letter of notification) 260,000 shares of common stock (par 25 cents). **Price**—$1.15 per share. **Proceeds**—For an advertising program and working capital. **Office** — 1521 Hennepin Avenue, Minneapolis, Minn. **Underwriter**—Bratter & Co., Inc., Minneapolis, Minn.

● Municipal Investment Trust Fund, Series B
April 28, 1961 filed $12,750,000 (12,500 units) of interests. **Price** — To be supplied by amendment. **Business** — The fund will invest in tax-exempt bonds of states, counties, municipalities and territories of the U. S. **Proceeds**—For investment. **Sponsor**—Ira Haupt & Co., 111 Broadway, New York City. **Offering**—Expected in early August.

● Municipal Investment Trust Fund, First Pa. Series
April 28, 1961 filed $6,375,000 (6,250 units) of interests. **Price**—To be supplied by amendment. **Business**—The fund will invest in tax-exempt bonds of the Commonwealth of Pennsylvania and its political sub-divisions. **Proceeds**—For investment. **Sponsor**—Ira Haupt & Co., 111 Broadway, New York City. **Offering**—Expected in early August.

Nail-Tone, Inc.
May 26, 1961 ("Reg. A.") 86,250 common shares (par 10 cents). **Price**—$3. **Proceeds**—For research and working capital. **Office** — 1515 N. E. 2nd Ave., Miami, Fla. **Underwriters**—Aetna Securities Corp., New York; Roman & Johnson, Fort Lauderdale, Fla.; Nolting, Nichol & O'Donnell, Inc., Pensacola, Fla. and Guardian Securities Corp., Miami, Fla.

● Nash (J. M.) Co., Inc. (6/29)
March 30, 1961 filed $1,000,000 of series A subordinated debentures, due July 1, 1981 and $1,000,000 of series B convertible subordinated debentures, due July 1, 1981. **Price**—To be supplied by amendment. **Business**—The manufacture of a variety of industrial products including woodworking and packaging equipment, power saws, auxiliary power plants, centrifugal pumps, inboard marine engines and a line of leisure time and sporting goods merchandise. **Proceeds**—To retire on or about Oct. 1, 1961 all outstanding 7½% convertible debentures; to repay bank loans, and for other corporate purposes **Office**—208 Wisconsin Avenue, Milwaukee, Wis. **Underwriter**—Robert W. Baird & Co., Milwaukee (managing).

● National Mercantile Corp. (6/21)
March 29, 1961 filed 100,000 shares of common stock and five-year warrants to purchase an additional 20,000 common shares, to be offered for public sale in units consisting of one common share and one-fifth of a warrant. **Price**—To be supplied by amendment. **Business**—The distribution and retail sale of phonograph records. **Proceeds**—For the repayment of loans and for working capital. To expand retail operations. **Office**—1905 Kerrigan Avenue. Union City, N. J. **Underwriter**—A. T. Brod & Co., New York City and Rodetsky, Kleinzahler, Walker & Co., Jersey City, N. J. (co-managing).

● National Radiac, Inc.
April 24, 1961 (letter of notification) 75,000 shares of common stock (no par). **Price**—$4 per share. **Business**—The manufacture of organic and inorganic scintillators for the detection and measurement of ionizing radiation. The company also produces the high quality crystals which serve as integral components of the detection instruments. **Proceeds** — For working capital and general corporate purposes. **Address** — Newark, N. J. **Underwriter**—Hardy & Hardy, New York, N. Y. **Offering**—Imminent.

National Semiconductor Corp.
May 11, 1961 filed 75,000 shares of capital stock. **Price**—To be supplied by amendment. **Business**—The design, development, manufacture and sale of quality transistors for military and industrial use. **Proceeds** — For new equipment, plant expansion, working capital, and other corporate purposes. **Office**—Mallory Plaza Bldg., Danbury, Conn. **Underwriters** — Lee Higginson Corp., New York City and Piper, Jaffray & Hopwood, Minneapolis (managing).

★ Nationwide Homes, Inc.
June 12, 1961 filed $1,500,000 of 8% sinking fund convertible subordinated debentures due 1976 and 350,000 common shares to be offered in units, each consisting of $10 of debentures and two common shares. **Price**—By amendment. **Business** — The construction and sale of homes. **Proceeds**—For working capital. **Address**—Collinsville, Va. **Underwriters**—Cruttenden, Podesta & Co., Chicago and McDaniel Lewis & Co., Greensboro, N. C.

New York Trap Rock Corp. (6/19-23)
May 19, 1961 filed 175,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The quarrying, processing and marketing of crushed stone. **Proceeds**—For expansion. **Office**—162 Old Mill Road, West Nyack, N. Y. **Underwriter**—Smith, Barney & Co., New York City (managing).

Nissen Trampoline Co.
May 4, 1961 (letter of notification) 9,400 shares of common stock (par $1). **Price**—At the market. **Proceeds**—For the selling stockholders. **Office**—930 27th Ave., S.W., Cedar Rapids, Iowa. **Underwriter** — Yates, Heitner & Woods, St. Louis, Mo.

Nitrogen Oil Well Service Co.
May 22, 1961 filed 100,000 shares of common stock. **Prices**—$10 per share for 51,000 shares to be offered to Big Three Welding Company; $10 per share for not less than 24,500 shares to be offered to holders (other than Big Three) of the outstanding common on the basis of one new share for each 1⅓ shares held; and $10.60 per any unsubscribed shares. **Business**—The company furnishes high pressure nitrogen to the oil and gas industry. **Proceeds**—For general corporate purposes, including $880,000 for the purchase of 20 additional liquid nitrogen high pressure pumping units. **Office**—3602 W. 11th St., Houston, Texas. **Underwriter** — Underwood, Neuhaus & Co., Inc., Houston, Texas.

North Atlantic Life Insurance Co. of America
June 2, 1961 filed 1,386 common shares. **Price**—$350. **Business**—The company has applied for a New York State license to sell life, accident and health insurance and annuities. **Proceeds**—For general corporate purposes. **Office** — Meadow Brook National Bank Bldg., Mineola, N. Y. **Underwriter**—None.

North Electric Co.
March 30, 1961 filed 22,415 shares of common stock to be offered for subscription by stockholders of record May 15. **Price**—To be supplied by amendment. **Business**—This subsidiary of L. M. Ericsson Telephone Co. of Stockholm, Sweden, manufactures telecommunications equipment, remote control systems, electromechanical and electronic components, and power supply assemblies. **Proceeds**—To repay loans and for working capital. **Office**—553 South Market Street, Galion, Ohio. **Underwriter**—None.

Northern Illinois Gas Co. (6/22-7/11)
May 24, 1961 filed 450,037 shares of common stock to be offered for subscription by stockholders on the basis of one new share for each 16 shares held of record June 22. with rights to expire July 11. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—50 Fox St., Aurora, Ill. **Underwriters** — First Boston Corp., and Glore, Forgan & Co., both of New York City.

★ Northwest Natural Gas Co.
June 13, 1961 filed $6,500,000 of first mortgage bonds due 1986 and 140,000 common shares. **Price**—By amendment. **Proceeds**—For the repayment of bank loans and construction. **Office**—735 S. W. Morrison St., Portland, Oreg. **Underwriter**—Lehman Brothers, New York (managing).

Oceanarium, Inc.
May 22, 1961 filed 125,000 shares of common stock, of which 62,500 shares are to be offered for public sale by the company and 62,500 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company operates "Marineland of the Pacific," an exhibition of fish and trained aquatic animals, near Los Angeles, Calif. **Proceeds**—For working capital. **Office**—Marineland, Los Angeles County, Calif. **Underwriter**—Blyth & Co., Inc., New York City.

Old Empire, Inc.
May 1, 1961 filed $700,000 of convertible subordinated debentures due 1971. **Price** — At par. **Business** — The manufacture, packaging and distribution of cosmetics, pharmaceuticals and household, chemical and industrial specialties. **Proceeds**—For the repayment of bank loans, property improvements and working capital. **Office**—865 Mt. Prospect Avenue, Newark, N. J. **Underwriter**—Laird, Bissell & Meeds, Wilmington, Del.

● One Maiden Lane Fund, Inc.
April 7, 1961 filed 300,000 shares of common stock. **Price**—$3 per share. **Business**—This is a new mutual fund which will hold only convertible debentures and U. S. Treasury bonds. **Proceeds**—For investment. **Office**—One Maiden Lane, New York City. **Underwriter**—G. F. Nicholls & Co., Inc., New York City.

Ormont Drug & Chemical Co., Inc.
May 2, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacturers of drugs. **Proceeds**—For expansion, and working capital. **Office**—38-01 23rd Ave., Long Island City, N. Y. **Underwriter**—Havener Securities Corp., New York, N. Y.

Outdoor Development Co., Inc.
May 25, 1961 filed $2,705,000 of subordinated debentures due June 1, 1976, warrants to purchase 108,200 shares of common stock, and 324,600 shares of common stock to be offered for public sale in 54,100 units, each consisting of $50 of debentures with an attached warrant to purchase two common shares, and six shares of common. **Price**—To be supplied by amendment. **Business**—The construction, sale and financing of shell homes. **Proceeds**—To repay debt; establish a branch sales office, and for working capital. **Office**—Walden Drive, Augusta, Ga. **Underwriter**—Granbery, Marache & Co., New York City.

● **Pacific Gas & Electric Co.**
May 24, 1961 filed 896,470 shares of common stock, being offered for subscription by stockholders on the basis of one new share for each 20 shares held of record June 13, with rights to expire July 5. **Price**—$71 per share. **Proceeds**—For the repayment of bank loans, and construction. **Office**—245 Market St., San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., New York City.

★ **Pacific Vitamin Corp.**
May 31, 1961 ("Reg. A") 100,000 common shares (par 10 cents) of which 66,667 are to be sold by the company and 33,333 by a stockholder. **Price**—$3. **Proceeds**—For working capital. **Office**—1649 La Cienega Bldv., Los Angeles, Calif. **Underwriter**—Norman C. Roberts Co., San Diego.

● **Packer's Super Markets, Inc. (7/24-28)**
May 25, 1961 filed 100,000 shares of common stock. **Price**—$6 per share. **Business**—The operation of 22 retail self-service food stores in the New York City area. **Proceeds**—For general corporate purposes. **Office**—25 53rd St., Brooklyn, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc., and M. L. Lee Co., Inc., both of New York City (managing).

Pan American Resources, Inc.
May 11, 1961 (letter of notification) 40,000 shares of common stock (par $1). **Price**—$7 per share. **Office**—600 Glendale Federal Bldg., Glendale 3, Calif. **Underwriter**—Fred Martin & Co., 1101 Woodland Dr., Norman, Okla.

● **Patent Resources, Inc.**
May 24, 1961 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company was organized in November 1960 to acquire, exploit and develop patents, and to assist inventors in developing and marketing their inventions. **Proceeds**—For general corporate purposes. **Office**—608 Fifth Ave., New York City. **Underwriters**—Darius, Inc., New York (managing); N. A. Hart & Co., Bayside, N. Y., and E. J. Roberts & Co., Inc., Ridgewood, N. J.

★ **Peelers Corp.**
June 7, 1961 ("Reg. A") $300,000 of 5% redeemable debentures "series D" due April 1, 1966. **Price**—At par ($500). **Proceeds**—For short term capital. **Office**—619 S. Peters St., New Orleans, La. **Underwriter**—None.

Pell Pharmaceuticals, Inc.
May 24, 1961 ("Reg. A.") 150,000 common shares (par five cents). **Price**—$2. **Proceeds**—For equipment, expansion, inventory, and working capital. **Office**—1 Belmont Ave., Bala-Cynwyd, Pa. **Underwriter**—R. P. & R. A. Miller & Co., Inc., Philadelphia.

Peninsula Publishing & Printing Corp.
April 27, 1961 (letter of notification) 57,000 shares of common stock (par one cent). **Price**—$3 per share. **Business**—Newspaper publishers. **Proceeds**—For sales promotion; construction of a storage building; repayment of a loan and working capital. **Office**—379 Central Ave., Lawrence, L. I., N. Y. **Underwriter**—Arnold, Wilkens & Co., New York, N. Y.

Perini Corp.
March 30, 1961 filed 1,451,998 shares of common stock (par $1), of which 1,350,000 are to be offered for public sale by the company, and 101,998 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company is engaged in the construction and general contracting business in the U. S. and Canada and recently entered the real estate development field. In addition it will control and operate the National League Baseball Club of Milwaukee, Inc. **Proceeds**—To repay loans and for general corporate purposes. **Office**—73 Mt. Wayte Ave., Framingham, Mass. **Underwriters**—F. S. Moseley & Co., Boston, Mass., and Paine, Webber, Jackson & Curtis, New York City.

Permian Corp. (6/19-23)
April 28, 1961 filed 285,000 outstanding shares of common stock to be offered for public sale by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The marketing of crude oil. **Proceeds**—For general corporate purposes. **Office**—611 West Texas Street, Midland, Texas. **Underwriters**—Lehman Brothers and Shearson, Hammill & Co., both of New York City (managing).

Philadelphia Laboratories, Inc. (7/24-28)
May 26, 1961 filed 75,000 shares of common stock. **Price**—$8 per share. **Business**—The development, manufacture and sale of pharmaceuticals, vitamins and veterinary products. **Proceeds**—For the repayment of debt, and other corporate purposes. **Office**—400 Green Street, Philadelphia, Pa. **Underwriter**—Woodcock, Moyer, Fricke, & French, Inc., Philadelphia.

● **Photronics Corp. (6/19-23)**
Feb. 24, 1961 filed 150,000 shares of common stock (par 10 cents), to be offered for subscription by stockholders on the basis of three new shares for each four shares held. **Price**—To be supplied by amendment. **Business**—The design, development and manufacture of optical and electro-optical systems and components used in aerial reconnaissance, photo-interpretation, photo-grammetry and optical scanning devices. **Proceeds**—For working capital, research and development, and new equipment. **Office**—134-08 36th Road, Flushing, N. Y. **Underwriter**—L. D. Sherman & Co., New York City.

Pickwick Organization, Inc.
May 23, 1961 filed 110,000 shares of common stock. **Price**—$5 per share. **Business**—The company is engaged in the real estate and construction business. **Proceeds**—Net proceeds, estimated at $444,000, will be used to buy land for shell homes construction and to start building the homes ($175,000), to repay a bank note ($65,000), with the balance for working capital. **Office**—Huntington Station, New York. **Underwriters**—Theodore Arrin & Co., Inc., Katzenberg, Sour & Co., and Underhill Securities Corp., all of New York City.

Pickwick Recreation Center, Inc.
April 21, 1961 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To pay for construction, working capital and, general corporate purposes. **Office**—921-1001 Riverside Drive, Burbank, Calif. **Underwriter**—Fairman & Co., Los Angeles, Calif.

● **Pilgrim Helicopter Services, Inc.**
April 25, 1961 (letter of notification) 16,363 shares of common stock (par $1). **Price**—$5.50 per share. **Proceeds**—For general corporate purposes. **Office**—Investment Bldg., Washington, D. C. **Underwriter**—Sade & Co., Washington, D. C.

Plasticon Corp.
May 8, 1961 filed 665,666 shares of common stock, of which 90,666 shares are to be publicly offered, 25,000 shares are to be offered to Leyghton-Paige Corp., 150,000 shares are to be offered to Leyghton-Paige stockholders on the basis of one Plasticon share for each three Leyghton-Paige shares held, and 400,000 shares are to be offered to holders of the company's $1,200,000 of 5% promissory notes. **Price**—$3 per share, in all cases. **Business**—The manufacture of large plastic containers. **Proceeds**—To discharge the indebtedness represented by Plasticon's 5% promissory notes, with the balance for more equipment and facilities. **Office**—Minneapolis, Minn. **Underwriter**—None.

Platt Corp.
May 29, 1961 filed 150,000 shares of class A stock. **Price**—$5 per share. **Business**—The company is a real estate investment firm. **Proceeds**—For investment. **Office**—New York City. **Underwriter**—None.

Polymetric Devices Co.
May 24, 1961 filed 90,000 shares of common stock. **Price**—$3.75 per share. **Business**—The company sells devices for the measurement or control of pressure, temperature, torque, acceleration, displacement, strain and force. **Proceeds**—For working capital. **Office**—130 South Easton Rd., Glenside, Pa. **Underwriter**—Weil & Co., Inc., Washington, D. C.

★ **Polytronic Research, Inc.**
June 7, 1961 filed 193,750 common shares, of which 150,000 will be sold for the company and 43,750 for stockholders. **Price**—By amendment. **Business**—Research and development, engineering and production of certain electronic devices for aircraft, missiles, oscilloscopes, electronic vending machines and language teaching machines. **Proceeds**—For expansion, repayment of debt and working capital. **Office**—7326 Westmore Rd., Rockville, Md. **Underwriters**—Jones, Kreeger & Co., and Balogh & Co., Washington, D. C. (managing).

Precision Specialties, Inc.
May 15, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The manufacture of precision instruments. **Proceeds**—To repay loans for construction, purchase of equipment; research and development, and working capital. **Office**—Hurffville, N. J. **Underwriter**—Harrison & Co., Philadelphia, Pa.

★ **Progressitron Corp.**
June 9, 1961 ("Reg. A") 100,000 common shares (par 10 cents). **Price**—$3. **Business**—Manufacturers of electronic, electro mechanical and mechanical devices. **Proceeds**—For general corporate purposes. **Office**—14-25 128th St., College Point, N. Y. **Underwriter**—Netherlands Securities Co., New York.

★ **Pueblo Supermarkets, Inc.**
June 6, 1961 filed 100,000 outstanding shares of class A common to be offered for public sale by stockholders. **Price**—By amendment. **Business**—Operates seven supermarkets in Puerto Rico. **Proceeds**—For the selling stockholders. **Office**—P. O. Box 10878, Caparra Heights, San Juan, P. R. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Q-Line Instrument Corp.
May 8, 1961 (letter of notification) 65,000 shares of common stock (par one cent). **Price**—$4 per share. **Business**—The manufacturers of technical equipment. **Proceeds**—For relocation of business; new equipment; expansion, and working capital. **Office**—1562-61st St., Brooklyn, N. Y. **Underwriter**—William, David & Motti, Inc., New York, N. Y.

Quality Importers, Inc.
June 1, 1961 filed 200,000 common shares. **Price**—By amendment. **Business**—Imports and distributes Scotch and Irish whiskeys. **Proceeds**—To repay loans and for working caiptal. **Office**—55 Fifth Ave., New York. **Underwriter**—Sutro Bros. & Co., New York.

Radiation Instrument Development Laboratory, Inc.
June 1, 1961 filed 100,000 common shares, including 86,666 to be offered for sale by the company and 13,334 by stockholders. **Price**—By amendment. **Business**—Develops, designs and produces electronic instruments for the detection of atomic radiation. **Proceeds**—For working capital, and expansion. **Office**—61 East North Ave., Northlake, Ill. **Underwriter**—Hayden, Stone & Co., New York City (managing).

● **Ram Electronics, Inc.**
Dec. 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Manufacturers of electronic and replacement parts for television receivers and other electrical circuits. **Proceeds**—For general corporate purposes. **Office**—600 Industrial Ave., Paramus, N. J. **Underwriter**—General Securities Co., Inc., 101 West 57th St., New York City. **Offering**—Imminent.

★ **Ram Tool Corp.**
June 9, 1961 filed 100,000 common shares. **Price**—By amendment. **Business**—The manufacture of electrically powered tools. **Proceeds**—For working capital. **Office**—411 N. Claremont Ave., Chicago, Ill. **Underwriter**—Aetna Securities Corp., New York (managing).

● **Real Estate Investing Association, Inc.**
May 22, 1961 filed $50,000,000 series A 6% 20-year participating notes to be issued in 2,000 units of $25,000 each. **Price**—At 100% of principal amount. **Business**—The company was organized in February 1961 to invest in first mortgages on income producing properties and in land on which buildings have been erected. **Proceeds**—For investment. **Office**—60 East 42nd St., New York City. **Underwriter**—None.

Recco, Inc.
April 17, 1961 (letter of notification)) 60,000 shares of class A common stock (par one cent). **Price**—$5 per share. **Proceeds**—To open a new licensed department in 1961. **Office**—1211 Walnut St., Kansas City, Mo. **Underwriter**—Midland Securities Co., Kansas City, Mo.

Recreation Enterprises, Inc. (6/26-30)
March 16, 1961 filed 110,000 units of common stock and warrants, each unit to consist of one share of class A common and two common stock purchase warrants for the purchase of class A common (one exercisable at $5.50 per share for 18 months and the other at $6 per share within 36 months). **Price**—$5 per unit. **Business**—The company plans to operate a chain of bowling alleys in the midwestern states, initially in Missouri and Kansas. **Proceeds**—For the building of bowling centers. **Office**—6000 Independence Ave., Kansas City, Mo. **Underwriter**—I. M. Simon & Co., St. Louis, Mo.

Reher Simmons Research Inc.
May 8, 1961 filed 150,000 shares of capital stock. **Price**—$6 per share. **Business**—The research and development of processes in the field of surface and biochemistry. **Proceeds**—For plant construction, equipment, research and development, sales promotion and working capital. **Office**—545 Broad St., Bridgeport, Conn. **Underwriter**—McLaughlin, Kaufmann & Co., New York City (managing).

● **Renaire Foods, Inc. (6/19-23)**
March 30, 1961 filed $600,000 of debentures, 6½% convertible series due 1976, to be offered for public sale by the company and 125,000 shares of common stock, (par $1) of which 100,000 shares are to be offered for sale by the company and 25,000 outstanding shares by the present holders thereof. **Price**—At 100% of principal amount, for the debentures and $6 per share for the stock. **Business**—The retail distribution of food freezers, frozen foods, groceries, vitamins, proprietary medicines and sundries, principally in the Philadelphia and Baltimore trading areas. **Proceeds**—For construction, the purchase of installment contracts resulting from the sales of food and freezers, and for working capital. **Office**—770 Baltimore Pike, Springfield, Pa. **Underwriter**—P. W. Brooks & Co., Inc., New York City.

Ripley Co., Inc.
May 19, 1961 filed 82,500 shares of common stock, of which 25,000 shares are to be offered for public sale by the company and 57,500 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The manufacture and distribution of photoelectric street light controls, centrifugal blowers and other electronic equipment. **Proceeds**—For new product development. **Office**—One Factory Street, Middletown, Conn. **Underwriter**—Dominick & Dominick, New York City (managing).

Rockower Brothers, Inc.
May 1, 1961 filed 140,000 outstanding shares of common stock (par 30 cents) to be offered for public sale by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The retail sale of men's and boys' clothing. **Proceeds**—For the selling stockholders. **Office**—160 West Lehigh Avenue, Philadelphia. **Underwriter**—Drexel & Co., Philadelphia.

Rorer (William H.), Inc.
May 24, 1961 filed 130,000 outstanding shares of common stock to be offered for public sale by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of pharmaceuticals. **Proceeds**—For the account of the selling stockholders. **Office**—4865 Stenton Ave., Philadelphia, Pa. **Underwriters**—Kidder, Peabody & Co., New York City and Schmidt, Roberts & Parke, Philadelphia(managing).

● **Rowan Controller Co.**
May 29, 1961 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of industrial controls and electrical equipment. **Proceeds**—For the retirement of debt and product expansion. **Office**—2315 Homewood Avenue, Baltimore, Md. **Underwriter**—Stein Bros. & Boyce, Baltimore, Md.

● **Ruth Outdoor Advertising Co., Inc.**
March 10, 1961 (letter of notification) 80,000 shares of class A stock (par 10 cents). **Price**—$3 per share. **Business**—Outdoor advertising. **Proceeds**—For general corporate purposes. **Address**—R. D. No. 2, Albany, N. Y. **Underwriter**—Lewis & Stoehr, New York, N. Y.

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Science Capital Corp.
May 9, 1961 filed 450,000 shares of common stock. **Price**—$8 per share. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—Juniper & Walnut Sts., Philadelphia, Pa. **Underwriters**—Blair & Co., Inc., New York City; Stroud & Co., Inc., and Woodcock, Moyer, Fricke & French, Philadelphia, Pa.

Seaboard Electronic Corp. (7/3)
April 26, 1961 filed 100,000 outstanding shares of common stock to be offered for public sale by the present holders thereof. **Price**—$5.50 per share. **Business**—The manufacture of warning signals, control boxes, intervalometers and related equipment for aircraft and missile application. **Proceeds**—For the selling stockholders. **Office**—417 Canal Street, New York City. **Underwriter**—Amos Treat & Co., Inc., New York City (managing).

Securities Credit Corp.
Jan. 27, 1961 filed $3,000,000 of 6% series A subordinated debentures. **Price** — 100% of principal amount. **Business**— The company and its subsidiaries are engaged in the retail financing of new and used automobiles, mobile homes, appliances, furniture and farm equipment for purchasers, and the wholesale financing of dealers' inventories of such automobiles and direct lending to consumers, and the writing of automobile, credit life, and other types of insurance. **Proceeds**—For working capital. **Office**—1100 Bannock Street, Denver, Colo. **Underwriter**—None.

Security Acceptance Corp.
March 7, 1961 filed 100,000 shares of class A common stock and $400,000 of 7½% 10-year debenture bonds, to be offered in units consisting of $100 of debentures and 25 shares of stock. **Price**—$200 per unit. **Business**—The purchase of conditional sales contracts on home appliances. **Proceeds** — For working capital and expansion. **Office**—724 9th St., N. W., Washington, D. C. **Underwriter**—None.

Service Photo Industries, Inc.
May 26, 1961 filed 150,000 class A shares (par one cent). **Price** — $4. **Business** — The company, formerly Service Photo Suppliers, Inc., is engaged in the importation and distribution of a wide variety of photographic equipment. **Proceeds**—For the repayment of debt, advertising and sales promotion, and other corporate purposes. **Office**—33 East 17th St., New York. **Underwriter**—N. A. Hart & Co., Bayside, N. Y. (managing).

● **Servonic Instruments, Inc. (7/3-7)**
April 26, 1961 filed 95,000 shares of no par common stock, of which 50,000 shares are to be offered for public sale by the company and 45,000 shares by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The research, design, development, manufacture and sale of precision devices consisting primarily of electromechanical transducers, for a variety of military, industrial and scientific uses. **Proceeds**—For new equipment, plant expansion and working capital. **Office**—1644 Whittier, Calif. **Underwriter** — C. E. Unterberg, Towbin Co., New York City.

Shasta Minerals & Chemical Co.
April 24, 1961 filed 500,000 shares of common stock. **Price**—$2.50 per share. **Business**—Acquisition, development, and exploration of mining properties. **Proceeds**—For general corporate purposes. **Office** — 1406 Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—None.

Shelley Urethane Industries, Inc.
May 24, 1961 filed 200,000 shares of common stock. **Price** To be supplied by amendment. **Business**—The manufacture, converting and distribution of urethane foam products to industry. **Proceeds** — For expansion, new equipment, repayment of debt, and working capital. **Office**—4542 East Dunham St., City of Commerce, Calif. **Underwriter** — Garat & Polonitza, Inc., Los Angeles (managing).

● **Shepard Airtronics, Inc.**
April 26, 1961 (letter of notification) 75,000 shares of common stock (par one cent). **Price** — $4 per share. **Business**—The manufacture of high altitude breathing and ventilation equipment. **Proceeds**—For repayment of loans; new equipment, research and development, plant improvement, purchase of inventory, advertising and working capital. **Office** — 787 Bruckner Boulevard. Bronx, N. Y. **Underwriters**—L. C. Wegard & Co., 28 West State St., Trenton, N. J. (managing); L. J. Termo & Co., Inc., New York and Copley & Co., Colorado Springs, Colo.

Sherman Co.
March 29. 1961 filed 1,096 of limited partnership shares. **Price** — $5,000 per unit. **Business** — The company was formed on March 15, 1961 to acquire the Hotel Sherman in Chicago. **Proceeds**—To purchase the above property. **Office**—10 E. 40th Street, New York City. **Underwriter**—None.

Sica Skiffs, Inc.
April 19, 1961 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of "sea skiffs" a type of inboard motor boat. **Proceeds**—For the repayment of debt, the development of retail outlets, property improvement, and working capital. **Office**—Toms River, N. J. **Underwriter**—Warner, Jennings, Mandel & Longstreth, Philadelphia (managing). **Offering**—Expected in early July.

Slater Electric Inc.
May 18, 1961 filed 150,000 shares of class A stock, of which 100,000 shares are to be offered for public sale by the company and 50,000 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business** — The manufacture of electrical equipment, principally wiring devices and lighting controls used in industrial, commercial and residential buildings. **Proceeds**—To reduce outstanding loans, purchase additional equipment, and for working capital. **Office**—45 Sea Cliff Avenue, Glen Cove, L. I., N. Y. **Underwriter**—C. E. Unterberg, Towbin Co., New York City (managing).

● **Southeastern Capital Corp. (6/26-30)**
May 16, 1961 filed 500,000 shares of common stock (par $1). **Price**—$12.50 per share. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—Life & Casualty Tower, Nashville, Tenn. **Underwriters**—Paine, Webber, Jackson & Curtis, New York City (managing) and Johnston, Lemon & Co., Washington, D. C.

Southern American Fire Insurance Co.
May 19, 1961 (letter of notification) 23,500 shares of common stock (par $4). **Price**—$10 per share. **Office**—c/o Guilmartin, Bartel & Ashman, 1527 Alfred I. du Pont Building, Miami, Fla. **Underwriters**—Beil & Hough, Inc., St. Petersburg, Fla.; Nolting, Nichol & O'Donnell, Inc., Pensacola, Fla.; Sterling, Grace & Co., New York City.

Southern Electric Generating Co. (6/15)
May 8, 1961 filed $20,000,000 of first mortgage bonds due June 1, 1992. **Proceeds**—For construction. **Office**—600 North 18th Street, Birmingham, Ala. **Underwriters**—To be determined by competitive bidding. Previous bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co., and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co., (jointly); First Boston Corp. **Bids**—To be received June 15 at 11 a.m. (DST) in Room 1600, 250 Park Avenue, New York City. **Information Meeting**—Scheduled for June 12 at 3 p.m., (DST) on 5th floor of 55 Wall Street, New York City.

Southern Realty & Utilities Corp.
May 26, 1961 filed $3,140,000 of 6% convertible debentures due 1976, with warrants to purchase 31,400 common shares, to be offered for public sale in units of $500 of debentures and warrants for five common shares. **Price**—At 100% of principal amount. **Business**—The development of unimproved land in Florida. **Proceeds**—For the repayment of debt, the development of property, working capital and other corporate purposes. **Office**—1674 Meridian Avenue, Miami Beach, Fla. **Underwriters**—Hirsch & Co., and Lee Higginson Corp., both of New York City (managing).

Southwestern States Telephone Co. (6/26)
May 29, 1961 filed 110,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—Dean Witter & Co., San Francisco (managing).

Special Metals, Inc. (6/28)
May 16, 1961 filed $2,656,250 principal amount of 6% subordinated debentures due July 1, 1976 and 159,375 shares of common stock (par $2) to be offered for public sale in units of $50 of debentures and three common shares. **Price**—To be supplied by amendment. **Business**—The company has contracted to buy the Metals Division of Kelsey-Hayes Co., and will produce special high temperature metal alloys by vacuum melting for use in jet aircraft engines. **Proceeds**—To repay a bank loan. **Office** — New Hartford, N. Y. **Underwriters** — White, Weld & Co., Inc., and Lehman Brothers, both of New York City (managing).

★ **Spectron, Inc.**
June 9, 1961 filed 83,750 class A common shares. **Price**—$4.50. **Business** — Manufacturers of precision electronic equipment. **Proceeds**—For purchase of equipment, plant expansion, patent development and general corporate purposes. **Office**—812 Ainsley Bldg., Miami, Fla. **Underwriter**—Hampstead Investing Corp., New York (managing).

Speed-O-Print Business Machines Corp.
May 24, 1961 filed 125,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company manufactures and sells office copy - making machines and accessories. **Proceeds** — To pay off notes in the amount of $422,826, with the balance for general corporate purposes. **Office**—Chicago, Ill. **Underwriter**—Rodman & Renshaw, Chicago, Ill. (managing).

● **Spellman Engineering, Inc.**
June 6, 1961 filed 150,000 common shares. **Price** — By amendment. **Business**—The servicing of missiles. **Proceeds** — For the repayment of a loan and for working capital. **Office**—722-32 Brookhaven Drive, Orlando, Fla. **Underwriter**—Pierce, Carrison, Wulbern, Inc., Jacksonville,

Spencer Laboratories, Inc.
May 1, 1961 (letter of notification) 1,624 shares of class A common stock (no par) to be offered for subscription by stockholders on the basis of four shares for each five shares held, with the unsubscribed shares to be sold to the public. **Price**—To stockholders, $100 per share; to the public, $110 per share. **Business**—Manufacturers of Pharmaceuticals. **Proceeds** — For testing new products, inventories; marketing and general corporate purposes. **Office**—10 Pine St., Morristown, N. J. **Underwriter**—E. T. Andrews & Co., Hartford, Conn.

● **Standard Brands Paint Co. (6/26-30)**
May 2, 1961 filed 265,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The manufacture and direct retail sale of paints, enamels, varnishes and allied products in the Southern California area. **Proceeds**—For the repayment of debt, the retirement of outstanding 8% debentures and for expansion. **Office** — 4300 W. 190th St., Torrance, Calif. **Underwriters**—Sutro Bros. & Co., and Allen & Co., both of New York City (managing).

Standard Security Life Insurance Co. of N. Y.
March 27, 1961 filed 162,000 shares of common stock to be offered for subscription by holders of common and class A stock on the basis of two new shares for each five shares held. **Price** — To be supplied by amendment. **Business**—The writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—111 Fifth Avenue, New York City. **Underwriter**—None.

State Loan & Finance Corp.
May 18, 1961 filed $25,000,000 of sinking fund debentures due 1981. **Price**—To be supplied by amendment. **Business**—Consumer finance. **Proceeds**—For the repayment of loans. **Office**—1200 18th Street, N. W., Washington, D. C. **Underwriters**—Johnston, Lemon & Co., Washington, D. C., and Eastman Dillon, Union Securities & Co., New York City (managing).

★ **Sterile Medical Products, Inc.**
June 2, 1961 ("Reg. A") 120,000 common shares (par 10 cents). **Price**—$2.50. **Business**—The sharpening of surgical blades. **Proceeds**—For general corporate purposes. **Address**—Jamesburg, N. J. **Underwriter**—Louis R. Dreyling & Co., New Brunswick, N. J.

★ **Stratoflex, Inc.**
June 8, 1961 filed 120,000 common shares. **Price** — By amendment. **Business** — The manufacture of hydraulic and pneumatic type hose, primarily for the aircraft and missile industries. **Proceeds**—For repayment of loans, and working capital. **Address** — P. O. Box 10398, Fort Worth, Tex. **Underwriter**—First Southwest Co., Dallas.

Stratton Corp. (6/16)
March 3, 1961 filed $650,000 of 5% convertible subordinated debentures, due Dec. 1, 1981. **Price**—At 100% of principal amount. **Business**—The development and operation of a winter and summer recreational resort on Stratton Mountain in southern Vermont. **Proceeds**—For construction. **Office**—South Londonderry, Vt. **Underwriter**—Cooley & Co., Hartford, Conn.

Sun Valley Associates
March 30, 1961 (letter of notification) $205,000 of limited partnership interests to be offered in units of $5,000, or fractional units of not less than $2,500. **Proceeds**—For working capital. **Address** — Harlingen, Texas. **Underwriter**—Nat Berger Associates, Inc., New York City.

Supermarkets Operating Co.
May 10, 1961 filed 125,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The operation of a chain of "Shop-Rite" supermarkets and the production and marketing of "Huber's Sunbeam" bakery products. **Proceeds** — For working capital, and general corporate purposes. **Office**—1416 Morris Ave., Union, N. J. **Underwriters**—Robert Garrett & Sons, Baltimore, Md., and G. H. Walker & Co., New York City.

Superstition Mountain Enterprises, Inc. (7/10-14)
Jan. 30, 1961 filed 2,000,000 shares of common stock. **Price** — $2.50 per share. **Business** — The company was formed in March, 1959 to develop real property at the foot of Superstition Mountain near Apache Junction, Ariz. It has developed part of the property to form the Apacheland Sound Stage and Western Street, architecturally designed for the 1870 period, which is used for the shooting of the motion picture and television productions. **Proceeds**—To purchase and develop additional property. **Office**—Apache Junction, Ariz. **Underwriter**—None.

Supronics Corp.
May 29, 1961 filed 90,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company is engaged in the distribution of wholesale electrical equipment and supplies. **Proceeds** — For the repayment of bank loans and other corporate purposes. **Office**—224 Washington St., Perth Amboy, N. J. **Underwriters**—Amos Treat & Co., Inc., and Standard Securities Corp., both of New York City and Bruno-Lenchner, Inc., Pittsburgh, Pa.

Survivors' Benefit Insurance Co. (7/3)
March 30, 1961 filed 50,000 shares of common stock to be offered initially to stockholders and thereafter to policyholders, employees and company representatives. **Price**—$21.70 per share. **Business** — The company is qualified to write life insurance in the state of Missouri. **Proceeds**—For expansion of the business into other states and for reserves. **Office** — 4725 Wyandotte St., Kansas City, Mo. **Underwriter**—None.

● **Suval Industries Inc. (6/26-30)**
April 27, 1961 filed 125,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 25,000 outstanding shares by the present holders thereof. **Price**—$4 per share. **Business**—The manufacture of supported vinyl plastic sheeting for the automobile, furniture and clothing industries. **Proceeds**—For additional equipment, product expansion and working capital. **Office**—Cantiagua Road, Westbury, N. Y. **Underwriters** — Milton D. Blauner & Co., and Brukenfeld & Co., both of New York City.

T. V. Development Corp.
May 26, 1961 filed 100,000 shares of common stock. **Price**—$5 per share. **Business**—The manufacture and sale of replacement knobs for television sets. **Proceeds**—For the

repayment of debt, the expansion of product lines and working capital. **Office**—469 Jericho Turnpike, Mineola, N. Y. **Underwriters** — Kesselman & Co., and Brand, Grumet & Seigel Inc., both of New York City (managing).

● **Taddeo Bowling & Leasing Corp. (7/10-14)**
March 31, 1961 filed $600,000 of 8% convertible subordinated debentures due 1971, 125,000 shares of common stock and 50,000 class A warrants to purchase common stock to be offered for public sale in units consisting of $240 of debentures, 50 common shares and 20 warrants. **Price** — $640 per unit. **Business** — The construction of bowling centers. **Proceeds**—For construction and working capital. **Office**—873 Merchants Road, Rochester, N. Y. **Underwriter**—Lomasney, Loving & Co., New York City (managing).

Taffet Electronics, Inc. (6/30)
April 28, 1961 filed 132,000 shares of common stock. **Price** — $3 per share. **Business** — The manufacture of electronic equipment, principally electronic test equipment, partial electronic systems and assemblies, and the fabrication of electronic components, for use primarily in the communications field. **Proceeds**—For additional equipment, capital improvements and working capital. **Office**—27-01 Brooklyn Queens Expressway, Woodside, N. Y. **Underwriters**—Fialkov & Co., Inc. (managing); Stanley Heller & Co., Amos Treat & Co., Inc., all of New York City.

Taft Broadcasting Co.
May 26, 1961 filed 376,369 outstanding shares of common stock to be offered for public sale by the present holders thereof. **Price**—To be supplied by amendment. **Business**—The operation of TV and radio broadcasting stations. **Proceeds**—For the selling stockholders. **Office**—1906 Highland Avenue, Cincinnati, Ohio. **Underwriter**—Harriman Ripley & Co., Inc., New York City (managing).

● **Tassette, Inc. (6/16)**
Feb. 15, 1961 filed 200,000 shares of class A stock. **Price**—$12 per share. **Business**—The company was organized under Delaware law in 1959 to finance the exploitation and sale of "Tassette," a patented feminine hygiene aid. **Proceeds**—For advertising and promotion, market development, medical research and administrative expenses. **Office**—170 Atlantic St., Stamford, Conn. **Underwriter**—Amos Treat & Co., Inc., New York City (managing); Bruno-Lenchner, Inc., Pittsburgh; and Karen Securities Corp., New York City.

Tax-Exempt Public Bond Trust Fund
Jan. 16, 1961 filed $5,000,000 of interests (5,000 units). **Price**—To be computed on the basis of the trustees evaluation of the underlying public bonds, plus a stated percentage (to be supplied by amendment) and dividing the sum thereof by 5,000. **Business**—The trust was formed by John Nuveen & Co., Chicago, Ill., to invest in tax-exempt obligations of states, counties, municipalities and territories of the United States. **Sponsor** — John Nuveen & Co., 135 South La Salle Street, Chicago, Ill.

Tax-Exempt Public Bond Trust Fund, Series 2
Feb. 23, 1961 filed $10,000,000 (10,000 units) ownership certificates. **Price**—To be filed by amendment. **Business**—The fund will invest in interest bearing obligations of states, counties, municipalities and territories of the U. S., and political subidivisions thereof which are believed to be exempted from Federal income taxes. **Proceeds** — For investment. **Office** — 135 South La Salle Street, Chicago, Ill. **Sponsor**—John Nuveen & Co., Chicago, Ill.

★ **Taylor-Country Estate Associates**
June 12, 1961 filed $2,420,000 of limited partnership interests. **Price**—$10,000 per unit. **Business**—The partnership will acquire all the outstanding stock of five apartment houses in Newark, East Orange and Jersey City, N. J. **Proceeds**—For general corporate purposes. **Office**—420 Lexington Ave., New York City. **Underwriter**—Nat Berger Associates, Inc., New York.

★ **Templet Industries Inc.**
June 2, 1961 ("Reg. A") 100,000 common shares (par 25 cents). **Price**—$3. **Business**—Licenses patents to diemakers and metal parts manufacturers. **Proceeds**—For working capital and general corporate purposes. **Office**—701 Atkins Ave., Brooklyn 8, N. Y. **Underwriter**—Levien, Greenwald & Co., New York.

● **Templeton, Damroth Corp. (6/26-30)**
March 30, 1961 filed $445,000 of 5½% convertible debentures, due 1969. **Price** — 100% of the principal amount. **Business** — The management and distribution of shares of four investment companies, and also private investment counselling. **Proceeds**—To increase the sales efforts of subsidiaries, to establish a new finance company, and for general corporate purposes. **Office**—630 Third Avenue, New York City. **Underwriter**—Hecker & Co., Philadelphia, Pa.

Tennessee Investors, Inc.
May 16, 1961 filed 500,000 shares of common stock to be publicly offered, and 4,206 common shares to be offered to holders of the outstanding common on the basis of one new share for each nine shares held. **Prices**—$12.50 per share for the public offering and $11.40 per share for the rights offering. **Business**—A small business investment company. **Proceeds** — To finance the company's activities of providing equity capital and long term loans to small business concerns. **Office**—Life and Casualty Tower, Nashville, Tenn. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing).

● **Terry Industries, Inc. (7/3-7)**
Feb. 28, 1961 filed 1,728,337 shares of common stock of which 557,333 shares are to be offered for the account of the issuing company and 1,171,004 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—For the company's shares, to be related to A.S.E. prices at time of the offering. For the stockholders' shares, the price will be supplied by amendment. **Business** — The company, formerly Sentry Corp., is primarily a general contractor for heavy construction projects. **Proceeds**—The proceeds of the first 12,000 shares will go to Netherlands Trading Co. The balance of the proceeds will be used to pay past due legal and accounting bills, to reduce current indebtedness, and for working capital. **Office**—11-11 34th Ave., Long Island City, L. I., N. Y. **Underwriter** — (For the company's shares only) Greenfield & Co., Inc., New York City.

★ **Tetraflour, Inc.**
May 31, 1961 ("Reg. A") 100,000 common shares (no par). **Price**—$3. **Proceeds**—For repayment of a loan, purchase of equipment and working capital. **Office**—343 Hindry Ave., Inglewood, Calif. **Underwriter**—Morgan & Co., Los Angeles, Calif.

● **Texas Eastern Transmission Corp. (7/12)**
June 7, 1961 filed $30,000,000 of debentures due July 1, 1981 and 200,000 shares of subordinated convertible preferred ($100 par). **Proceeds**—For the repayment of debt and for construction. **Office**—Memorial Professional Bldg., Houston. **Underwriter**—Dillon, Read & Co., New York (managing).

Thompson Ramo Wooldridge Inc.
May 24, 1961 filed $25,000,000 of 25-year sinking fund debentures, due 1986. **Price**—To be supplied by amendment. **Business**—The research, manufacture, and sale of products in the missile, space, electronics and aircraft fields. **Proceeds** — For general funds, including debt reduction. **Office** — 23555 Euclid Avenue, Cleveland, Ohio. **Underwriters**—Smith, Barney & Co., New York City and McDonald & Co., Cleveland, Ohio (managing). **Offering**—Expected in late June.

Thompson-Starrett Co., Inc.
March 29, 1961 filed 1,000 outstanding shares of $0.70 cumulative convertible preferred stock (par $10) and 1,172,243 outstanding shares of common stock to be offered for public sale by the holders thereof. **Price**—At the market. **Business**—The design, engineering and construction of an office building and research laboratory; and the assembling and distribution of radios, television sets and electric organs. **Proceeds**—For the selling stockholders. **Office** — 745 Fifth Avenue, New York City. **Underwriter**—None.

● **Thoroughbred Enterprises, Inc. (7/10-14)**
June 2, 1961 filed 85,000 common shares. **Price**—$4. **Business** — The breeding of thoroughbred race horses. **Proceeds**—To purchase land, build a stable, and buy additional horses. **Office**—8000 Biscayne Blvd., Miami, Fla. **Underwriter**—Sandkuhl & Co., Inc., Newark, N. J., and New York City.

Tonka Toys, Inc.
May 22, 1961 filed 155,000 shares of common stock (par $1) of which 60,000 shares will be offered for public sale by the company and 95,000 shares by the selling stockholders. **Price**—To be supplied by amendment. **Business**—The manufacture and sale fo plastic and metal toys. **Proceeds**—For working capital. **Office**—Mound, Minn. **Underwriter**—Bache & Co., New York City (managing).

Tourist Industry Development Corp. Ltd.
March 29, 1961 filed $2,000,000 of 7% subordinated debenture stock due 1981, convertible into class B ordinary stock. **Price**—100% of principal amount. **Business**—The company was organized in 1957 for the purpose of financing tourist enterprises in Israel. **Proceeds**—To repay advances from the State of Israel and to make loans to various enterprises such as hotels, restaurants and transport industries. **Office**—Jerusalem, Israel. **Underwriter**—None.

★ **Trans-Aire Electronics, Inc.**
June 1, 1961 ("Reg. A") 100,000 common shares (par 10 cents). **Price**—$2.75. **Business** — Manufacturers and importers of transistorized radios, phonographs and similar electronic products. **Proceeds**—For removal to larger quarters; purchase of tools and dies; research and development; repayment of loans and working capital. **Office**—195-02 Jamaica Ave., Jamaica 23, N. Y. **Underwriters**—Bertner Bros. and Earl Edden Co., New York.

Transcontinent Television Corp.
May 25, 1961 filed 400,000 outstanding shares of class B common stock to be offered for public sale by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The operation of six television and seven radio broadcasting stations. **Proceeds**—For the selling stockholders. **Office** — 70 Niagara St., Buffalo, N. Y. **Underwriters**—Carl M. Loeb, Rhoades & Co., and Bear, Stearns & Co., both of New York City (managing).

Transcontinental Investment Co.
March 15, 1961 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For advances to subsidiaries. **Office**—278 S. Main Street, Salt Lake City, Utah. **Underwriter**—Continental Securities Corp., 627 Continental Bank Building, Salt Lake City, Utah.

Trebor Oil Co. Ltd.
May 1, 1961 filed $150,000 of limited partnership interests to be offered for public sale in 150 units. **Price**—$1,000 per unit. **Proceeds**—For the acquisition of oil leases and the development of, thereof. **Office**—213 First National Bank Building, Abilene, Texas. **Underwriter**—None.

Tresco, Inc.
June 5, 1961 filed 100,000 common shares. **Price**—$5. **Business**—Manufactures transformers for electronic equipment. **Proceeds**—For the repayment of debt, research and development, to finance a new subsidiary and for other corporate purposes. **Office**—3824 Terrance St., Philadelphia. **Underwriter**—Amos Treat & Co., New York (managing).

Triangle Instrument Co. (6/26-30)
March 30, 1961 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Business** — The manufacture of precision instruments and components. **Proceeds**—For equipment, inventory, the repayment of debt, and working capital. **Office**—Oak Drive and Cedar Place, Syosset, L. I., N. Y. **Underwriter**—Armstrong & Co., Inc., New York City.

Tungsten Mountain Mining Co.
April 7, 1961 (letter of notification) 400,000 shares of common stock (par 25 cents). **Price** — 62½ cents per share. **Proceeds**—For mining expenses. **Office**—511 Securities Bldg., Seattle, Wash. **Underwriter**—H. P. Pratt & Co., Inc., Seattle, Wash.

Turbodyne Corp.
May 10, 1961 filed 200,000 shares of common stock. **Price**—$2 per share. **Business** — The research, development, manufacturing and marketing of space and rocket engines, and related activities. **Proceeds**—For research and development, and working capital. **Office**—1346 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—T. J. McDonald & Co., Washington, D. C.

Union Oil Co. of California (6/21)
May 18, 1961 filed $60,000,000 of debentures due June 1, 1986 and $60,000,000 of convertible subordinated debentures due June 1, 1991. **Price**—To be supplied by amendment. **Proceeds**—For the retirement of the outstanding $120,000,000 3¼% convertible subordinate debentures due April 1, 1981. **Office**—Union Oil Center, Los Angeles, Calif. **Underwriter**—Dillon, Read & Co., Inc., New York City (managing).

United Electro Plastics Corp.
May 15, 1961 (letter of notification) 250,000 shares of common stock (par 10 cents). **Price**—$1.15 per share. **Office**—510 First Ave. N., Minneapolis, Minn. **Underwriter**—None.

United Foods, Inc.
May 25, 1961 filed 125,000 shares of common stock. **Price**—$8.50 per share. **Business**—The storing of grain for a U. S. Government agency; cold storage warehousing; the freezing, packaging and marketing of vegetables; the freezing and packaging of shrimp; the feeding and marketing of fattened cattle, and the operation of a small business financing company. **Proceeds**—For expansion and working capital. **Office**—1235 Shadowdale, Houston, Tex. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

United Investors Corp.
May 26, 1961 filed 76,109 shares of class A stock. **Price**—$10 per share. **Business**—The company plans to acquire 15 realty properties in eight states. **Proceeds**—For the repayment of debt, property acquisitions, and working capital. **Office**—60 E. 42nd Street, New York City. **Underwriter**—None.

U. S. Fiberglass Products Co.
April 27, 1961 filed 200,000 shares of common stock. **Price**—$2 per share. **Business**—The company plans to manufacture fiberglass shingles, beams, purlin and other materials. **Proceeds** — For working capital, inventory and equipment, and sales promotion. **Office** — Clarkville, Texas. **Underwriter**—Hauser, Murdock, Rippey & Co., Dallas, Texas.

U. S. Home & Development Corp. (6/26-30)
May 11, 1961 filed 300,000 shares of class A capital stock. **Price**—To be supplied by amendment. **Business** — The planning, development and marketing of single-family home communities in New Jersey. **Proceeds**—For the repayment of loans, purchase of land and development of properties. **Office** — 52 Neil Ave., Lakewood, N. J. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C., and New York City.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo. **Underwriter**—Waddell & Reed, Inc., Kansas City, Mo. **Offering**—Expected in the fall of 1961.

★ **Universal Health, Inc.**
June 14, 1961 ("Reg. A") 100,000 common shares. **Price**—$3. **Business** — The operation of a chain of health studios. **Proceeds**—For expansion, advertising, financing of time payment memberships and other corporate purposes. **Office**—15A South Main St., West Hartford, Conn. **Underwriter**—Cortlandt Investing Corp., 120 Wall St., New York.

● **Universal Manufacturing Co.**
Feb. 23, 1961 (letter of notification) 135,000 shares of common stock (par 10 cents) of which 35,000 shares are to be offered for the account of the company and 100,000 outstanding shares, stock, by the selling stockholders. **Price** — $2 per share. **Proceeds** — For working capital. **Office**—516 W. 4th Street, Winona, Minn. **Underwriter**—Naftalin & Co., Inc., Minneapolis, Minn.

● **Uris Buildings Corp. (7/3-7)**
June 2, 1961 filed 159,403 outstanding shares of common to be offered for sale by stockholders. **Price**—By amendment. **Business**—The construction, operation and leasing of office buildings. **Proceeds**—For the selling stockholders. **Office**—850 Third Ave., New York. **Underwriter**—Kuhn, Loeb & Co., New York (managing).

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★ Valley Title & Trust Co.
June 13, 1961 filed 120,000 common shares. **Price**—$5. **Business**—The writing and selling of title insurance and the acting as trustee and escrow agent. **Proceeds**—For working capital, reserves and other corporate purposes. **Office**—1001 North Central Ave., Phoenix, Ariz. **Underwriter** — Louis R. Dreyling & Co., 25 Livingston Ave., New Brunswick, N. J.

Varian Associates
May 1, 1961 filed 347,883 shares of capital stock being offered for subscription by shareholders on the basis of one new share for each 10 shares held of record June 1 with rights to expire June 19. **Price**—$50. **Business**—The design, manufacture and sale of microwave tubes, and electronic components and systems for military, commercial and industrial use. **Proceeds**—For a new plant, equipment, the repayment of bank loans and for working capital. **Office**—611 Hansen Way, Palo Alto, Calif. **Underwriter**—Dean Witter & Co., San Francisco (managing).

Vatronic Lab. Equipment, Inc.
May 29, 1961 filed 80,000 shares of common stock. **Price** —$4 per share. **Business**—The manufacture of industrial high vacuum systems and equipment. **Proceeds** — For the repayment of debt, plant expansion, equipment, sales promotion and working capital. **Office**—Northport, N. Y. **Underwriter**—Stanley R. Ketcham & Co., New York.

Versapak Film & Packaging Machinery Corp.
March 30, 1961 filed 150,000 shares of common stock and 150,000 five-year warrants, to be offered for public sale in units of one share of stock and one warrant. **Price**—$3.125 per unit. **Business**—The design, development and sale of versatile automatic equipment for packaging items in special heat-shrinkable film. **Proceeds**—To repay loans, for additional equipment and inventory; and for working capital. **Office**—928 Broadway, New York City. **Underwriters**—Hill, Thompson & Co. (managing); Hampstead Investing Corp., and Globus, Inc., all of New York City.

Vic Tanny Enterprises, Inc. (7/3-7)
May 11, 1961 filed 320,000 shares of class A common stock (par 10 cents) of which 120,000 shares will be offered for the account of the company and 200,000 shares by the present holder thereof. **Price**—To be supplied by amendment. **Business**—The operation of a national chain of gymnasiums and health centers for men and women. **Proceeds**—The company will use its part of the proceeds for the opening of new gymnasiums and the promotion of home exercise equipment. **Office**—375 Park Ave., New York City. **Underwriter**—S. D. Fuller & Co., New York City.

Vinco Corp. (7/10-14)
May 19, 1961 filed $2,000,000 of 6% convertible subordinated debentures due 1976. **Price**—At 100% of principal amount. **Business**—The production of gauges and measuring instruments and the manufacture of precision parts and subassemblies for the aircraft, missile and other industries. **Proceeds**—For the repayment of debt, expansion, working capital and reserves for possible future acquisitions. **Office**—9111 Schaefer Highway, Detroit, Mich. **Underwriter**—S. D. Fuller & Co., New York City (managing).

Walter, (Jim) Corp.
May 18, 1961 filed $20,000,000 of first subordinated debentures due 1981 (with attached warrants to buy up to 80,000 common shares). **Price** — To be supplied by amendment. **Business**—The construction, and mortgage financing of shell homes. **Proceeds**—To reduce bank debt and finance the sale of additional homes. **Office**—1500 North Dale Mabry Highway, Tampa, Fla. **Underwriter**—Alex. Brown & Sons, Baltimore, Md. (managing).

Walter Sign Corp.
March 30, 1961 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Business** — The manufacture and installation of highway signs. **Proceeds**—For the reduction of debt, sales promotion, inventory and reserves. **Office**—4700 76th St., Elmhurst, L. I., N. Y. **Underwriter**—Amber, Burstein & Co., 40 Exchange Place, New York 5, N. Y.

Wayne Manufacturing Co.
May 29, 1961 filed 40,000 outstanding shares of capital stock to be offered for public sale by the present holders thereof. **Business**—The design, manufacture and sale of industrial sweepers. **Price** — To be supplied by amendment. **Office** — 1201 E. Lexington St., Pomona, Calif. **Underwriters**—Mitchum, Jones & Templeton, Los Angeles and Schwabacher & Co., San Francisco (managing).

Wej-it Expansion Products, Inc. (6/29)
May 4, 1961 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant and facilities, moving equipment, inventory, working capital and repayment of a loan. **Office** —4 S. Santa Fe Dr., Denver, Colo. **Underwriter**—Amos C. Sudler & Co., Denver, Colo.

West Coast Bowling Corp.
May 26, 1961 filed 128,434 shares of common stock, of which 115,000 shares are to be offered for public sale by the company and 13,434 outstanding shares by the present holders thereof. **Price**—$9.75 per share. **Business**—The company plans to acquire and operate bowling centers primarily in California. **Proceeds**—For general corporate purposes. **Office**—3300 West Olive Avenue, Burbank, Calif. **Underwriter**—Hill Richards & Co. Inc., Los Angeles (managing).

Westbury Fashions, Inc.
May 10, 1961 filed 120,000 shares of common stock, of which 68,000 shares are to be offered for public sale by the company and 52,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The design, manufacture and sale of casual dresses for girls and women. **Proceeds**—For expansion, the repayment of loans, equipment, and working capital. **Office** — 1400 Broadway, New York City. **Underwriter** — McDonnell & Co., Inc., New York City (managing).

Western Factors, Inc.
June 29, 1960 filed 700,000 shares of common stock. **Price** —$1.50 per share. **Proceeds**—To be used principally for the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities. **Office** — 1201 Continental Bank Bldg., Salt Lake City, Utah. **Business**—Factoring. **Underwriter**—Elmer K. Aagaard, Newhouse Bldg., Salt Lake City, Utah.

● Western Growth Corp.
March 17, 1961 filed 202,107 shares of class A common stock (par 10 cents), of which 150,000 shares are to be offered for public sale by the company in units of 10 shares each; and 52,107 outstanding shares by selling stockholders after trading commences. **Price**—For the company's stock: $100 per unit. For the selling stockholder: At-the-Market. **Business**—The development of property in California for single-family homes, the investment in notes or contracts secured by single-family homes, and other phases of the real estate business. **Proceeds**—For ordinary expenses, repayment of loans and working capital. **Office**—636 North La Brea Ave., Los Angeles, Calif. **Underwriter**—Reese, Scheftel & Co., Inc., New York City.

Western Land Trust Fund
March 30, 1961 filed 200,000 shares of beneficial interest in the Fund. **Price** — $10 per share. **Business** — A closed-end real estate investment trust. **Proceeds**—For investment. **Office**—1031 First Western Bldg., Oakland, Calif. **Underwriter**—To be named.

Williams Brothers Co.
May 19, 1961 filed 350,000 outstanding shares of common stock to be offered for public sale by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The construction of pipelines and other aspects of the heavy construction industry. **Proceeds**—For the selling stockholders. **Office**—National Bank of Tulsa Building, Tulsa, Okla. **Underwriter**—Reynolds & Co., Inc., New York City (managing).

Wilshire Insurance Co.
Feb. 17, 1961 filed 187,000 shares of common stock (par $2) being offered for subscription by stockholders on the basis of one new share for each share held of record April 14, with rights to expire June 16. **Price**—$5 per share. **Business**—The writing of workmen's compensation, common carrier liability and automobile (physical damage) insurance. **Proceeds**—To increase capital funds. **Office**—5413 West Washington Boulevard, Los Angeles, Calif. **Underwriter**—None.

Wonderbowl, Inc.
Feb. 6, 1961 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds** —To discharge a contract payable, accounts payable, and notes payable and the balance for working capital. **Office** —7805 Sunset Blvd., Los Angeles, Calif. **Underwriter**—Standard Securities Corp., Los Angeles, Calif.

World Color Press, Inc. (7/10-14)
May 16, 1961 filed 218,000 shares of common stock of which 203,000 shares will be offered to the public and 15,000 shares to employees. **Price**—To be supplied by amendment. **Business**—The printing of magazines and newspapers. **Proceeds**—To selling stockholders. **Office**—420 DeSoto Ave., St. Louis Mo. **Underwriters**—Scherck, Richter Co., and Dempsey-Tegeler & Co., both of St. Louis, Mo. (managing).

● Wrather Corp. (6/19-23)
March 29, 1961 filed 350,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The company manufactures and sells Stephens power and sail boats, and various marine and sporting goods manufactured by others. It also plans to acquire the stock of Muzak Corp., Wrather Hotels, Inc., Wrather Realty Corp., Stephens Marine, Inc., and various television film properties. **Proceeds** — For construction, repayment of debt and working capital. **Office** — 270 North Canon Drive., Beverly Hills, Calif. **Underwriter**—Lee Higginson Corp., New York City (managing).

Wyoming Wool Processors, Inc.
June 5, 1961 filed 700,000 common shares. **Price**—$1. **Business**—The processing of wool. **Proceeds**—For the purchase of equipment, building rental, and working capital. **Address**—Box 181, Casper, Wyo. **Underwriter** —None.

Yakima Valley Turf Club, Inc.
May 16, 1961 (letter of notification) 2,240 shares of no par common stock and $224,000 of certificates of indebtedness to be offered in units of (a) one common share and one $100 certificate or (b) 10 common shares and one $1,000 certificate. **Price**—(a) $110 or (b) $1,100. **Office**—Central Washington Fairgrounds, Yakima, Wash. **Underwriter** — Colopy, Elliott & Miller, Inc., Seattle, Wash.

● Zurn Industries, Inc. (6/19-23)
May 25, 1961 filed 175,000 shares of common stock, of which 71,530 shares are to be offered for public sale by the company and 103,470 outstanding shares by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The design, development, manufacture and sale of mechanical power transmission equipment, hydromechanical piping devices and industrial pipe line straining mechanisms. **Proceeds**—For new equipment, and working capital. **Office**—2214 West 8th St., Erie, Pa. **Underwriter**—Lee Higginson Corp., New York City (managing).

Prospective Offerings

Acoustica Associates, Inc.
April 11, 1961, it was stated that this company is seeking to acquire other firms with compatible product lines and that equity financing may be needed to finance current expansion program. **Business** — The company manufactures ultrasonic cleaning systems for missile equipment, hospital surgical instruments and the metals industry. It also makes fluorescent lighting fixtures and a product for gauging the level of liquids. **Office**—First National Bldg., Birmingham, Ala. **Underwriter**—Lehman Brothers, New York City.

Alamo Gas Supply Co.
Jan. 24, 1961 it was reported that this company is negotiating for the sale of about $18,000,000 to $20,000,000 of bonds. **Proceeds**—For expansion of facilities. **Office**—San Antonio, Tex. **Underwriters** — White, Weld & Co., New York City and Underwood, Neuhaus & Co., Inc., Houston, Tex.

All American Airways Co.
May 1, 1961 it was reported that a "Reg. A" will be filed shortly covering 75,000 shares of common stock. **Price**—$4 per share. **Office**—Danbury, Conn. **Underwriter**—Edward Lewis Co. Inc., New York City (managing).

American Playlands Corp.
Dec. 21, 1960 it was reported that this company plans to refile a registration statement covering 300,000 shares of common stock. This will be a full filing. **Business**—The company intends to operate an amusement and recreation park on 196 acres of land near Liberty, N. Y. **Proceeds**—For development of the land. **Office**—55 South Main St., Liberty, N. Y. **Underwriter**— M. W. Janis & Co., Inc., New York City.

Appalachian Power Co.
Feb. 1, 1961 it was reported that this subsidiary of American Electric Power Co., Inc., plans to sell $35,000,000 to $40,000,000 of bonds late in 1961 or early in 1962. **Office**—2 Broadway, New York City. **Underwriters** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly).

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 $35,000,000 of first mortgage bonds in November. **Proceeds**—For construction. **Office** —501 South Third Ave., Phoenix, Ariz. **Underwriters**—To be named. The last sale of preferred stock on June 18, 1958 was made privately through Blyth & Co., and the First Boston Corp. The last sale of bonds on March 26, 1959 was also handled privately through Blyth & Co., and First Boston Corp. However, the company stated that there is a possibility that these bonds will be sold at competitive bidding, in which case the following are expected to bid on them: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; First Boston Corp.; Blyth & Co.; White, Weld & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc.

Audio-Visual Teaching Machines, Inc.
May 24, 1961 it was reported that a "Reg. A" will be filed shortly covering 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The manufacture and distribution of teaching machines, language laboratories and program texts. **Proceeds**—For expansion. **Office**—Suite 405, 1025 Connecticut Ave., N. W., Washington, D. C. **Underwriters**—To be named.

Baltimore Gas & Electric Co.
May 15, 1961 it was reported that this company plans to issue about $20,000,000 of first mortgage bonds in late 1961 or early 1962. **Office** — Lexington and Liberty Streets, Baltimore 3, Md. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., and First Boston Corp. (jointly); Harriman Ripley & Co., Inc., and Alex. Brown & Sons (jointly).

Beam-Matic, Inc.
May 24, 1961 it was reported that this company plans a full filing shortly covering 100,000 shares of common stock. **Price**—$3 per share. **Business**—The manufacture and sale of hospital equipment. **Office**—25-11 49th Street, Astoria, L. I., N. Y. **Underwriter**—First Weber Securities Corp., New York City.

Caldor, Inc.
March 15, 1961 it was reported that a full filing will be made soon covering an undisclosed number of common shares. **Price**—$5 per share. **Business**—Operates a chain of discount stores in Northern Westchester and Connecticut. **Office**—Riverside, Conn. **Underwriter**—Ira Haupt & Co., New York City (managing). **Registration**—Temporarily postponed.

Carbonic Equipment Corp.
Dec. 8, 1960 it was reported that a full filing of about $300,000 of units, consisting of common stock, bonds and

warrants will be made. **Proceeds**—For expansion of the business. **Office**—97-02 Jamaica Ave., Woodhaven, N. Y. **Underwriter**—R. F. Dowd & Co., Inc.

Caxton House Corp.
Jan. 24, 1960 it was reported that a full filing of this company's stock, constituting its first public offering, will be made. **Price**—Approximately $3 per share. **Business**—Book publishing. **Office**—9 Rockefeller Plaza, New York City. **Underwriter**—To be named.

Central Louisiana Electric Co., Inc.
Feb. 21, 1961 it was reported that the company is considering the issuance of $6,000,000 of bonds or debentures in the latter part of 1961. **Office** — 415 Main St., Pineville, La. **Underwriters**—To be named. The last issue of bonds on April 21, 1959 was bid on by Kidder, Peabody & Co. and Rauscher, Pierce & Co., Inc. (jointly); Salomon Bros. & Hutzler, and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co., Inc.; White, Weld & Co.

Cincinnati Gas & Electric Co.
Feb. 16, 1961 it was stated in the company's 1960 annual report that this utility plans to sell both first mortgage bonds and common stock in 1962 to finance its $45,000,000 construction program. **Office**—Fourtin & Main Sts., Cincinnati, O. **Underwriter**—(Bonds) To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co., Inc., and First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly). The last issue of common stock (81,510 shares) was sold privately to employees in August, 1960.

Colorado Interstate Gas Co.
Oct. 17, 1960 it was reported by Mr. A. N. Porter of the company's treasury department that the company is awaiting a hearing before the full FPC with reference to approval of its application for expansion of its system, which will require about $70,000,000 of debt financing which is expected in the latter part of 1961. **Proceeds**—For expansion. **Office**—P. O. Box 1087, Colorado Springs, Colo.

Columbia Gas System, Inc.
April 24, 1961 it was reported that this company is considering the sale of either $20,000,000 of debentures, or $25,000,000 of common stock in the fall. **Office**—120 East 41st Street, New York 17, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders on the debentures: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly). The last sale of common stock on May 4, 1960 was handled by a group headed by Merrill Lynch, Pierce, Fenner & Smith Inc.; Shields & Co.; R. W. Pressprich & Co., and Carl M. Loeb, Rhoades & Co.

Columbus & Southern Ohio Electric Co.
March 13, 1961 it was reported the company will sell about $10,000,000 additional common stock in late 1961. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio. **Underwriter**—Dillon, Read & Co

Commonwealth Edison Co.
Jan. 10, 1961 it was reported that this company plans to sell $30,000,000 of bonds in the second quarter of 1961. **Office**—72 W. Adams Street, Chicago, Ill. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; White, Weld & Co.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.

Consolidated Edison Co. of New York, Inc.
May 16, 1961, H. C. Forbes, chairman, stated that the company must issue almost $100,000,000 of securities in late 1961 and early 1962. He added that if the company decides to issue any of the 1,000,000 shares of cumulative preference stock approved by shareholders at the May 15 annual meeting, it will be on the basis of convertibility into common with subscription rights to common shareholders. **Office**—4 Irving Place, New York City. **Underwriter**—To be named. The last rights offering to stockholders (of debentures) on Jan. 28, 1959 was underwritten by Morgan Stanley & Co., and First Boston Corp., both of New York City. The last sale of bonds on Nov. 23, 1960 was handled by First Boston Corp., and Halsey, Stuart & Co., Inc. (jointly). Morgan Stanley & Co., also bid competitively on this issue.

• Consumers Power Co. (8/15)
May 24, 1961 it was reported that this company plans to sell $40,000,000 of first mortgage bonds in August. **Office**—212 West Michigan Ave., Jackson, Mich. **Underwriter** — To be determined by competitive bidding. Probable bidders Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Harriman Ripley & Co., and First Boston Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received about Aug. 15. **Information Meeting** — Aug. 10, 11 a.m. (EDST) at Bankers Trust Co., 16 Wall St., New York (2nd floor).

Cosmetic Chemicals Corp.
May 10, 1961 it was reported that this firm expects to register 100,000 shares of 1¢ par common stock. **Price**—$4 per share. **Business** — The firm manufactures perfumes, cosmetics, and hair dyes. **Proceeds**—For general corporate purposes. **Office**—5 East 52nd St., New York City. **Underwriter**—Nance-Kieth Corp., 99 Wall St., New York 5, N. Y.

Cosmetically Yours, Inc.
May 16, 1961 it was reported that this corporation is contemplating a public offering. **Business**—The manufacturing and sale of cosmetics. **Office** — 15 Clinton Street, Yonkers, N. Y. **Underwriter**—P. J. Gruber & Co., Inc., New York City.

Cowles Magazine & Broadcasting, Inc.
May 3, 1961 it was reported that this corporation will issue stock later this year. The firm denied the report. **Business** — Publishing and allied fields. **Office** — 488 Madison Ave., New York City. **Underwriter**—Goldman, Sachs & Co., New York City (managing).

Delaware Power & Light Co.
Feb. 7, 1961 it was reported that the company has postponed until early 1962 its plan to issue additional common stock. The offering would be made to common stockholders first on the basis of one share for each 10 shares held. Based on the number of shares outstanding on Sept. 30, 1960, the sale would involve about 418,536 shares valued at about $14,600,000. The last offering of common to stockholders in June, 1956, consisted of 232,520 shares offered at $35 a share to holders of record June 6, on the basis of one share for each eight shares held. **Proceeds**—For construction. **Office**—600 Market Street, Wilmington, Del. **Underwriter**—To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co., New York; W. C. Langley & Co., and Union Securities Co. (jointly); Lehman Brothers; First Boston Corp.; White, Weld & Co., and Shields & Co. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Dixie Pipeline Co.
April 17, 1961 it was reported that this firm, recently formed by eight major oil companies, plans to build a 1,100 mile liquified petroleum gas pipeline from Texas and Louisiana to Mississippi, Alabama, Georgia and the Carolinas. It is expected that the multi-million dollar pipeline will be financed in part by the sale of bonds and that it will be in operation by late 1961. **Office**—Tulsa, Okla. **Underwriters**—First Boston Corp.; Morgan Stanley & Co.; Carl M. Loeb, Rhoades & Co.

Edo Corp.
March 21, 1961 it was reported that this company plans the issuance and sale of $2,000,000 of bonds. **Business**—The manufacturer of electronic equipment, particularly marine, airborne and underwater devices. **Proceeds**—For expansion. **Office**—1404 111 Street, College Point, N. Y. **Underwriter**—To be named.

Empire Fund, Inc.
March 8, 1961 it was reported that the Federal Internal Revenue Service had granted this fund's application for approval of a tax free exchange of shares for Corporate Securities. It is expected that a registration statement covering this "centennial-type" fund will be filed with the SEC shortly. **Office**—Pittsburgh, Pa.

Exploit Films, Inc.
March 8, 1961 it was reported that this company plans a full filing covering 100,000 common shares. **Price**—$5 per share. **Proceeds**—For the production of TV and motion picture films, the reduction of indebtedness, and for working capital. **Office**—619 W. 54th Street, New York City. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City (managing).

First National Bank of Toms River (N. J.)
March 22, 1961 it was reported that stockholders voted on this date to increase the authorized stock to provide for payment of a 66⅔% stock dividend and sale of 20,000 new shares of common (par $5) to stockholders on the basis of one new share for each 20 shares held of record July 17, with rights to expire Aug. 17. **Price**—About $22 per share. **Proceeds**—To increase capital. **Office**—Toms River, N. J. **Underwriter**—None.

Florida Power & Light Co.
May 11, 1961, it was reported that the company may issue bonds in the second half of 1961 to finance its current $40,000,000 construction program. **Office**—25 S. E. 2nd Ave., Miami, Fla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co., Inc.; White, Weld & Co.; First Boston Corp.; Blyth & Co., Inc.

Gabriel Co.
April 27, 1961, the company announced plans to form a new subsidiary, Rocket Power, Inc., by merging the present Rocket Power, Talco and Bohanan divisions. In the fall of 1961, stock of the new subsidiary would be offered through subscription rights to Gabriel stockholders and debenture holders with about 20% of the offering going to the public. **Office** — 1148 Euclid Avenue, Cleveland, Ohio. **Underwriters**—To be named. The last financing by the company in September, 1959, was handled by Carl M Loeb, Rhoades & Co., New York City and Prescott, Shepard & Co., Inc., Cleveland.

Gas Service Co.
April 19, 1961, the company reported that on April 18 stockholders voted to authorize a new issue of 150,000 shares of preferred stock (par $100). The company is considering the sale of between $5,000,000 to $7,500,000 of preferred and may issue some bonds at the same time. **Office** — 700 Scarritt Bldg., Kansas City, Mo. **Underwriters**—To be named. The company has never issued preferred stock, but the last sale of common on April 19, 1954 was handled by Kuhn, Loeb & Co., Eastman Dillon, Union Securities & Co., Reynolds & Co., and Allen & Co. The last sale of bonds on July 6, 1958 was made privately through Eastman Dillon, Union Securities & Co., New York City and Stern Brothers & Co., Kansas City, Mo.

General Public Utilities Corp.
March 14, 1961 it was stated in the company's 1960 annual report that the utility expects to sell additional common stock to stockholders in 1962 through subscription rights on the basis of one share for each 20 shares held. Based on the 22,838,454 common shares outstanding on Dec. 31, 1960, the offering will involve a minimum of 1,141,922 additional shares. **Office**—67 Broad St., New York 4, N. Y. **Underwriter**—None.

General Telephone Co. of California
Feb. 1, 1961 it was reported that this subsidiary of General Telephone & Electronics Corp. plans to sell about $20,000,000 of bonds in December 1961. **Office** — 2020 Santa Monica Blvd., Santa Monica, Calif. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp. and Equitable Securities Corp. (jointly); White, Weld & Co. and Kidder, Peabody & Co. (jointly); Paine, Webber, Jackson & Curtis, and Stone & Webster Securities Corp.

General Telephone Co. of Florida
Feb. 8, 1961 it was reported that this subsidiary of General Telephone & Electronics Corp., expects to offer about $15,000,000 of bonds in November. **Office** — 610 Morgan St., Tampa, Fla. **Underwriters**—Stone & Webster Securities Corp., and Paine, Webber, Jackson & Curtis, both of New York City.

Georgia Bonded Fibers, Inc.
Sept. 14, 1960 it was reported that registration of 150,000 shares of common stock is expected. **Offices**—Newark, N. J., and Buena Vista, Va. **Underwriter**—Sandkuhl and Company, Newark, N. J., and New York City.

Georgia Power Co. (10/18)
Dec. 29, 1960 this subsidiary of the Southern Co., applied to the Georgia Public Service Commission for permission to issue $15,500,000 of 30-year first mortgage bonds, and $8,000,000 of new preferred stock. **Proceeds**—For construction, plant modernization or refunding of outstanding debt. **Office**—Electric Bldg., Atlanta 3, Ga. **Underwriters** — To be determined by competitive bidding. Previous bidders for bonds included Harriman Ripley & Co., Inc.; Lehman Brothers; Blyth & Co., Inc., Kidder, Peabody & Co., and Shields & Co. (jointly); First Boston Corp.; Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp., Eastman Dillon, Union Securities & Co. (jointly). Previous bidders for preferred were First Boston Corp., Lehman Brothers, Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co.; and Equitable Securities Corp. **Bids**—Expected to be received on Oct. 18.

Gluckin (Wm.) & Co., Inc.
April 19, 1961 it was reported that this subsidiary of Essex-Universal Corp., plans to sell about 200,000 common shares. **Business**—Manufactures and sells women's foundation garments. **Underwriter**—To be named.

Gulf Power Co. (12/7)
Jan. 4, 1960 it was reported that this subsidiary of The Southern Co., plans to sell $5,000,000 of 30-year bonds. **Office**—75 North Pace Blvd., Pensacola, Fla. **Underwriter**—To be determined by competitive bidding. Previous bidders included Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler and Drexel & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on Dec. 7, 1961.

Hawaiian Telephone Co.
March 8, 1961 it was reported that this company plans to sell about $5,000,000 of common stock to stockholders through subscription rights later this year. **Office**—1130 Alakea Street, Honolulu 13, Hawaii. **Underwriter**—None.

Houston Fearless Corp.
Feb. 27, 1961, Barry J. Shillito, President, stated that the company plans to expand its Western Surgical and Westlab divisions into a new national medical and hospital supply concern. He added that 80% of the new firm's stock would be retained by Houston and the remaining 20% sold to the public. **Office** — 11801 W. Olympic Blvd., Los Angeles 64, Calif.

Houston Lighting & Power Co.
Oct. 17, 1960 Mr. T. H. Wharton, President, stated that between $25-$35 million dollars is expected to be raised publicly sometime in 1961, probably in the form of preferred and debt securities, with the precise timing depending on market conditions. **Proceeds**—For construction and repayment of bank loans. **Office** — Electric Building, Houston, Texas. **Underwriter** — Previous financing was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler.

• Hupp Systems, Inc.
May 31, 1961 it was reported that a "Reg. A" will be filed shortly covering an initial offering of 50,000 common shares. **Price**—$3. **Business**—The design, manufacture and sale of fiberglass sprayup systems and other reinforced plastic resin equipment. **Proceeds**—For general corporate purposes. **Office**—Sarasota, Fla. **Underwriter**—J. I. Magaril Co., Inc., New York. **Registration**—Imminent. **Offering**—Expected in late July.

Idaho Power Co.
Jan. 10, 1961 it was reported that this company plans to sell $10,000,000 of bonds and about $5,000,000 of common in the third quarter of 1961. **Proceeds**—To repay loans and for construction. **Underwriters**—To be determined by competitive bidding. Probable bidders on the bonds: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lazard Freres & Co., and First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Salomon Bros. & Hutzler, and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp. Probable bidders on the common: Blyth & Co., Inc.; Lazard Freres & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.

Illinois Terminal RR.
Jan. 16, 1961 it was reported that this company plans the sale later this year of about $8,500,000 of first mortgage bonds. **Office**—710 North Twelfth Blvd., St. Louis, Mo. **Underwriter**—Halsey, Stuart & Co. Inc., Chicago.

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Industrial Gauge & Instrument Co.
Oct. 5, 1960 it was reported that 100,000 shares of common stock will be filed. **Proceeds** — Expansion of the business, and for the manufacture of a new product by a subsidiary. **Office**—1947 Broadway, Bronx, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

International Parts Corp.
April 17, 1961 it was reported that a registration will be filed shortly covering an undisclosed number of outstanding common shares. **Business**—Manufactures automobile equipment and "Midas Mufflers." **Office**—Chicago, Ill. **Underwriter**—H. M. Byllesby & Co., Chicago (managing).

Interstate Department Stores, Inc.
May 24, 1961, Murray D. Safanie, chairman, stated that the company is considering the issuance of about $6,00,-000 of convertible subordinated debentures, late this summer. **Office**—111 Eighth Ave., New York City.

John's Bargain Stores Corp.
May 17, 1961 it was reported that this company plans to file a registration statement shortly covering an undisclosed number of common shares. **Business**—The operation of a chain of discount stores selling household goods. **Office**—1200 Zerega Ave., Bronx, N. Y. **Underwriter**—To be named.

Kansas Power & Light Co.
March 15, 1961 it was reported that this company is considering the issuance of $10,000,000 to $15,000,000 of bonds in the third or fourth qarter of 1961. **Proceeds**—For construction. **Office**—800 Kansas Ave., Topeka, Kan. **Underwriter**—First Boston Corp., New York City (managing).

Laclede Gas Co.
Nov. 15, 1960 Mr. L. A. Horton, Treasurer, reported that the utility will need to raise $33,000,000 externally for its 1961-65 construction program, but the current feeling is that it will not be necessary to turn to long-term securities until May 1962. **Office** — 1017 Olive St., St. Louis, Mo.

McCulloch Corp.
Jan. 9, 1961 it was reported that this corporation will schedule its initial public financing for late 1961 or some time in 1962. **Business**—The corporation manufactures Scott outboard motors and McCulloch chain saws. **Office**—6101 West Century Boulevard, Los Angeles 45, Calif.

Macrose Industries
May 2, 1961 it was reported that this company, formerly named Macrose Lumber & Trim Co., Inc., plans a full filing of about 500,000 common shares (par $1). **Business**—The company owns a chain of lumber yards on Long Island. **Office**—2060 Jericho Turnpike, New Hyde Park, L. I., N. Y. **Underwriter**—To be named. **Offering**—Expected in July.

Masters Inc.
Jan. 6, 1961 it was reported that this corporation is contemplating its first public financing. **Business**—The operation of a chain of discount houses. **Office**—135-21 38th Avenue, Flushing 54, L. I., N. Y.

Metropolitan Edison Co.
Feb. 1, 1961 it was reported that this subsidiary of General Public Utilities Corp., plans to sell about $10,-000,000 of first mortgage bonds and $5,000,000 of debentures in August or September. **Office** — 2800 Pottsville Pike, Muhlenberg Township, Berks County, Pa. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co. and Drexel & Co. (jointly); Blyth & Co., Inc.

Metropolitan Food Co.
April 12, 1961 it was reported that this company plans to sell 100,000 common shares. **Price** — $5 per share. **Business** — Food distribution. **Proceeds** — For working capital. **Office** — 45-10 Second Ave., Brooklyn, N. Y. **Underwriters**—Brand, Grumet & Siegel, and Kesselman & Co., Inc., New York City (managing).

Micro-Lectric, Inc.
May 23, 1961 it was reported that this company plans to file a registration statement shortly covering 55,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The manufacture and design of potentiometers used in computers, ground control guidance systems and missiles. **Proceeds**—For general corporate purposes. **Office**—Roosevelt, L. I., N. Y. **Underwriter**—Underhill Securities Corp., 19 Rector St., New York City.

Mississippi Power Co. (9/28)
Jan. 4, 1961 it was reported that this subsidiary of The Southern Co., plans to sell publicly $5,000,000 of 30-year bonds and $5,000,000 of preferred stock (par $100). **Proceeds**—For construction and expansion. **Office**—2500 14th St., Gulfport, Miss. **Underwriter**—To be determined by competitive bidding. Previous bidders for bonds were Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. Previous bidders for preferred stock included Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly). **Bids**—Expected to be received on Sept. 28.

Missouri Utilities Co.
April 11, 1961 it was reported that this company plans to sell about 50,000 additional common shares to stockholders in September or October on a 1-for-10 rights basis. **Office**—400 Broadway, Cape Girardeau, Mo. **Underwriter**—To be named. The last five rights offerings to stockholders were underwritten by Edward D. Jones & Co., St. Louis.

Mite Corp.
April 27, 1961 it was reported that this company, recently formed through a merger of Teleprinter Co., and Grist Manufacturing Co., plans to sell about 400,000 shares of common stock to raise approximately $5,000,-000. **Office**—446 Blake St., New Haven, Conn.. **Underwriter**—Charles W. Scranton & Co., New Haven.

Modern Home Construction Co.
April 18, 1961 it was reported that this company is considering a public offering of securities, but the details have not yet been decided upon. **Office**—Valdosta, Ga. **Underwriter**—Harriman Ripley & Co., New York City.

Monroe Mortgage & Investment Corp.
Dec. 12, 1960, Cecil Carbonell, Chairman, announced that this company is preparing a "Reg. A" filing covering 150,000 shares of common stock. **Price** — $2 per share. **Business**—The company is engaged in first mortgage financing of residential and business properties in the Florida Keys. **Proceeds**—To expand company's business. **Office**—700 Duval Street, Key West, Fla. **Underwriter**—None.

Monterey Gas Transmission Co.
April 24, 1961 it was reported that Humble Oil & Refining Co., a subsidiary of Standard Oil Co. of New Jersey, and Lehman Brothers, had formed this new company to transport natural gas from southwest Texas to Alexandria, La., for sale to United Fuel Gas Co., principal supplier to other Columbia Gas System companies. It is expected that the pipeline will be financed in part by public sale of bonds. **Underwriter** — Lehman Brothers, New York City (managing).

National Airlines, Inc.
May 8, 1961, it was reported that the CAB had approved the company's plan to sell publicly 400,000 shares of Pan American World Airway's Inc., subject to final approval of the Board and the SEC. The stock was originally obtained under a Sept. 9, 1958 agreement under which the two carriers agreed to a share-for-share exchange of 400,000 shares and the lease of each others jet planes during thier respective busiest seasons. The CAB later disapproved this plan and ordered the airlines to divest themselves of the stock. **Price** — About $20 per share. **Proceeds**—To repay a $4,500,000 demand loan, and other corporate purposes. **Office**—Miami International Airport, Miami 59, Fla. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

National Hospital Supply Co., Inc.
May 1, 1961 it was reported that a "Reg. A" will be filed shortly covering 100,000 shares of common stock. **Price** —$3 per share. **Business**—The distribution of medical equipment. **Office**—38 Park Row, New York City. **Underwriter** — Edward Lewis Co. Inc., New York City (managing).

New England Power Co.
Jan 24, 1961 it was reported that this subsidiary of New England Electric System plans to sell $20,000,000 of first mortgage bonds. **Office**—441 Stuart St., Boston 16, Mass. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Equitable Securities Corp., and Blair & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp.; Lehman Brothers. **Offering**—Expected in October.

Northern Natural Gas Co.
March 15, 1961, the company reported that it expects to raise about $80,000,000 of new money in 1961. Present plans are for issuance of about $30,000,000 of debentures by mid-year and an additional $30,000,000 to $35,000,000 of debentures by year-end. It is also expected that some $12,000,000 to $15,000,000 of common stock will be sold to stockholders through subscription rights in September or October. **Proceeds**—For construction. **Office**—2223 Dodge St., Omaha 1, Neb. **Underwriter** — Blyth & Co., New York City (managing).

Northern States Power Co. (8/8)
Jan. 10, 1961 it was reported that this company plans to sell $20,000,000 of bonds in the third quarter of 1961. **Offices**—15 So. La Salle Street, Chicago 4, Ill.; 15 So. Fifth Street, Minneapolis 2, Minn.; 111 Broadway, New York 6, N. Y. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp. and Blyth & Co., Inc. (jointly). **Bids**—Expected to be received on Aug. 8.

Northwestern Public Service Co.
April 3, 1961 the company applied to the FPC for permisison to issue up to $4,000,000 of first mortgage bonds. The company stated that it would sell the full amount if it concurrently redeemed all outstanding $1,500,000 of 5⅞% bonds, otherwise only $2,500,000 of the new bonds would be issued. **Office**—Huron, S. D. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Kidder, Peabody & Co. **Offering**—Expected in September.

Pacific Lighting Corp.
Jan. 3, 1961 it was reported by Paul A. Miller, Treasurer that the company will probably go to the market for $30,000,000 to $50,000,000 of new financing in 1961 and that it probably would not be a common stock offering. **Office**—600 California Street, San Francisco 8, Calif.

Pacific Telephone & Telegraph Co.
March 24, 1961 stockholders of this A. T. & T. subsidiary approved a plan to form a new company to be known as the Pacific Northwest Bell Telephone Co. The new concern will acquire the business and properties of the Pacific Telephone-Northwest division which operates in Washington, Oregon, and Idaho. All of the stock of the new company will be owned by Pacific Telephone but "as soon as practicable" it will be offered for sale to Pacific Telephone stockholders at a price to be fixed by the Board of Directors. About 6-9 months after the stock sale, Pacific Northwest will sell debentures publicly to repay a portion of its debt. **Office**—140 New Montgomery St., San Francisco, Calif. **Underwriter**—The last offering of common stock to shareholders on Feb. 25, 1960 was not underwritten. However, A. T. & T., which owns over 90% of the outstanding shares, exercised its rights to subscribe to its pro rata share of the offering. The last sale of debentures by Pacific Telephone on Feb. 17, 1960 was underwritten by Halsey Stuart & Co., Inc. The one other competitive bid on issue was made by Morgan Stanley & Co.

Pan American World Airways, Inc.
May 8, 1961 it was reported that the CAB ordered this company to sell its 400,000 share holdings of National Airlines, Inc., and to file a plan of sale with the board within 30 days. The stock was originally obtained under a Sept. 9, 1958 agreement under which the two carriers agreed to a share-for-share exchange of 400,000 shares and the lease of each other's jet planes during their respective busiest seasons. The CAB later disapproved this plan and ordered the airlines to divest themselves of the stock. **Office**—135 East 42nd St., New York City. **Underwriter**—To be named.

Panhandle Eastern Pipe Line Co.
March 8, 1961 it was reported that this company expects to sell about $72,000,000 of debentures in September, subject to FPC approval of its construction program. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder Peabody & Co., both of New York City (managing).

Pennsylvania Power & Light Co.
April 11, 1961 it was stated in the 1960 annual report that this utility expects to spend $140,000,000 on new construction in the 1961 to 1965 period, of which about $56,000,000 will have to be raised through the sale of securities. However, the company now sees no necessity for the sale of equity securities, but expects to convert its present $35,000,000 of bank loans to long-term debt when securities market conditions are favorable. **Office**—9th and Hamilton Streets, Allentown, Pa. **Underwriters**—To be named. The last four bond issues were sold privately. The last public offering of bonds on Oct. 4, 1945 was underwritten by Smith, Barney & Co.; First Boston Corp.; Dillon, Read & Co., Inc., and associates.

● **Penthouse Club, Inc.**
June 1, 1961 it was reported that this company plans to issue 60,000 common shares. **Price**—$5. **Business**—The operation of dining clubs. **Proceeds**—For expansion and working capital. **Office**—15th and Locust St., Philadelphia. **Underwriter**—Valley Forge Securities Co., Philadelphia. **Offering**—Expected in late June.

Public Service Co. of Colorado
Dec. 2, 1960, W. D. Virtue, treasurer, stated that company plans the sale of about $20,000,000 of common stock to be offered stockholders through subscription rights in mid-1961. **Proceeds**—For expansion. **Office**—900 15th St., Denver, Colo. **Underwriter** — Last equity financing handled on a negotiated basis by First Boston Corp.

Redwing Carriers, Inc.
May 23, 1961 it was reported that this company plans to file a plan with the ICC covering a proposed sale by certain stockholders of $1,500,000 to $2,000,000 of common stock. **Business**—A truck, tank car transporter. **Proceeds**—For the selling stockholders. **Office**—Tampa, Fla. **Underwriter**—Beil & Hough, Inc., St. Petersburgh, Fla. **Offering**—Expected about mid-August.

Rochester Gas & Electric Corp. (9/27)
Jan. 24, 1961 the company stated it plans to issue about $15,000,000 of 30-year bonds in September. **Proceeds**—For construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp. **Bids**—To be received about Sept. 27.

Scully Inc.
May 31, 1961 it was reported that a "Reg. A" will be filed shortly covering 100,000 shares of common stock. **Price**—$3 per share. **Business** — The manufacture and sale of precision recording equipment. **Proceeds** — For expansion. **Office**—Bridgeport, Conn. **Underwriter**—Moran & Co., Newark, N. J.

Sel-rex Corp.
May 16, 1961 it was reported that this firm is contemplating its first public financing. **Business** — Precious metals manufacturing. **Office**—75 River Road, Nutley, N. J. **Underwriter**—To be named.

● **Sjostrom Automations, Inc.**
May 31, 1961 it was reported that a full filing will be made shortly covering 70,000 shares of class A common stock. **Price**—$4. **Business**—The design, manufacture and sale of electronically controlled automation devices. **Proceeds**—For general corporate purposes. **Office**—Boca Raton, Fla. **Underwriter**—J. I. Magaril Co., Inc., New York.

Southern California Edison Co.
May 23, 1961 it was reported that this company will need an additional $35,000,000 to finance its 1961 construction program. No decision has yet been made as to whether the funds will be raised by bank loans, or the sale of preferred stock or bonds. **Office**—601 West Fifth St., Los Angeles, Calif. **Underwriter**—To be named. The last sale of preferred stock on May 12, 1948 was handled on a negotiated basis by First Boston Corp., New York City and associates. The last sale of bonds in April 1961 was bid on by Blyth & Co.; First Boston Corp., Dean Witter & Co. (jointly); Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Equitable Securities Corp. (jointly).

Southern Natural Gas Co.
Oct. 28, 1960 it was reported by Mr. Loren Fitch, company comptroller, that the utility is contemplating the sale of $35,000,000 of 20-year first mortgage bonds sometime in 1961, with the precise timing depending on market conditions. **Proceeds** — To retire bank loans. **Office**—Watts Building, Birmingham, Ala. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co. and Kidder, Peabody & Co. (jointly).

Southern Railway Co.
Nov. 21, 1960 stockholders approved the issuance of $33,000,000 of new bonds. The issuance of an unspecified amount of additional bonds for other purchases was also approved. **Proceeds** — For general corporate purposes, including the possible acquisition of Central of Georgia Ry. **Office**—Washington, D. C. **Underwriter**—Halsey, Stuart & Co. Inc., will head a group that will bid on the bonds.

Tampa Electric Co.
May 10, 1961 it was reported that this company plans to spend over $80,000,000 on new construction in the next three years. No financing is planned this year but in 1962 the company may issue bonds or common stock. **Office**—111 No. Dale Mabry Hwy., Tampa, Fla. **Underwriters**—To be named. The last sale of bonds on June 29, 1960 was handled by Halsey, Stuart & Co. Inc., New York City. Other competitive bidders were Merrill Lynch, Pierce, Fenner & Smith Inc.; Goldman, Sachs & Co.; Stone & Webster Securities Corp. The last sale of common stock on Feb. 13, 1960 was made through Stone & Webster Securities Corp.

● **Tennessee Valley Authority (6/28)**
May 24, 1961, it was reported that this U. S. Government body plans to sell $50,000,000 of bonds. **Office**—Knoxville, Tenn. **Underwriters**—To be determined by competitive bidding. Probable bidders: The Chase Manhattan Bank, Morgan Guaranty Trust Co. of New York, Chemical Bank New York Trust Co., C. J. Devine & Co., all of New York City and the Northern Trust Co., Chicago; Blyth & Co., Inc.; Halsey, Stuart & Co. Inc.; The First Boston Corp. **Bids**—To be received in New York City on June 28. **Information Meeting**—June 21, 3 p.m. (EDST) at Bankers Club, 120 Broadway, New York.

Texas Gas Transmission Corp.
Jan. 11, 1961 it was reported that this company plans to sell $10,000,000 to $15,000,000 of bonds in the third quarter of 1961. **Office**—416 West Third Street, Owensboro, Ky. **Underwriter**—Dillon, Read & Co., New York City.

Trinity Funding Corp.
May 23, 1961 it was reported that a registration statement will be filed shortly covering 250,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Business**—A consumer and industrial finance company. **Proceeds** — For additional working capital. **Office** — 1107 Broadway, New York City. **Underwriter**—Trinity Securities Corp., 40 Exchange Place, New York City. **Offering**—Expected in early July.

Trunkline Gas Co.
March 8, 1961 it was reported that this subsidiary of Panhandle Eastern Pipe Line Co., expects to sell about $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).

● **Union Electric Co. (7/25)**
May 24, 1961 it was reported that this company plans to raise $30,000,000 of new money this summer by debt financing or sale of preferred stock. **Proceeds**—For expansion. **Office**—315 N. 12th Blvd., St. Louis 1, Mo. **Underwriters**—To be determined by competitive bidding. Probable bidders: (Preferred) First Boston Corp.; Dillon Read & Co. Inc.; Lehman Brothers; White, Weld & Co.; Blyth & Co., Inc.; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc. (Bonds) First Boston Corp.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). **Bids**—To be received on July 25 at 11 a.m. (EDST). **Information Meeting**—July 24, 11 a.m. (EDST) at Bankers Trust Co., 16 Wall St., New York.

United Aircraft Corp.
Feb. 15, 1961 it was reported that this company is considering issuance of $50,000,000 of bonds to replace a seven-year term loan. **Office**—400 Main St., East Hartford, Conn. **Underwriter**—To be named. The company has never issued bonds, but its last offering of preferred stock on Sept. 17, 1956 was underwritten by Harriman Ripley & Co., Inc., New York and associates.

Universal Oil Products Co.
Jan. 17, 1961 it was reported that this company may require financing either through bank borrowings or the sale of debentures in order to further expansion in a major field which the company would not identify. No decision has been made on whether the product, named "Compound X," will be produced. **Business**—The company is a major petroleum and chemical research and process development concern. **Office**—30 Algonquin Rd., Des Plaines, Ill. **Underwriter**—To be named. The company has never sold debentures before. However, the last sale of common stock on Feb. 5, 1959 was handled by Lehman Brothers, Smith, Barney & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc., all of New York City.

Universal Publishing & Distributing Corp.
May 10, 1961 it was reported that this company is considering the issuance of common stock. **Business**—Magazine publishing. **Office**—117 E. 31st Street, New York City. **Underwriter**—Allen & Co., New York City.

Virginia Electric & Power Co. (12/5)
March 23, 1961, the company announced plans to sell $15,000,000 of securities, possibly bonds or debentures. **Office** — Richmond 9, Va. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; Stone & Webster Securities Corp.; Eastman Dillon, Union Securities & Co.; Salomon Brothers & Hutzler; Goldman, Sachs & Co. **Bids**—To be received on Dec. 5, 1961.

West Coast Telephone Co.
April 11, 1961 it was stated in the 1960 annual report that the company plans to spend $12,000,000 for new construction in 1961, most of which is expected to be raised by the sale of securities. **Office**—1714 California St., Everett, Wash. **Underwriter**—To be named. The last sale of bonds and preferred stock in May and July 1960 was done privately. The last sale of common on Sept. 16, 1960 was underwritten by Blyth & Co., Inc., New York City.

West Penn Power Co.
Feb. 10, 1961, J. Lee Rice, Jr., President of Allegheny Power System, Inc., parent company, stated that West Penn expects to sell about $25,000,000 of bonds in 1962. **Office** — 800 Cabin Hill Drive, Hempfield Township, Westmoreland County, Pa. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Lehman Brothers; Eastman Dillon, Union Securities & Co., and First Boston Corp. (jointly); Harriman Ripley & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly).

Western Union Telegraph Co.
Feb. 28, 1961 it was reported that the FCC has approved the company's plan to transfer its Atlantic cable system to a newly organized company, Western Union International, Inc. The plan provides for the issuance by Western Union International of about $4,000,000 of subordinated debentures and 400,000 shares of class A stock to be offered to stockholders of Western Union Telegraph Co. in units of $100 of debentures and 10 shares of stock. In addition, American Securities Corp., New York City, would purchase from Western Union International about 133,000 additional shares of class A stock giving American Securities ownership of approximately 25% of the outstanding class A stock of WUI. Then Western Union Telegraph woud purchase 250,000 shares of class B stock for $100,000 and WUI would sell $4,500,000 of debentures or bonds. **Office** — 60 Hudson Street, New York City. **Underwriter**—American Securities Corp. (managing).

★ **Western Union Telegraph Co. (9/8)**
June 13, 1961 it was reported that stockholders are to vote Aug. 2 on increasing the authorized common stock from 7,000,000 to 10,000,000 shares to provide for sale of about 1,070,000 shares to stockholders on the basis of one new share for each six shares held. Based on the current market price of the company's stock, the sale would raise over $45,000,000. **Proceeds**—To help finance the company's 1961, $105,000,000 expansion program. **Office**—60 Hudson St., New York. **Underwriters**—To be named. The last rights offering in July 1955, was underwritten by Kuhn, Loeb & Co.; Lehman Brothers; Clark, Dodge & Co., and Salomon Brothers & Hutzler, New York. **Registration**—Expected about July 12.

Wisconsin Power & Light Co.
Jan. 19, 1961 it was reported that this company plans to sell about $6,500,000 of preferred stock in the third quarter of 1961. **Proceeds**—For expansion. **Underwriters**—The last sale of preferred stock in May, 1958 was handled by Smith, Barney & Co., New York and Robert W. Baird & Co., Inc., Milwaukee (jointly).

Wisconsin Southern Gas Co.
Dec. 12, 1960 it was reported in a company prospectus that an undetermined amount of capital stock or bonds will be sold in 1961-1962. **Proceeds**—For the repayment of short-term bank loans incurred for property additions. **Office** — Sheridan Springs Road, Lake Geneva, Wis. **Underwriter**—The Milwaukee Co., Milwaukee, Wis. (managing).

Berlant Auto-Monitor Corp. Common Offered

Pursuant to a June 15, 1961 offering circular, D. E. Liederman & Co., Inc., 80 Pine St., New York City, publicly offered 90,000 shares of Berlant Auto-Monitor Corp. common stock at $2 per share. Proceeds will be used by the company for the repayment of loans, new equipment, plant expansion, and working capital.

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 Company, Columbus, Ohio, publicly offered 1,000,000 common shares of this new fund in exchange for blocks of acceptable securities, with a minimum market value of $10,000. The exchange is based on one share of Ohio Franklin for each $20 of market value of securities deposited, less compensation to the Dealer Manager.

Ohio Franklin Fund of 51 North High St., Columbus 15, Ohio, is a diversified open-end investment company with redeemable shares, which was organized on Jan. 24, 1961. Its purpose is to provide investors holding acceptable securities with a method of diversifying their holdings without realizing gain or loss for Federal income tax purposes at the time of the exchange. After the initial issue, the Fund will not make any further offerings of its shares, unless authorized by the SEC.

Youngwood Electronic Metals, Inc. Stock Offered

Pursuant to a June 15, 1961 prospectus, Bruno-Lenchner, Inc., Pittsburgh, Pa., and Amos Treat & Co., Inc., New York City, publicly offered 75,000 common shares of Youngwood Electronic Metals, Inc., at $4 per share. Proceeds will be used by the company to purchase additional equipment, erect a new building and a testing laboratory, increase advertising, repay loans, expand research and for other corporate purposes.

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

Allan, Lee, Powers Opens

Allan, Lee, Powers & Company, Inc. is conducting a securities business from offices at 500 Fifth Avenue, New York City. Officers are Gabriel Powers, President; Jonas Senter, Vice-President; Allan H. Applestein, Treasurer; and Murray N. Meadow, Secretary.

Florida Metal Supply Corp. Common Sold

Pursuant to an offering circular dated May 22, 1961, Lapham & Co., and Cortlandt Investing Corp., New York City, publicly offered 42,800 shares of this firm's common stock at $7 per share. Net proceeds, estimated at $210,000, will be used by the company for the repayment of debt, the purchase of additional machinery and inventory, and for working capital.

Florida Metal of 3900 N.W. 32nd Ave., Miami, Fla., purchases and warehouses aluminum, and to a lesser extent copper and stainless steel, and resells it in job lots to customers who use it in the manufacture of finished products. Authorized stock consists of 200,000 common shares (par 12½c) of which 80,000 will be outstanding upon the completion of this sale.

Heaton Admits Partner

SARASOTA, Fla.—James C. Goar has been admitted to partnership in D. W. Heaton & Co., 117 Central Avenue.

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 Nation's Capital these days.

While Secretary of the Interior Stewart Udall has been making some headlines, not always favorable for the Kennedy Administration, some of his assistants have been busy blue-printing a large expansion, 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 bright area for them.

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 Holum, 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 that deal with public power. In addition to the Interior Department's Bureau of Reclamation, there are the Tennessee Valley Authority, the Rural Electrification Administration under the Department of Agriculture, the Army Corps of Engineers, and the International Boundary and Water Commission which has jurisdiction over the Falcom Dam on the Rio Grande River.

Some spokesmen for the investor-owned companies are insisting that some of the proposals being tossed out at the Department of Interior are absolute socialism. They are outright efforts to broaden the Federal power network.

Federal Power Plans

Addressing the American Power Association, Mr. Holum pointed up the Administration's power policies. Excerpts from his address include: "President Kennedy has declared it his policy, and Secretary Udall has reiterated it on several occasions, to provide leadership directed to the development of a nationwide high voltage, common carrier transmission grid.

"This would make possible enjoyment for all the people of greater economic development and high standards of living which flow from abundant supplies of low-cost power. It is our hope that such a grid system can be achieved by the concerted efforts of all segments of the utility industry-public, private and cooperative.

"The Federal agencies will play a positive role in this great undertaking. This includes construction of large capacity tie-lines between principal Federal power developments. If the studies now under way are favorable and Congress approves the Pacific Northwest - Pacific Southwest line, stretching a thousand miles from the State of Washington to Los Angeles, it will become the first major step in this new program.

"I believe the Kennedy Administration has made it 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 best interest of all the American people.

"Our electric system must be, not just the best in the world; it must be the best electric system that our natural resources, our technical know-how and our American genius can develop. The times demand it.

"The Kennedy Administration believes in resource development, and it supports the Federal power system. Surely the lean hard muscle that you developed during the past eight years (Eisenhower Republican Administration) can well be used during the years of the Kennedy Administration to sustain and support a vigorous (Federal) program of development and growth."

The Administration's spokesman has uttered some phrases and statements that are high-sounding. Nevertheless, any way you look at it, it is socialism. Assistant Secretary Holum asserts that better days are here again for the pubilc power advocates.

Private Power's Record

Our country has come a long, long way with investor-owned power systems. It is because of this tremendous investment that the United States today has a greater electrical capacity than Russia, Japan, England, West Germany and Italy combined.

The records show that the electrical industry has doubled its output every 10 years since 1862. By 1970 our population is expected to be around 200,000,000. The capacity can and probably will be doubled during the next decade.

The New Frontier Administration proposes to substantially increase tax-free competition with the tax-paying electric companies.

It is no trick at all to produce power cheaper as a result of tax advantages. Incidentally, the Administration is seeking $100,000,000 for the REA to carry out its loan programs "to meet the increased demands for electricity in the rural areas." Not all the sum would be loaned to REA cooperatives in fiscal 1962.

Congress passed the first Power Development Act in 1906, and Republican President Theodore Roosevelt christened the first dam that supplied power in Arizona. The Tennessee Valley Authority (TVA) was created during the early years of the New Deal under President Franklin D. Roosevelt, but Senator George Norris, Republican of Nebraska, is called the father of TVA.

Obvious to All

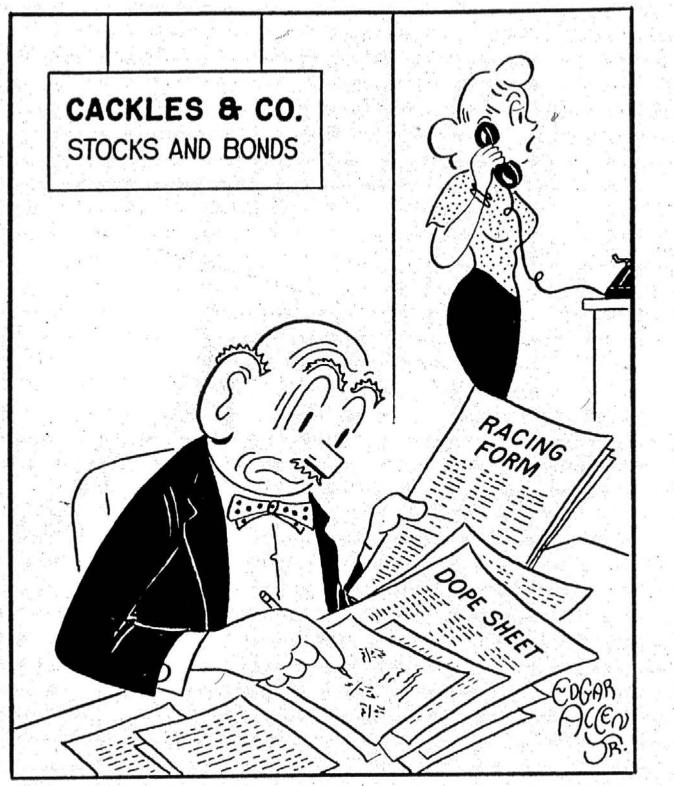
In describing President Kennedy's power policies, Assistant Interior Secretary Holum maintains that they are not aimed at investor-owned utility companies.

"Our Federal power policy is part of the Kennedy Administration's overall program which is designed to get our economy moving ahead at a more accurate rate of growth so that we will be in a better position to meet our domestic and world-wide obligations. . . . It should be obvious to all that we require abundant and ever-increasing supplies of low-cost electric energy.

". . . The 'no new starts' policy of the previous (Eisenhower) Administration . . . has been reversed. Secretary Udall in his power policy pronouncement and in his actions has shown that he will move forward with a vigorous water and power development program as rapidly as possible."

Regardless of how it is phrased, the proposed program is socialistic.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]



"Could you call later? He's deep in research right now."

COMING EVENTS

IN INVESTMENT FIELD

June 14-15, 1961 (Minneapolis-St. Paul, Minn.)
Twin City Bond Club 40th annual outing at the White Bear Yacht Club, White Bear Lake, Minn. June 15; preceded by a cocktail party June 14 at the Nicollet Hotel, Minneapolis.

June 15-16, (Kansas City, Mo.)
Kansas City Security Traders Association summer party—cocktail party June 15 at Hotel Continental; outing June 16 at Meadowbrook Country Club.

June 16, 1961 (New Jersey)
Bond Club of New Jersey spring outing at Upper Montclair Golf & Country Club.

June 16, 1961 (New York City)
Investment Association of New York annual outing at Sleepy Hollow Country Club.

June 17, 1961 (Milwaukee, Wis.)
Milwaukee Bond Club annual outing at Oconomowoc Country Club, Oconomowoc, Wis.

June 17-20, 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, Alta.

June 23, 1961 (Boston)
Women's Municipal Bond Club annual outing at the New Ocean House, Swampscott, Mass.

June 23, 1961 (New York City)
Municipal Bond Women's Club outing at Morris County Golf Club, Convent Station, N. J.

June 24, 1961 (Chicago, Ill.)
Security Traders Association of Chicago annual summer outing at Nordic Hills Country Club.

June 30, 1961 (New York City)
Syndicats annual outing at Nassau Country Club, L. I., N. Y.

Sept. 8, 1961 (Cleveland, Ohio)
Northern Ohio Group of Investment Bankers Association meeting.

Sept. 13, 1961 (Denver, Colo.)
Rocky Mountain Group Investment Bankers Association meeting.

Sept. 14-15, 1961 (Cincinnati, Ohio)
Cincinnati Municipal Dealers Group annual fall outing at Queen City Club and Kenwood Country Club.

Sept. 15-17, 1961
Pacific Northwest Group of Investment Bankers Association, meeting at Hayden Lake, Idaho.

Sept. 20-21, 1961 (Omaha, Neb.)
Nebraska Investment Bankers' Association annual field day.

Oct. 4, 1961 (New York City)
New York Group of Investment Bankers Association meeting.

Oct. 7, 1961 (New York City)
Security Traders Association of New York annual dinner dance at Hotel Commodore.

Oct. 9-10, 1961 (Denver, Colo.)
Association of Stock Exchange Firms, Fall meeting of Board of Governors at the Brown Palace Hotel.

Oct. 9-12 1961 (Rochester, N. Y.)
National Association of Bank Women Annual Convention at the Sheraton Hotel.

Oct. 10, 1961 (Toronto)
Canadian Group of Investment Bankers Association meeting.

Oct. 13, 1961 (Montreal, Canada)
Canadian Group of Investment Bankers Association meeting.

Oct. 13-15, 1961 (White Sulphur Springs, W. Va.)
Southeastern Group of Investment Bankers Association meeting.

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

Oct. 16-20, 1961 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the Palm Springs Riviera Hotel.

Oct. 17, 1961 (Detroit, Mich.)
Michigan Group of Investment Bankers Association meeting.

Oct. 19, 1961 (Pennsylvania)
Western Pennsylvania Group of Investment Bankers Association meeting at Rolling Rock, Pa.

October 20-21, 1961 (Milwaukee, Wis.)
National Association of Investment Clubs 11th annual national convention at the Hotel Schroeder.

Oct. 24, 1961 (Minneapolis-St. Paul)
Minnesota Group of Investment Bankers Association annual meeting.

Oct. 26, 1961 (Louisville, Ky.)
Ohio Valley Group of Investment Bankers Association annual meeting.

Nov. 26-Dec. 1, 1961 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel and the Diplomat Hotel.

Dec. 4-5, 1961 (New York City)
National Association of Mutual Savings Banks 15th annual mid-year meeting.

May 6-9, 1962 (Seattle, Wash.)
National Association of Mutual Savings Banks 42nd annual conference at the Olympic Hotel.

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

April 27-May 1, 1963 (Boston, Mass.)
National Association of Mutual Savings Banks 43rd annual conference at the Hotel Statler.