Editorial

AS WE SEE IT

It was a foregone conclusion that any substantial turn for the better in business would bring a broad and insistent demand by the labor unions for higher rates of pay and all the rest which in this day and time go with them. It was about as certain that the automobile industry this year would be the large branch of business which would be expected by the unions to set the pattern for another upward sweep of labor compensation and labor costs. No one, therefore, is in the least surprised at what is now taking place in Detroit and what is evidently destined to occur there during the weeks, perhaps months, to come. It was in 1932 when the steel workers launched a similar campaign at a time when the general business outlook was possibly not quite so promising. It was early in 1930 that the industry finding that it could get no help or encouragement from Washington (to say the least) capitulated.

Practical Polities

One need hardly expect, we are afraid, that the Kennedy Administration will do very much to prevent the present campaign from taking the course the others have, without exception, taken for a long number of years. The President's advisers have more than once made it quite clear that they think that our defense—and probably our only defense—against continued and in the end ruinous inflation is to be found in the public spirit and moderation of management and labor. We have no doubt that a general wave of higher prices would be frowned upon by Washington—though how effective such frowns would be is certainly problematical—but it is clear that there is no really influential party or element in public life at this time which would undertake to place pressure upon the unions in behalf of real moderation in their demands upon employers.

Of course, such attitudes toward wages and wage earners are a matter of "practical politics," though obviously the political setting is largely the result of past policies and of the generally pro-

From Decartelization to Revival of West Germany's Branch-Banking

By Adolph E. Glueckwald, Associate Professor, Department of Accounting and Financial Administration, Michigan State University, East Lansing, Mich.

Writer traces the complete cycle of the three principal West German banks from post-World War II Allied Military Control imposed decontrolization in regained concentration. In depicting their restated positions of financial prominence, the writer charts the financial growth, branch expansion, holdings in key investments, general cash dividends and evasion of the prescription against bearer stocks for all practical purposes. The bank's reborn power is said to have helped provide the financial boost for that country's phenomenal economic resurgence.

The history of the German banking system from the latter third of the 19th century is rich in dramatic developments. Inflations and depressions follow each other in quick succession. One of the most interesting phases is the rebuilding of the banking system after the complete collapse of the monetary and credit institutions which occurred with the unconditional surrender of Germany on May 9, 1945. It is also the phase in which the position of the three major banks with large branch networks known as the "Filial- grossbanken" was re-established in the West German economy after being neutralized in the immediate postwar years through the decartelization policies of the Western Allies.

The following discussion of this interesting period is divided into three sections: the decartelization of the three former Filial-Grossbanken—the Deutsche Bank, the Dresdner Bank, and the Commerzbank, all with headquarters in Berlin—after World War II and their subsequent re-establishment; the three Filial-Grossbanks as they exist today; and a summary of their development and an evaluation of their current status.

1 Decartelization and Reconstruction of the Filial-

grossbanken

The general collapse which occurred at the end of World War II brought with it the destruction of the Grossbanken. On April 28, 1945, even before the end of hostilities, Soviet General Ber¬
sin issued an order closing all banking houses and prohibiting every banking activity. This order affected all Berlin banks, among them the three Filial-Grossbanks.

The next step taken was to divide the banking system into the four occupation zones. All the private banks in the Russian zone were ordered closed immediately. In the American and the French zones a decentralization of the Filial-Grossbanken according to "Lander" or "States" was ordered in 1947. The Grossbanken in the British zone were at first permitted to continue their business on a centralized basis. In 1948, these banks were also ordered to decentralize according to "Lander." Through the command of the West¬ern Allies, which prohibited the West German commercial banks from opening branch offices outside the borders of one of the "Bundeslander," the three Berlin Filial-Grossbanken were split into 30 regio¬nal offices or "Stiftel," or "Foundations." The Foundation remained legal parts of their respective parent German Grossbanken until April 1, 1949.

The Berlin Filial-Grossbanken were split into 30 regio¬nal offices or "Foundations. The Foundation remained legal parts of their respective parent German Grossbanken until April 1, 1949.

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T. REID BANKIN
Analyst, Lubalin, Regan & Kennedy

As we enter the second industrial revolution, sometimes called the space age, the key is the development of space vehicles of all types which will unlock the secrets of outer space, and open the present exotic materials now in use.

Ultra high vacuum controls components and systems, is another development. Mr. bore Parka, who is recognized as a leading authority on high vacuum research, is director of the Applied Physics Department. A catalog is shortly being issued containing a complete line of high vacuum equipment which will unlock the secrets of outer space. Ikilon Corp. Nothing is available today, with a comparable capacity, reliability and guaranteed feature, from any other source. This type of equipment is essential if STAP is to live up to the theory that the challenge of the cold vacuum is, for the first time, to test the reliability of critical missile components under field conditions of outer space, and as a production tool in the electronics industry.

Other developments include a new "alluring" technique for making ceramic-metal combinations for high temperature use in missiles, airplanes, and other applications. Bendix has developed the aluminum bubble—developed and respected by Ikilon's scientists. Modern aluminum alloy is blown into paper-thin bubbles and filled with a special specific gas. This bubble has, compared to air, gas light and extremely light in weight. They can be formed into lightweight, hollow, thin-wall, "honeycomb" composites. They can now be used to replace "fiberglass" skins on ships—making a ship unsinkable and lighter while at the same time stronger.

The company is now working on a method to blow these bubbles with helium gas. These cones, which can make an airplane lighter-than-air, are needed in research, missile development, and future projects (based upon ideas of the future) have been set forth. The contract research carefully costing.

The present p.i.m.l. facts for Ikilon is a modern glass and steel project, development of a new plant for the glass industry in the Natick Industrial Center. Natick, a short distance from Cambridge and Boston. The present most modern glass plant for research are used. Included is a 12-ton electron microscope with 500,000-times magnification. This microscope has a resolution...

August Huber

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Our Financial System and Economic Growth

By Matt S. Szymczak,* Consultant, G. J. Devine & Co., New York City, and Professional Lecturer, Georgetown University, Washington, D. C.

Relief central banker with 25 years of money and banking experience, and confiding that banking Fed. (2) is certain Federal Reserve and Treasury officials can be trusted to pursue policies ensuring economic and financial stability and a high rate of economic growth, Mr. Szymczak contends, nevertheless, the power and general acceptability, and not its intrinsic value, are what matters today. Mr. Szymczak also takes note of the high liquidity in the financial system and questions raising as to whether or not effective monetary policy should control some of our financial intermediaries' operations.

We are all familiar with the long history of money, how our or another commodity in common use slowly came to be accepted as a universal standard of value and medium of payment for other things; and, how, over the centuries, in a many different commodities fulfilled this money function, from shells, hide and tobacco to the precious metals. The last century and especially its second half, saw the heyday of the international gold standard, a monetary system that made the currencies of all gold standard nations automatically convertible into one another; that determined the total supply and the value of money through the forces of supply and demand; and that automatically determined the distribution of that money commodity, gold, between different countries through international trade and international capital movements.

That self-regulating international currency system based on gold no longer exists today. Two world wars and the world-wide depression of the Thirties delivered liberated Britain from which it did not recover; and today, though, economically speaking, we seem to have reached calmer waters again, there appears little prospect that the world at large will return to the 19th century gold standard; our idea of money and its role have changed too much for that. For one thing, we are no longer wedded to the belief that money must have intrinsic value. In the early days of the market economy, coins and banknotes were acceptable because they represented "real" money, standard money, and could be converted into it; today, all classes of society have become so accustomed to the use of what was once representative money that convertibility into gold is no longer expected any more. Since money is recognized as a means of payment and not a commodity, what matters is its purchasing power and general acceptability, not its intrinsic value. General acceptability, of course, is asured by its serving as legal tender; and to safeguard its-purchasing power is primarily the responsibility of the eight Federal Reserve banks and the Federal Open Market Committee. This is the reason for the Federal Reserve System's ability to stabilize the credit creation and deposit withdrawals from the commercial banks' deposits and supply requirements for demands of money is so important. To be sure, the need to limit the creation of note and deposit liabilities by the commercial banks was already recognized when the National Banking System and later the Federal Reserve System were established, but only in the twenties and thirties did the Federal Reserve System require and implement the right to limit the member banks' reserves ratios in accordance with the monetary needs of the country.

Credit Money Multiple Expansion

In recent years a controversy has been raised as to whether it is sufficient for the Federal Reserve to confine itself to controlling the credit creation of member banks, or whether other sources of funds would also have to be brought under the supervision of the Federal Reserve or some other authority to make

* Szymczak is a consultant to the Federal Reserve Bank of St. Louis.

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OBSERVATIONS...

BY A. WILFRED MAY

THE STOCK OPTION IN OPERATION

The following is a summary of the statement by this writer before the Finance Committee of the U. S. Senate, July 21, 1961.*

Please note that the views expressed are strictly my own; and for which the publication is associated with carries no responsibility.

PART I

RESULTS VS. THE AIDS

As presently constituted, our Stock Option system's workings are completely irrelevant to its constructive and durable aims. In lieu of providing managerial incentive via rewarding the hardworking executive's achievements as measured by the intrinsic value of the company's stock, the optioning company has really involved the optionee in a playing-the-market operation, with "loading of the dice," as discussed hereinafter.

This is true mainly because the stock's fluctuating market price which determines the reward, does not reflect changes in the welfare of the enterprise—no matter who has been responsible therefor.

Basically contributing to the market's pricing is the effort to identify the value factor of the earnings. But more effective determinants are market conditions, ranging all the way from money rates to all important investor psychology. This divergence of market price fluctuations from earnings is indispensably evidenced by the long-term record of unceasing and violent

---at hearings on S. 1528 "To amend the Internal Revenue Code so as to terminate the Internal Revenue Code eliminates certain employee stock options." The transactions preceded the process of publication by the Senate Finance Committee.

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owing to the U. S, Senate, June 21, 1961.

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ounced that their new telephone numbers are: New Bowling Green 9-1800; the trading department number Bowling Green 9-0165 re¬

mains unchanged.

Mr. Morgan named V-P.

Of B. C. Morton

ST. LOUIS, Mo.—J. L. St. L. Smith has become Vice-President of B. C. Morton Organization, it has been announced.

Mr. Morgan will work with Sales Vice-President Albert B. Brophy.

Mr. Morgan entered the mutual fund field in 1951 as Texas divi¬

sion manager for King Merritt & Co. In 1953 he became national sales manager for shares of Managed Funds, Inc. He then became vice-president of FIP Associates.

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Decartelization to Revival of German Branch-Banking

Continued from page 1

used as a legal entity until the decision could be made regarding the disposition of these Teilinstitute. Originally, they were completely independent. They were not even allowed to open a branch. In a contract relationship with one another, each institution was an independent and non-political administrator, who served as trustee for the assets within the borders of one Land belonging to the Teilinstitute, bank, appointed. Each Teilinstitute was also given a special name. The Filialgrosbanken themselves, with their main offices in Berlin, continued as legal entities, but they were shorn of all power. The Teilinstitute continued to be liable for the obligations of the Filialgrosbanken, but the latter were not allowed any voice in the affairs of their former branches.

Allied policy, in endeavoring to break up the network system, was based on the conviction that the banking system had been an important instrument in rearmament, in serving the cause of the National Socialists, and in fostering cartelization.

The Teilinstitute continued with varying success. While those in the largest Lands were able to operate profitably, the Teilinstitute in the smaller Lands, however, had difficulties achieving a normal diversification of risks, a proper supervision, proper supervision, and demand for credit, and an adequate capital base to service the needs of the larger firms. The demands of the Allies for bank decartelization met with little enthusiasm among the German banks. It was felt that the order was neither politically nor economically expedient. It was felt that the order was met with a short period of time, efforts were made to overcome the major disadvantages of the decartelization law. If the German banks were not to operate in conformity with the legal consequences under which the Teilinstitute came into existence, it became necessary. The major question was whether credit institutions operating as corporations, and engaging primarily in deposit and short-term credit activities, should be permitted to operate on a Lander basis, a regional basis, or a national basis. After about two years of discussions and consultations, a compromise solution was found.

First Step Toward Reconsolidation

The legal basis for the new treatment of the Filial-Grosbanken was the new legal status of the Niederlassungsbereich, i.e. the Grobgrossbanken, on which the subsidiary banks were to be transferred. In the case of Filial-Grosbanken, this was to be followed by a further step toward reconsolidation. Credit institutions, including those of foreign ownership, in the legal form of a corporation or Kommanditgesellschaft for the purpose of advancing in a deposit and short-term credit activity, were permitted to establish branches within one of three regions instead of being limited to only one of the Länder. The law, although not specifically applicable only to the Grobgrossbanken, was nevertheless of great importance to them. As a result, it was called short for the Grobgrossbanken.

Under its provisions, each former Teilinstitute was to be divided into three successor banks or "Nachfolgeinstitute" instead of the more numerous Teilinstitute. West Germany was divided into the following three areas:

(a) The Landes of Bremen, Hamburg, Niedersachsen, and Schleswig-Holstein;
(b) The Landes of Nordrhein-Westfalen and Rheinland-Pfalz, Wurttemberg-Baden, and Wurttemberg-Hohenzollern;
(c) The Landes of Baden, Bayern, Hessen, Rheinland-Pfalz, Wurttemberg-Baden, and Wurttemberg-Hohenzollern.

Each of the former Filial-Grosbanken was permitted to establish a central bank in each of these areas. Thus, of the previous thirty Teilinstitute in the eleven Länder, there were now nine Nachfolgeinstitute in three regions.

With respect to the provisions of the law, it had to take place within one year. In one case of the Nachfolgeinstitute, the decartelization law was to take place through an "Aushandlungen," that is, through the establishment of new corporations and issuance of the shares.

The Nachfolgeinstitute must maintain a stock register book and record therein the name and residence of each stockholder as well as the size of his holdings. However, as Namensaktiengesellschaft, the German securities market and there was no provision in the law prohibiting endorsement in blank, this provision of the law was circumvented through a blank endorsement of almost all the Nachfolgeinstitute, thereby, enabling them to circulate as bearer shares. This was tolerated in silence by the Allied authorities.

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<td><strong>divided into:</strong></td>
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<td>a. Capital stock...</td>
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<td>b. Legal reserves</td>
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<td><strong>The Nachfolgeinstitute of the Dresdner Bank, Berlin (1,000 DM)</strong></td>
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<td>a. Capital stock...</td>
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<td>b. Legal reserves</td>
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<table>
<thead>
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<th>TABLE III*</th>
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<tr>
<td><strong>The Nachfolgeinstitute of the Commerzbank, Berlin (1,000 DM)</strong></td>
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<td><strong>Assets</strong></td>
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<td>Commerz</td>
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<td>406,677</td>
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<td>393,907</td>
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<td>32,750</td>
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<td><strong>divided into:</strong></td>
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<td>a. Capital stock...</td>
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<tr>
<td>b. Legal reserves</td>
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CONTINUED ON PAGE 6

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He also continued to hold his old Grobgrossbanken shares. The Teilinstitute continued to exist legally and to possess ownership. The former Teilinstitute continued to possess ownership of the lands. Only the name, the Teilinstitute, was changed to the Grobgrossbanken. This was to be done in the same manner as the German exchange. The former Teilinstitute, like the Grobgrossbanken. This was to be done in the same manner as the German exchange.
Decartelization to Revival Of German Branch-Banking

Continued from page 3

was based upon their relationship of the former Grossbanken capital stock (in Rheinische Grossbanken) and the former capital stock of the Nachfolgeinstitut (in Deutsche Bank). This capital stock was then prorated among the individual Nachfolgeinstituten.

The Deutsche Bank Berlin at the end of the war had a capital stock of RM 180,000,000. The new capital stock of the three Nachfolgeinstitute of the Deutsche Bank was set at DM 100,000,000. This established an exchange ratio of 10 to 6 for every par value of RM 100 shares of Deutsche bank stock, a shareholder received shares in the Nachfolgeinstitute of the Deutsche Bank of total par value of DM 62.5. The division of the new capital stock among the Nachfolgeinstitute, as may be seen from Table I, was in the relationship 1:1:2. The shareholder thus received shares with a par value of DM 125 in the Norddeutsche Bank AG, Hamburg, and shares with a par value of DM 250 in both the Rheinische - Westfälische Bank AG, Dusseldorf, and the Süddeutsche Bank AG, Munich.

The Dresdner Bank Berlin had a capital stock of RM 150,000,000. The capital stock of the Nachfolgeinstitute was established at DM 125,000,000. This gave an exchange ratio of 10 to 6.2 for every par value RM 100 shares of Dresdner Bank stock, a shareholder received stock with a par value of DM 50, which was divided among the Nachfolgeinstitute of the Dresdner Bank in the relationship of 7:1:2:12.

The Commerzbank Berlin had a capital stock of RM 100,000,000. The capital stock of the Nachfolgeinstitute was established at DM 90,000,000. This gave an exchange ratio of 10 to 5. For every par value RM 100 shares of Commerzbank stock, a shareholder received stock with a par value of DM 50, which was divided among the Nachfolgeinstitute of the Commerzbank in the relationship of 5:1:4:4.

These exchange ratios provide some measure of the losses which the Grossbanken suffered upon the collapse of the Third Reich. Although the establishment of Nachfolgeinstitute became effective Jan. 1, 1952, they had operated profitably as Teilinstitute since at least 1946; and all the profits earned until 1952 were retained as reserves. Even none of the Filial-Grossbanken would be able to change stock on the basis of one DM for one RM.

Shareholders Did Not Fare Really

In comparison with other sectors of the German economy, however, shareholders of the former Filial-Grossbanken did not fare badly. For example, on the twenty-eighth of June, 1944, the par value of shares was DM 100 in the Berlin Stock Exchange at 14% for the Deutsche Bank, 13.25% for the Dresdner Bank, and 14.25% for the Commerzbank. An investor buying a share of Deutsche Bank stock, par value DM 100, would have paid DM 140 on June 28, 1944. On the establishment of the Nachfolgeinstitute, he received shares with a par value of DM 50 and was able to sell it for DM 150.

In addition, he continued to hold shares in the original Grossbank. Under the terms of the law, the shareholdings in the nine Nachfolgeinstitute were quoted on West German exchanges at prices ranging from 18% to 188%; Retestipoten ranged between 10% and 13.5%. By February, 1959, one share of shares of the new Grossbanken had risen substantially, ranging between 369 and 376%; Restipoten were then between 74% and 8%. 10

10 The exchange ratios accepted by the government was 10 to 1 to DM 1.


12 The Commerzbank was established on April 30, 1957, including the three Nachfolgeinstitute of the former Dresdner Bank, Berlin, similarly continued to hold shares of the new Nachfolgeinstitute of the Dresdner Bank. It is true that in May, 1957, to form the Dresdner Bank it was decided that the shareholdings of the shares of the nine Nachfolgeinstitute were quoted on West German exchanges at prices ranging from 18% to 188%; Restestipoten ranged between 10% and 13.5%. By February, 1959, one share of shares of the new Grossbanken had risen substantially, ranging between 369 and 376%; Restipoten were then between 74% and 8%.

The growth of the Filial-Grossbanken at the end of 1957 had a combined balance sheet total of 20.9 billion DM. At the end of 1957, a time when arrears of charges had not yet inflated bank balances, total assets of the three Grossbanken were 7.26 billion DM. Even allowing that the purchasing power of the Mark had doubled and that there are cases today in which the combined total sheet of the Filial-Grossbanken is being large, it is still mature, conservative, and comparable to the balance sheets of the Grossbanken. The Filial-Grossbanken are larger than the Grossbanken.

The capital of the Commerzbank, which owned Filial-Grossbanken in Düsseldorf, was raised from 60 to 150 million DM; these shares were exchanged out of the old Nachfolgeinstitute on the basis of one for one. A similar process had been followed by the Deutsche Bank and the Dresdner Bank. With the culmination of the merger, which was made retroactive to July 1, 1958, the reconcentration of the old Grossbanken was complete. 12

II

The Filial-Grossbanken Today

The growth of the Berlin Filial-Grossbanken Nachfolgeinstitute and the subsequently reestablished Filial-Grossbanken has been impressive. Since Jan. 1, 1952, they prospered and established themselves as prominent institutions in the economy of West Germany.

The Filial-Grossbanken at the end of 1957 had a combined balance sheet total of 20.9 billion DM. The growth of the Filial-Grossbanken in West Germany, which was begun in 1957, has continued to 1959. The Declared reserves, however, have been expanded by 22.3%.

Table IV shows the capital stock of the Filial-Grossbanken in West Germany, the initial capital stock in 1952, and the capital stock in 1959. The figures are presented here in Table V.

Frauhofer in his latest article, "The Filial-Grossbanken in West Germany," has previously been referred to the balance sheets of the Filial-Grossbanken in West Germany. In other words, the Filial-Grossbanken at the end of 1960 accounted for 12.1% of total bank assets and 43.5% of all commercial bank assets.

The market prices and dividend record of these institutions reflect the growth and prosperity which have enjoyed in recent years. About the banks distributed to its shareholders cash dividends of 10%, 12%, and 12%, and 14% of par value for the years 1952, 1953, and 1954 respectively. For the financial year 1959 the Deutsche Bank AG and the Dresdner Bank AG paid 10% dividend and the Commerzbank AG distributed a 1% dividend plus a 2% extra. On Dec. 31, 1960,
the shares of the Deutsche Bank AG, were quickly sold off. The Dresdner Bank AG, shares at 82% of its capitalization, were sold at 80%.

The Vorstand members of the three Filial-Grossbanken held a total of 398 Aufsichtsrat positions in 1957-58, and were concentrated in key industries such as steel and shipbuilding. Of the 380 positions, the 11 Vorstand members of the Deutsche Bank AG controlled 181. The Vorstand members of the Dresdner Bank AG, who were also members of the Vorstand of the Commerzbank Group, held 53 of the 380 Aufsichtsrat positions held by one man in 31. On the other hand, it should be noted that the bank's capital stock was held from 15 to 150. These banks also own, in their own capital stock, substantial shares of the capital stock of other companies. Of special interest, perhaps, is the fact that these banks have participating interests in the three largest investment companies in Western Germany. The Commerzbank AG is a participant in the Allgemeine Deutsche Investment-Gesellschaft mbH, capitalized at 1.8 million DM. The Deutsche Bank AG has a 30% participation in the Deutsche Gesellschaft für Wertpapierhandel mbH, with a 2.4 million DM capital stock. The Dresdner Bank AG is 100% owned by the Deutsche Investment Trust Gesellschaft mbH, which is capitalized at 20 million DM.

Examples of Deutsche Bank AG participations and stock holdings:

(a) An Interest in Fuge Stinner Corp., New York; (b) A majority interest in the Bayerische Elektrizitätsverwaltung, Munich, capitalized at 5.3 million DM; (c) A 50% stock ownership of Deutscher Telefonvertrieb and Kabellindustrie mbH, capitalized at 1.57 million DM; (d) A 48.7% interest in Deutsche Flinte GmbH, capitalized at 6 million DM; (e) A 14% stock ownership of AG, Wiesbaden, capitalized at 3 million DM.

Examples of Dresdner Bank AG participations and stock holdings:

(a) A 25% stock interest in Farge AG, capitalize at 78 million DM; (b) A majority interest in Elbländer-Erlazem, capitalized at 6.4 million DM; (c) A 31% stock ownership in Luebekr Florfen - Werke AG.

Examples of Commerzbank AG participations and holdings are listed below.

(a) A 20% interest in Farge AG, capitalized at 78 million DM; (b) A majority interest in Elbländer-Erlazem, capitalized at 6.4 million DM; (c) A 31% stock ownership in Luebekr Florfen - Werke AG.

The three reestablished Filial-Grossbanken—in addition to controlling a substantial portion of retail banks in Western Germany, have a strong controlling network of branches, and own significant blocks of stock in industrial and commercial firms—frequently vote the stock they own in other companies. As a result, they have made their appearance under the old and respected names of Filial-Grossbanken in a number of stock exchanges. Only one of the banks, the Filial-Grossbanken, was reestablished in 1958, the Groebnbank, at cost or market, 1,888 million DM.\(^{21}\) "Cost or market" generally exceeds par value.

Today, as before the war, practically all stock in Western Germany is bearer paper. The companies maintain no record books and do not know their shareholders or the size of individual stakeholdings. Notices of the declaration of dividends and other important information are printed in the daily newspapers. As a consequence, inconvenience, time-consuming, and interpretative, unenlightened and often unknown shareholders, together with the specter of their stock at the discretion of the bank. The bank then, after a few fees, to collect dividends for their shareholders, and to vote the bank at stockholders meetings.

III Summary

After a number of years, relative dexterity imposed by the decartelization process, Western German banks have reapplied on the wholesale capital market. They have not only made their appearance under the old and respected names of Filial-Grossbanken, Dresdner Bank, and Commerzbank, but have made their positions of prominence among the financial institutions of Western Germany and of the world.

The explanation of this prominence and success, that these banks, although internationally differentiated Western German banks in a number of countries, are the products of the measures taken to control the war in order to ensure the revival and growth of the Western German commercial and industry. The factors include an extended branch and office system, the legal right to own unlimited amounts of common stock and to vote these stocks as well as others left with them by their depositors, the holding of their executive officers of numerous directorates in other organizations, and the concentration of a significant portion of all financial assets in a number of Western banks. These facts, however, the Allied powers as considered an excessive concentration of power which might be used to further their nationalistic aims and which might have been acquired. Accordingly, the Filial-Grossbanken were dissolved. However, in the course of political events this antagonism lessoned and the Groebnbanken were allowed to reestablish themselves, until today they once again take their place among the major banks of the world.

Elected V-P. of Harriman Ripley & Co., Incorporated

F. Donald Kennedy has been elected a Vice-President of Harriman Ripley & Co., Incorporated, 63 Wall St., New York City. It was announced by Stuart F. Silloway, President of the investment banking firm. Mr. Kennedy joined the firm in 1958 and was an Assistant Vice-President in the Buying Department in 1958. He is a graduate of Holy Cross College, Worcester, Mass., and Harvard Business School, Cambridge, Mass.

Palm Beach Inv. Branch

FT. LAUDERDALE, Fla.—Palm Beach Investment Corp., Inc. has opened a branch office in the Dresdner Bank Co., Inc., Florida. Among the management of the firm are Mr. O.C. McCullough, Jr.

Blair Announces Official Changes

Blair & Co. Incorporated, 20 Broad Street, New York, members of the New York Stock Exchange, have announced that F. Cunningham Parker has been elected a director of the corporation and will be in charge of its Chicago office; Donald E. Nichols is withdrawing from administrative responsibilities but will continue as resident Vice-President, and Ores E. Zehr will continue as resident Vice-President, also in the Chicago office.

At the same time, the Investment firm announced that Andrew D. Carr and Joseph V. Koworcz, of the New York office, George E. Burden, Manager of the Boston office, and Richard M. Coulson, Manager of the Rochester, N. Y., branch, have been elected Vice-Presidents, William Mc. Crouse, Jr. and Frederick C. Sloan, also at the New York headquarters, have been appointed Assistant Vice-Presidents of the firm.

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andum—Bell Telephone, 606 Wilma
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**Appleton—Memorandum—
Butcher & Sherrard, 1500 Wilmer St., Phila-
daphia 2, Pa.

**Arizona—Thomson Corp.—Re-
port—Butcher & Sherrard, 1500 Wilmer
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**Atlantic City**—Analysis—Van-
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European Monetary Union Tempts Britain to Join ECM

By Dr. Paul Elwin

Developments regarding M. Jean Monnet's idea of a Western European Monetary Union have been complicated and, thus, made it ever more difficult for England not to join the E.G.M. Dr. Elwin adds to this view of his, the disquieting paradoxes regarding the rigid opposition taken by these bodies to benefit from Britain's membership. No, further, points out that the Union would want to exercise some control over Britain's domestic inflationary policies.

LONDON, England — Before very long the British Government will declare its intention whether or not to embark on negotiations in view of joining the European Common Market. The chances are that the decision will be in favor of negotiating about the possibility of reaching an agreement which would safeguard the vital interests of the Commonwealth, the other members of the European Free Trade Association, and British agriculture. If, in the course of the negotiations it will be found that the Common Market is not prepared to make acceptable terms the British Government will be almost always time to withdraw.

In Britain and in the Common¬wealth there is growing resistance to a virtually unconditional ad¬hesion to the Roman Treaty. Dis¬sensual interests involved will not be mollified all their polit¬ical infiuence during the next few months to prevent an agreement. Unfortunately, their attitude is purely destructive. While doing their best to destroy the chances of European unity, neither the Commonwealth Governments nor the British trade unions, industrial interests and agricultural interests show the least inclination to indicate their willingness to make any sacri¬fices, either to pave the way for a compromise, or to compensate Britain for losing the advantages of joining the Common Market.

Opposition Ignores Advantages

Yet those advantages have be¬come distinctly more tempting during the last few days. M. Jean Monnet's vague idea of a Western European Monetary Union is re¬vealing growing support within the Common Market, and the chances are that it will mater¬ialize in the not too distant future. The question is whether it will be confined to the Common Mar¬ket as at present constituted, or whether Britain and other West¬ern European countries will par¬ticipate in the proposed arrange¬ments. It would involve some degree of pooling of gold and foreign exchange resources, and the i n t e g r a t i o n of monetary policies.

From Britain's point of view some such an arrangement ap¬pears to present very tempting advantages. As things are Britain's external short-term liabilities are far in excess of her liquid assets. To join forces with West¬ern Germany, France and Italy, with their large and growing gold and foreign exchange reserves, would undoubtedly reinforce the defenses against potential loss.

All is not gold, however, that glitters, and if Britain were to join it is not certain that her influence within the Community Area, then the disadvantages of the change from the point of view of the technical policies. Monetary integra¬ting might outweigh its advan¬tages. For at present the Sterling Area is no larger than half of the sterling balances are held in London and in Lom¬bar Analyst, and they are not subject to withdrawal as a result of any wave of forced to be on the Sterling Area should dis¬integrate, the resulting increase in the potential pressure on sterling would hardly be compensated by the lessening of the pressure through the proposed arrange¬ment. Unless the Common Mar¬ket is prepared to undertake the transfer of an unlimited amount to Britain the Common Market could rely on the new arrangement implicitly.

Yet it seems inconceivable that the Common Market countries would give an unconditional guarantee to holders of sterling, unless controls are given a control over British economic policies upon which the Sterling might depend in the long run. Would the West German or French public tolerate an arrange¬ment under which Britain would be enabled to continue its currency inflations and, at the same time, hold the value of their cur¬rency to the Common Market? Would they not insist on limiting wage in¬creases in Britain to the extent of wage increases in continental Europe? If some such limit could be enforced sterling would continue as a liability on the Western European Monetary Union. But then if the British Government were able and willing to apply such a limit, sterling would not need any support from the Common Market.

It seems unlikely that the British Parliament would abdi¬cate its privilege of determining British economic policies. And even if it did, the attitude of the trade unions would still frustrate any efforts to coordinate British economic policies with those of the Common Market. Yet in the absence of some such coordina¬tion, the experiment of a Monetary Union is bound to fail completely. A step has been taken at which fundamental disequilib¬rium remaining from the British wage inflation would force the Common Market to abandon ster¬ling to its fate, or at any rate to insist on a painful adjustment of the exchange parties at which its support could be continued without undue sacrifice.

But it would be perhaps too much to expect the British Gov¬ernment to see quite so far. Ad¬hesion to a Western European Monetary Union would relieve pressure for the immediate future, and this certainly cannot be considered a considerable temptation. For this reason the progress of the Money¬tary Union scheme has made it even more difficult to justify to join the Common Market. Yet the trade unions which would be en¬abled to continue to live in a heaven's paradise, and the Common¬wealth Governments, which would benefit by an increase of Brit¬ain's financial strength, are cer¬tain to do their best to prevent it from joining.

E. C. La Montagne With
East-West Securities

PALO ALTO, Calif. — East-West Securities Company has opened a branch office at 422 Waverley Street un¬der the management of E. Clinton La Montagne. Mr. La Montagne was formerly President of La Montagne, Pierce & Co.

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George F. Sweeney, formerly with Sidney J. Dubrett, Inc., has joined the New York public relations department of Doremus & Com¬pany, 120 Broadway, New York City, national advertising and public relations firm.

Prior to his association with the Dubrett company, Mr. Sweeney had been with several other New York a gencies and with the European edition of the "Herald Tribune" in Paris.

Doremus & Company, founded in 1926, is one of the oldest firms in its field. In addition to the New York headquarters, regional offices are located in Boston, Philadelphia, Chicago, and San Francisco, and correspondents are located in Pittsburgh, Detroit, Cleveland, New York, Boston, D. C., Dallas and London.

MacGregor V.-P. Of Gore, Forgan

C. Russell MacGregor has been elected a Vice-President of Gore, Fogg & Co., Incorporated, 45 Wall Street, New York City. Mr. MacGregor was formerly with American Securities Corporation where his predecessor was New York Manager, for Singer, Deane & Scrivener.

We are pleased to announce that

FREDERICK D. FORSCH
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Credit and Interest Rates
In the Next Six Months

By Homer J. Livingston,* Chairman of the Board, The First National Bank of Chicago, Chicago, Illinois

No change in banks' prime rates is anticipated in the last half of 1961 due to customary lag of fees with business recovery. Rising business, consumer and mortgage credit demands, plus government borrowings, are expected, however, to cause interest rates to rise in the months ahead with greatest pressure applied to shorter term maturities. Mr. Livingston notes this may have a change in the Fed's policy from relative ease.

Any meaningful statement on the outlook for credit and interest rates must consider the probable level and pace of business activity in the period under review. Currently, there is general agreement that recovery from the recent recession in business has been under way since early this spring. Furthermore, it is beginning to appear that the present expansion is apt to be more vigorous and widespread than many observers anticipated earlier this year. In addition, it now seems likely that business activity in the months ahead will accelerate and by the year-end economic activity may be well above previous recession levels.

In these circumstances, the demand for credit by the private sector of the economy—business and consumer—will expand, reflecting the rising level of business activity. First, inventory rebuilding, if it has not already begun, is certain in the months ahead. This, together with some rise in plant and equipment spending as indicated by recent surveys of businessmen, suggests an increase in credit demands by business. Second, the economic rise in economic activity should improve the employment situation and the income of consumers, in which case we will see a rise in consumer buying and in the credit demands of the consumer to finance his purchases. Finally, the recent firmer trend in housing starts indicates the likelihood of a rising demand for mortgage credit.

To these anticipated increased demands for funds by the private sector must be added the demand for funds by governments. A further rise in borrowing by states and municipalities is indicated by the recent volume of new bonds issues approved by voters last November, as well as by the continued expansion of state and locally sponsored projects. The annual budgets of the Federal government are larger in the January-June period of each year than is customary and result in a seasonal surplus of receipts over expenditures. Conversely, in the July-December period, which is now ahead of us, expenditures tend to exceed receipts and the Federal government is obliged to borrow to finance this seasonal imbalance. The Treasury's program of the Federal government is expected to operate at deficit for the entire fiscal year, which ends June 30, 1961.

Thus, in the last half of 1961, not only will there be the rising private credit demands of an expanding economy, but in addition the demands of the government sector will undoubtedly be heavy. These circumstances—i.e., an expanding economy and rising credit demands—will cause a gradual shift in Federal Reserve credit policy from the relative ease that has been obtained in the past 15 months or so.

These combined factors strongly suggest a rise in interest rate structure in the months ahead. More specifically, I would expect the upward pressure to be greatest in the shorter maturities. However, the rise in short-term commercial borrowings from banks probably will lag the business recovery as it has in the past. This postwar cycle, therefore, I doubt that there will be any change in the prime in the next six months.

*An address by Mr. Livingston at the "Business Outlook for the Last Six Months of 1961," sponsored by the National Bank of Chicago.

N. C. Roberts to Be Corporation

SAN DIEGO, Calif.—Effective July 27, N. C. Roberts & Co. Incorporated, of the New York Stock Exchange, will be merged with Unterberg, Robertson & Co. Incorporated, of New York. Chairman of the Board of Unterberg, Robertson & Co. Incorporated, will be Norman C. Roberts, President; E. Keene Wolcott and W. Duncan Weir, Vice-Presidents; Helen M. Thompson, Treasurer; and Domingo A. Bonet, Secretary. All except Mr. Roberts, are partners in Norman C. Roberts Company.

Now First Continental

OAKLAND, Calif. — The firm of First Continental Service Corporation, 1399 Broadway, has been changed to First Continental Securities Inc. The firm conducts a branch office in San Francisco.

The Outlook for Steel

By Joseph L. Block,* Chairman, Inland Steel Company, Chicago, Ill.

Steel head voices optimism about the year's second half outlook which he stated turns out to 65 to 66 million tons or to 105 to 106 million tons for this year. This was said to be 5½% above last year—the best since 1957.

Last December's sentiment was for cyclical peaks and long term recession. At that time I expressed the belief that steel inventories would not only rebound in 1961, but that an improvement in steel inventories would take place in the first half of 1961. It is, indeed, good to be able to report that both of these developments have occurred. I also said that we could reasonably expect production to total about 48 million tons in the first six months of this year. Happily, that figure is somewhat on the low side. Because the steel industry is in a momentum a little faster than anticipated in the second quarter, production for the first half was about 45 million tons, a 1½% increase over the level last year. It appears that higher consumer demands—will be above previous record highs by the end of 1961. This should mean a significant increase in steel consumption and additions to steel inventories by our customers to support their rising sales and manufacturing activities.

A recent McGraw-Hill survey indicates a significant increase in corporate capital spending in the second half, which means better business both for steel and for key markets—machinery and construction. Public construction in particular is also expected to rise. While the housing market has not been particularly strong, residential starts are rising and appliance sales should move up with them. Auto production picked up in the second quarter, and the auto makers expect further gains in the second half. The output of cars and other containers should be stimulated by rising consumer outlays and increased industrial activity.

Translating this optimistic general picture into a forecast of steel production in the second half is a pleasant and unhesitating task. Although steel consumption can be expected to increase at a rate commensurate with the business recovery, the amount of steel which our customers will add to their stocks by our customers to predict. Based on a strong business recovery and the assumption that the inventory building will soon get under way, we expect increased production in the second half, about 50 to 56 million tons in the half and 100 to 105 million tons for the year. For the year we see an increase of nearly 30%, from the first to the second half, and would make the full year 1961 about 5½% better than 1960 and 7½% better than 1959. The index of steel consumption (1959-57=100) would be about 119 for the second half of 1961 and 114 for the year. The index for the second half of 1960 was 108 and for the full year it was 112.

Of course, the steel industry's optimism, including most particularly the profit estimates, is based upon employment cost increases not compensated by price advances) and the continuing competitive pressures from other materials and from imported steel. However, the resurgence of the industry thus far in 1961, and that which is confidently expected later in the year, must be confounding any doubting Thomases. It has been significant in the modern steel industry, most notably in the past few years, that there has been a tendency in the past few years to consider the steel industry as a modern city, and to continue to hold its place as the standard measure of our modern civilization.

*An address by Mr. Block at the "Steel Outlook—1961 and the Last Six Months of 1961" seminar sponsored by the First National Bank of Chicago.

Kreuzer Named
By AF-GL Agency

SAN FRANCISCO, Calif.—Richard Kreuzer, President of the San Francisco office of the Charles C. Gehringer & Co., Inc., has been elected an Assistant Vice-President of the national advertising and public relations agency.

Mr. Kreuzer joined the agency, which has its headquarters in New York City, in 1952 as production manager of the San Francisco office.

He later was appointed an advertising manager. Previously he was associated with Holst, Cunningham & Myers and the Kellogg, Heald & Company in their San Francisco offices.

Seemple, Jacobs Name Officers

ST. LOUIS, Mo.—As of Aug. 3, Seemple, Jacobs & Company, Incorporated, 711 S. Charles Street, members of the New York Stock Exchange, has followed as officers of the company: L. D. Seemple, President and Secretary; Sigmond C. Seemple, Vice-President and Treasurer; Walter W. Schwalke, Vice-President; and Warner A. Isaacs, Assistant Vice-President. On Aug. 3, the firm appointed an open securities business in the New Jersey area for the past eight years.

M. S. Maliner Co. Formed

M. S. Maliner & Co. Inc. has been formed with offices at 40 Exchange Place, New York, City, to engage in a securities business.

Oppenheimer Branch Mgr.

EAST ORANGE, N. J. — Nat G. Oppenheimer has been appointed Resident Manager of Oppenheimer & Company's East Orange branch office.

The new Resident Manager has been made to handle the securities business in the New Jersey area for the past eight years.
Boeing and Lockheed

By Dr. Ira U. Cohleb, Enterprise Economist

A capsuled projection of the ascending prospects and the market orbit of these major space-age manufacturers.

K-rations used to be basic military rations. They still are but it's a different story now for Khrushchev and the rationed nations. Now, major Western military manufacturers are awash in dollars. Boeing & Lockheed and the other aerospace manufacturers have benefited. The former's profits have risen 40% since 1961. During that period, the company shelled out $650 million in dividends. Its stock price has risen from $15 to $70 in the same period. All of this activity is being powered by the Vietnam War. The war has created a demand for military aircraft, missiles, and other defense-related products. Boeing and Lockheed, along with other aerospace manufacturers, are reaping the benefits of this increased demand. Their profits have grown significantly, and their stock prices have increased substantially. This is a good example of how economic factors can impact the stock market and the fortunes of individual companies. It's a lesson that investors should keep in mind when evaluating potential investments. 

BOEING COMPANY

Boeing has been a distinc- 

tively American company for years. It was founded in 1916 and has been a leading player in the aerospace industry ever since. The company has a strong commitment to innovation and has been at the forefront of many significant developments in aerospace technology. 

Military Business and Space Hardware

On the military side, Boeing's B-52 series of bombers is the logical outgrowth of the B-47 Stratojet's $350 million Congressional appropriation (April 1962), Boeing is also involved in space hardware. In space hardware, Boeing has joined the Minuteman ICBM with a billion-dollar program. The company has a significant presence in both the space and military hardware markets. 

In space hardware, the company has worked on the Ariane, which will launch communications satellites into orbit. The company has also been involved in the development of rockets for the space shuttle. 

Form Security Outlooks

Security Outlooks Inc. has been formed with offices at 100 West 2nd Street, New York City, to engage in a securities business. Its officers are SD. Golden, President; Samuel Dylan, Secretary; and Treasurer. 

H. Hill, Jr. Forming Own Inv. Co.

H. Hill, Jr., has formed H. Hill, Jr. & Co. and is effective September 1, 1962. The company will be involved in the purchase and sale of securities. 

Color Currency

The federal reserve bank of St. Louis...
Full Prosperity Ahead—Not Anemic Recovery

By William F. Butler, Vice-President, The Chase Manhattan Bank, New York City

New York bank economist foresees a broadly based, vigorous recovery in the second quarter of 1962 followed by strong economic growth in the remainder of the year. He advocates放松 monetary policy.

Consumer Markets

The increase in prospect in the key areas of consumption—housing, equipment, housing; and government—should support a rise in the second quarter of 1962. They should support a rise in the fourth quarter of 1961 after taxes from $361 billion in the second quarter of this year to $375 billion in the second quarter of next year. Thus, over-all consumption of all kinds will be substantially higher in the third quarter of next year than in the same period of this year.

Also, the increase in prospective incomes over the next several quarters should increase by 5% and should reach its previous peak this summer.

The problem lies ahead—future time. This is one area of the problem rare occasions when the art of business forecasting is as simple as catching fish in a barrel. It is perfectly possible that we are in a normal recovery period. In the year ahead—through the second quarter of 1961 to the second quarter of 1962—

Industrial Production

The third quarter of next year GDP at a rate of $556 billion, and Industrial production, the Federal Reserve's Index, will represent a 1% gain over the second quarter.

Yet it will not be good enough. Unemployment is still running at the lower force of labor force and the 4% rate that represents full employment. It is not likely to be producing at full capacity.

Full Recovery

The problem, then, is whether the expansion will continue through 1962 and carry us back to full use of our productive resources. That would mean a national gross product of $575 billion in the second quarter of the year. We did not achieve a full recovery in 1960 and 1961 in the Federal Reserve's Index. Thus, many forecasters, including The Federal Reserve, including the President's Council of Economic Advisers, are fearful of an anemic recovery. In my judgment, such forecasts are wrong. I believe we will achieve a full recovery.

My reasons for this belief fall into two broad categories. First, I believe that the recovery will be inflationary. Second, I believe that the recovery will create a wave of speculation in common stocks. Stock prices are high. If they go higher, as they may, they could create a situation where this country is not be able to pay its bills. This country must maintain a policy of sustained growth.

Disturbing Elements

What could go wrong with this forecast? It seems to me that two things could happen that would change this forecast. One would be a wave of speculation in common stocks and the other a wave of speculation in securities. The recovery in the second quarter will be inflationary. It will create a wave of speculation in common stocks. Stock prices are high. If they go higher, as they may, they could create a situation where this country is not be able to pay its bills. This country must maintain a policy of sustained growth.

There are other problems beyond these five—rehabilitating our balance of payments; increasing the money supply; increasing the money supply; and maintaining a positive foreign policy.

Other Problems

In taking a generally optimistic view of prospects for our economy in the period ahead, however, I believe that there are a number of rigor-ous economic challenges confronting the nation. There are, of course, many other challenges that are not as obvious, but which are just as real. I believe that these challenges are not necessary in what I consider to be our order of importance.

Number One is to revue our tax system. We face a number of problems that are related to our tax policies. One of the problems that we need to address is the problem of international trade. We need to address the problem of international trade. We need to address the problem of international trade. We need to address the problem of international trade. We need to address the problem of international trade. We need to address the problem of international trade. We need to address the problem of international trade. We need to address the problem of international trade. We need to address the problem of international trade. We need to address the problem of international trade.

Join Strauss, Blosser

CHICAGO, Ill.—The appointment of Arthur J. Jacobsen as a regis-trar, according to a statement announced by Strauss, Blosser & Co., Inc., 209 South La Salle St., members of the New York and Midwest Stock Exchanges. Strauss, Blosser & Co., Inc., has been associated with eight years with Salt, Ward & Sulk, Inc., mortgage bankers, as loan officer and prior to that with The Chase Manhattan Co. in a similar capacity.
Commercial Bank Failures in a Changing Economy

By John T. Macdonald, Professor of Economics, University of Kentucky, Lexington, Ky.

Numerous factors affecting commercial banking's viability directly and indirectly are examined which indicate that deposit insurance alone occupies but a small role in the decline of bank failures. Commercial bank management and the Banks Act of 1933 are emphasized. The inability of bank management to adapt to changing industry's structure; changed character of bank assets and liabilities; and quantitative changes in Federal Reserve notes and reserves; Federal Deposit Insurance Corporation's role in the collapse of some banks; and the writer's note that the highest bankruptcy point (32%) of loans and discounts deposits leaves less of a margin for possible failure. It is also shown that there is less likelihood of bank failures in the 1920s and early 1930s. It shows a repetition of 1934-1936 monetary-fiscal policy must still prove its effectiveness under one-inflationary conditions.

Probably few Americans of the older generation are aware of the uncertainty with which commercial banks were viewed by the average citizen in the period 1921-1933. The occasional bank failures that created headlines in the press become so common the public is fre¬quently likened and involved with the events to the extent that many people have a great deal of distrust, particularly a banker, and if no personal loss is involved.

Prior to 1934, a bank failure usually brought disaster to many who, in large part, lost a good part of their savings. Bank failures were a common occurrence and while fraud was sometimes involved, the cause was more usually due to loss suffered by banks as a result of default by borrowers on loans and investments. During the period 1921-1933 large numbers of banks were forced into liquidation due to bank suspensions and the year 1933 since records 4,009.

As shown in Table I, the number of bank suspensions declined drastically following the passage of the Federal Deposit Insurance Act in 1933. However, the rate of bank suspensions between 1934 and 1939 still averaged nearly 45 per year. Beginning in 1941, the number of declared bankruptcies was considerably less than four per bank. It would appear that deposit insurance alone cannot account for the vastly improved record since 1941.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Bank Suspensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921-1925</td>
<td>4,009</td>
</tr>
<tr>
<td>1926-1930</td>
<td>1,193</td>
</tr>
<tr>
<td>1931-1933</td>
<td>4,092</td>
</tr>
<tr>
<td>1934-1939</td>
<td>1,208</td>
</tr>
<tr>
<td>1940-1949</td>
<td>928</td>
</tr>
</tbody>
</table>

The purpose of this article is to endeavor to account for the improved banking system since 1941. Changes in many areas have been taking place during the 20 years, but all are not equally significant. At the same time, many have been determined just how important each area is to the financial soundness of a bank and other quantitative or qualitative weights can be ascribed to the various changes. The sequence of presentation is, therefore, arbitrary. What is presented is a brief historical account of the changes that have occurred in each of the major areas affecting commercial banking.

Bank Management

As compared with the period of the 1920s, the banks of today are probably much better informed and trained in the art of business management. A bank is thinking in terms of the value of business in general, banks are staffing themselves with men who are knowledgeable in the fields of banking, accounting, law, communication skills and in other areas.

Banks have also been aggressive in providing ample educational and training opportunities for employees with and without college degrees. The facilities of the American Institute of Banking are available to bank employees and a number of other community college courses are available covering a range of practical subject matter. In addition to the courses offered at many "schools of banking" and "management conferences," sponsored usually by state bankers' associations and a college or university. In addition, there are several graduate schools of banking, the First National Bank's Summer Graduate School of Banking held at Rutgers University with an annual enrollment of about 1,250. Add to these the numerous conventions, conferences, group meetings, etc., and it is obvious that the opportunity to learn for those who may wish to participate. Many bankers have taken advantage of these opportunities and even more are likely to do so in the future. This contribution to the soundness of our banking system is inadequate to serve as the sole explanation.

Supervision

Prior to 1933, only national banks belonging to the Federal Reserve System were subject to examination and regulation by the Federal Reserve Board. For example, on Dec. 31, 1929, only 8,522 out of a total of 24,633 commercial banks were subject to examination. By Dec. 31, 1940, a total of 14,680 commercial banks were subject to examination and regulation. The number has since declined to about 350.

During the period 1921-1933, 14,680 banks suspended operations. Of this number, 3,390 were members of the Federal Reserve System, 10,219 were non-member state banks and 385 were private banks. As a result, the number of banks in existence as at June 30, 1929, member bank suspensions were 65% of the total, while state non-member bank suspensions were 35%. The differential rate is undoubtedly due to many factors including: adequacy of supervision, capital requirements, size of bank, location of banks, management capacity, etc.

While these data are not conclusive, it would appear that the extension of Federal supervision and regulation, as a result of the establishment of the F.D.I.C., is a factor accounting for the lower rate of bank failure in recent years. It is also probable that state regulatory agencies have up¬graded their personnel and requirements since the 1920s and 1930s.

Deposit Insurance

The passage of the Banking Act of 1933 established the Federal Deposit Insurance Corporation which began operations on Jan. 1, 1934. The Act provided insurance for deposits up to $5,000 for but the limit was raised to $10,000 on Sept. 21, 1934. By December 31, 1939, 24,301 banking offices were covered by deposit insurance while only 358 com¬panies were equal to 54.3% of the non-insured banks. 54% of the insured banks were invol¬untarily engaged in deposit banking; 45% were voluntarily insured agencies. This is, of course, insurable for Federal de¬posit insurance. Total assets of the Corporation amounted to $23,361 million, Dec. 31, 1960. These assets include S. Government securities. The total funds under insurance is 93.8% of total deposits in insured banks.

Between 1934 and 1939, the F.D.I.C. made disbursements to pay claims of over 430 banks. Most of these disbursements were made during the first nine years of deposit insurance. These 430 banks had more than 1,400,000 depositors with a total of nearly $600 million. All but about 5,000 depositors, or three-tenths of a per cent, had been paid in full with losses to depositors of over $11 billion between 1930 and 1933. The act of deposit insurance has served to instill public confidence in our banking system.

The F.D.I.C., however, recognizes that a bank's failure would not be adequate to meet losses comparable to those sus¬tained by the banking system. In 1937 the National Report, the Corpora¬tion states: "There is no question that the present insurance fund would be entirely inadequate should, for example, a situation similar to that of 1930-1933 recur. After a careful analysis the bank has concluded that in order to make such necessary disbursements in the future it would have to hold cash as a minimum, to 5% of the total deposits in all operating banks. Since the fund is invested in government securities, there would be the add addition of liquidating assets as at times of potential economic crises. This would be do present the Corporation choose to meet the demands for additional funds, for the Treas¬ury could have to borrow in a disturbed market unless it were given the power to create the funds directly. The fact is that the F.D.I.C. is able to meet the demands of the insurance fund it has, and is likely to prevent these isolated failures from accumu¬lating in a wave of bank runs and general financial panics. The protections may be partly or even largely psychological, but it is none-the-less real.

The Changing Banking Structure

In spite of a decline of more than 50% of the number of banks from 14,808 to 6,503 between 1921-1933, it is the author's opinion that the banking system is still a "unit" system, in contrast with the system found in countries such as England or Canada where there has been an extensive branch operations dominate the banking system. American banking has never¬theless, undergone a structural change since 1930. This change has reduced the number of banks and resulted in a higher degree of concentration. Concentration prior to 1940 was due largely to the fact that many small banks failed, thus reducing the total number of banks. Since this date, bank consolidations and acquisitions have accounted for most of a decline of over 800 in the number of banks.

Concentration in American banking occurs in several ways:

(1) Through an expansion of branch banking.

(2) Through the acquisition of independent banks by a holding company (group banking).

(3) Through the acquisition of several independent banks by an individual or a trust (chain banking).

(4) Through a more rapid rate of growth for large than for small banks.

While relatively few banks have branches, those that do seem to be expanding their facilities rapidly. This expansion is reflec¬ted in Table II.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921-1925</td>
<td>14,808</td>
</tr>
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<td>6,503</td>
</tr>
</tbody>
</table>

Table II

<table>
<thead>
<tr>
<th>Banks Operating at the End of the Year</th>
<th>Number of Banks</th>
</tr>
</thead>
<tbody>
<tr>
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<td>14,808</td>
</tr>
<tr>
<td>1926-1930</td>
<td>6,503</td>
</tr>
</tbody>
</table>

$50,000,000

Union Electric Company

First Mortgage Bonds, 4.4% Series Due 1991

Dated July 1, 1961

Price 101.608% and accrued interest

HALSEY, STUART & CO. INC.

© 1961

This announcement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Prospectus which may be obtained in any state in which this announcement is circulated from each of the underwriters and other dealers as may have legally offered these securities in such state.

8 Ibid., p. 551.
10 Ibid., p. 351.
TAX-EXEMPT BOND MARKET

BY DONALD D. MACKLEY

The state and municipal bond market is in its own right for the past few weeks, regardless enthusiastically to the substantial flows of bond issues generally mid-week involving both the corporates and municipals. Overall this has been an extremely active and heavy volume of municipal bond business reflecting in part the already a favorable market factor.

A change in the Bank of England's market for English bonds in the 3% group had been more than enough to discourage the bond market. It had been suggested that the strong gold flow and kindred interna-
tional influences had been recently in the background. However, efforts were being made to try to raise the floor and bring in dominating in international financial transactions to an unprecedented degree and extent.

An example of this phenomenon, or otherwise underestimate the government as the major factor in the prices and values included in world-wide economic and financial conditions. While trying to equal the money rate situation as between Europe's centres, basic theories seem at variance with the actual situation. This frame of mind on the monstrosity and economic problems that entangle the U. S. market. Foreign foreign policies have progressively had a direct and reciprocally adverse influence on the bond market.

The investment banking industry found itself this year in handling a near record volume of financing, and especially in corporate debt securities. However, it has been an experience that few have ever had. Many of the bond dealers involved have been forced to lower interest rates that has been increased and continued to the dealers have been forced to lower interest rates. An example of this phenomenon is to appreciate and intimate while at the same time trying to save the market as people in the bond market are to prevail.

The present state of the state and municipal bond market is entirely speculative and a brisk market may persist for some time at reduced prices. The visible supply of new issues is still moderately heavy and the large volume of state and municipal financing is conflicting with a new market.

Furthermore, if we are to consider the extent of the bond market's ability to pay off the old debt, together with the fact that the bond is to be changed into a new one. This figure is likely to be a near balance of $1,125,000 bonds is reported at this writing.

The issue of $2,500,000 Clariscat County, Ohio, was reported to the Federal Reserve Bank of Oregon and including among others the Harissa Bank, Northway Bank, Fodor & Marshall, Inc., Merrill Lynch, Pierce, Fenner & Smith, Inc., and others.

The bonds were priced to the market at 100% and an unbalanced total of $217,000 bonds remains in account.

The issue of $3,000,000 West Palm Beach, Fla., was reported to the Federal Reserve Bank of Florida, including A. C. Allcy & Co., J. C. Twin Peaks, Inc., and other underwriters.

The issue was sold to yield at 2.00% to 3.80% for various coupons. The present balance is reported to be:

Week's Big On

Wednesday, July 26, saw the major, largest, $35,000,000 State of Michigan, Trunk Line Highway (1962-1981) bonds were to be sold to us that higher borrowing rates than the lower yield rates. In the Fall period, if an orderly market is to prevail.

Technical Factors Sound

At the present time the technical factors involved in the municipal bond market are entirely speculative and a brisk market may persist for some time at reduced prices. The visible supply of new issues is still moderately heavy and the large volume of state and municipal financing is conflicting with a new market. The market level continues to be largely speculative and the final word on the investment banking, Cofin- and Financial Chronicle's high bond index derived from current offerings shows a slight market gain since the last report at 3.33% this week as against

MARKET ON REPRESENTATIVE SERIAL ISSUES

California (State) 3% 1978-1980 3.75% 3.60%

Connecticut 3% 1975-1980 3.75% 3.60%

New Jersey Highway Auth., Gtd. 3% 1978-1980 3.75% 3.60%

Pennsylvania (State) 3% 1978-1980 3.75% 3.60%

New Hampshire (State) 3% 1978-1980 3.75% 3.60%

New Mexico (N. Y., N. Y.) 3% 1990 3.75% 3.60%

Los Angeles, Calif. 3% 1978-1980 3.75% 3.60%

Baltimore, Md. 3% 1978-1980 3.75% 3.60%

Cincinnati, Ohio 3% 1978-1980 3.75% 3.60%

New Orleans, La. 3% 1978-1980 3.75% 3.60%

Chicago, Ill. 3% 1978-1980 3.75% 3.60%

New York City, N. Y. 3% 1980 3.75% 3.60%

July 15, Index=3.33%
FROM WASHINGTON

...Ahead of the News

BY CARLISLE BARGMANN

The economy was in the second half of its yearlong recovery and has emerged on a healthier footing.

Washington, the nation’s capital, is recovering from a long period of recession. The economy has emerged on a healthier footing.

The recovery has been steady, but not without its ups and downs. The economy has faced challenges such as high inflation and a slowdown in economic growth. However, despite these challenges, the economy has continued to grow and has shown signs of improvement in recent months.

There are several reasons for the recovery. First, the Federal Reserve has lowered interest rates, which has stimulated borrowing and spending. Second, the government has implemented policies to boost demand, such as tax cuts and increased spending on infrastructure. Third, the global economy has begun to recover, providing a boost to American exports.

The recovery has been uneven across different sectors of the economy. The manufacturing sector has been particularly strong, with increased production and sales. The service sector has also seen growth, with an increase in consumer spending and business investment. However, the recovery has been slower in the construction and real estate sectors.

The unemployment rate has fallen to 3.5%, the lowest level since the start of the recession. This is a welcome sign, as it means more people are able to find work and support their families.

The recovery has also been helped by the resilience of the labor force. Despite the challenges, the labor force has remained strong, with more people entering the workforce and finding employment.

The recovery is expected to continue, with the economy projected to grow at a rate of 3% in 2023. However, there are still challenges to overcome, such as high inflation and the need for continued investment in infrastructure and education.

Overall, the recovery has been a positive development for the economy, and it is expected to continue to provide opportunities for growth and development.
The State of TRADE and INDUSTRY

Surveying the recovery scene, Business in Brief, a bi-monthly report on U.S. business issued July 26 by the Chase Manhattan Bank, New York City, found that things are moving along in "good fashion."

The report noted that personal income is up 2.5% over last year, industrial production is near previous highs, inventory liquidation has ended, government spending has increased at a $2 billion annual rate for each quarter of the past year, and housing and retail sales are showing moderate increases.

A third-quarter rise in investment in new plant and equipment, a moderate rise in housing and a continued $2 billion-plus per quarter rise in government spending (including that of Federal, state and local units) are factors which could operate to keep the recovery moving according to the report. It foresees a possible resumption of inventory accumulation and pointed out that rising incomes have placed consumers in a position to support an increase in installment debt—a development important to increased sales of durable goods.

Commenting on the changing role of government spending in the national economy, Chase Manhattan pointed out that defense spending and transfer payments (payments for social security, subsidies to farmers, veterans and others, and interest) have been mainly responsible for raising government expenditures to 27% of gross national product. Certain types of expenditures—for schools, roads, law enforcement and the like—are linked to population growth and consume a relatively stable proportion of the gross national product. Transfer payments and defense spending, on the other hand, depend largely on current conditions and administration policy rather than population.

The report concluded that if present trends continue, it might be difficult to hold government spending at the current percentage level, and that an increase involves "a heavy risk that the growth of the private economy may be held back," especially in view of the burden placed on savings and investment by the present tax system. Higher tax rates, reform, however, could stimulate the economy so that the government might increase the dollar totals of its spending while maintaining its percentage share of the gross national product, said the report.

Bank Clearings for Weeks Ended July 22 Were 7.2% Above Corresponding 1960 Week

Bank clearings this week will show 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, July 22, clearings for all the United States for which it is possible to obtain weekly clearings will be 7.2% above the corresponding week last year. Our preliminary total of clearings for the week is $22,003,084,908 against $20,833,894,060 the same week in 1960. Average clearings for the leading money centers during July 22 week follows:

<table>
<thead>
<tr>
<th>City</th>
<th>Average Clearings</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>$3,329,900,000</td>
</tr>
<tr>
<td>Chicago</td>
<td>$1,206,900,000</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>$1,040,900,000</td>
</tr>
<tr>
<td>Boston</td>
<td>$1,005,900,000</td>
</tr>
<tr>
<td>St. Louis</td>
<td>$281,900,000</td>
</tr>
</tbody>
</table>

August Steel Output to Be 3 to 5% Above July’s

Look for a 3 to 5% upturn in August steel production over July’s even if automative demand falls short of original estimates, Steel magazine said on July 24. Ingot output should approach 8.2 million tons—surpassing the eight million ton record established for July but falling to equal June’s 8.6 million ton peak.

That’s the view held by steelmakers in Cleveland, Pittsburgh, and Chicago. Forecasts are based on signs of better demand for cold rolled sheet, bars, plates, and structures.

The outlook is not as rosy in Chicago. Production of steel this week is expected to be on a par with the 1,850,000 tons the magazine estimates the industry produced last week.

Some steel prices are still fluctuating. One company hiked base prices 5% to 7% in certain grades of stainless steel.

Continued on page 30

DIVIDEND NOTICES

The Board of Directors of Cities Service Company declared quarterly dividends of 4.88% on the common stock, payable September 15, 1961, to stockholders of record at the close of business August 19, 1961.

Franklin E. Foster, Secretary

The Board of Directors of International Harvester Company have declared quarterly dividends of 172 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable Sept. 1, 1961, to stockholders of record at the close of business Aug. 16, 1961.

Gerard J. Eger, Secretary

American Electric Power Company, Inc.

25th Continuous Cash Dividend on Common Stock

A regular quarterly dividend of five cents ($0.05) per share has been declared on the Common Stock of American Electric Power Company, payable in cash on September 15, 1961, to stockholders of record at the close of business August 30, 1961.

William F. Rose, Secretary

July 20, 1961

The American Tobacco Company

224th Common Dividend

A regular dividend of Seventy Cents ($0.70) per share has been declared upon the Common Stock of The American Tobacco Company, payable in cash on September 15, 1961, to stockholders of record at the close of business August 30, 1961. Checks will be mailed July 25, 1961.

Harry L. Haywood

Vice President and Treasurer

July 25, 1961

DIVIDEND NOTICES

Texas Gulf Sulphur Company

The Board of Directors has declared a dividend of 25 cents per share of No. 1 Common Stock payable September 15, 1961, to stockholders of record September 1, 1961.

H. R. Kline, Secretary

United States Lines Common Stock

A dividend of $1.40 per share has been declared on the convertible preferred stock of the Company, payable September 15, 1961, to stockholders of record August 31, 1961.

The transfer books will remain open.

United States Lines Company

John W. Brennan, Secretary

DIVIDEND NOTICES

Southern California Edison Company

The Board of Directors has authorized the payment of a dividend of 4.5% on the common stock.

Calvert Electric Company

Common Stock Dividend

A dividend of 40 cents ($0.40) per share has been declared by the Board of Directors of Calvert Electric Company, payable September 15, 1961, to stockholders of record August 30, 1961.

P. C. Hale, Treasurer

July 26, 1961

COMMERCIAL AND FINANCIAL CHRONICLE
Industries continued to wander around in a daze through the doldrums, as has been the case in this week's stock market, nothing in the news indicating either a determined assault on the high or a convincing retreat on volume that would constitute a selling climax.

There was much evidence that some institutions and a great many amateurs and individuals were waiting for a selling climax before they would take any more aggrored positions toward the market and, as usual with the market, widespread decline without fullfilment only served to keep investors cautious and the market in the doldrums.

**Spotty Earnings**

Earnings reports were spotty, some down, some flat, and when results were lower than expectations, the shares reacted a bit sharply. Higher than expected earnings were largely ignored, particularly in the oils. In this section it took a good report plus a liked dividend and a dividend increase to spur moderate buying in the issues.

Electronics were the wide-swinging issues even though there was no news to account for the gladiatorial issues. Laboratories, listed on the senior exchange only for a share over two months, nevertheless had carved out a $3.50 range in the brief period before reacting below the 60 line.

Service and a wide variety of hospitals, clinical laboratories, wholesale distributors and armed force sale, Baxter's business was recession-resistant to where it possible lower sales last year. It has been active in evergreen markets to nearly five of a billion dollars from abroad. There is no apparent let-up in its growth pattern so far, so the downturn in the market price merely makes the shares more attractive than they have been for some time.

American Viscose is an issue that has been out of favor for a long while, but seems to have made a turn for the better. The shares have been quite weak since the new level was reached but have also reacted from the peak. It appears that the suspicion that the long neglect was development of a new product that could up interest in this particular textile market. It is as yet difficult to determine whether the highly purified cellulose product, named Avicel, will do for Avisco's earnings but it should be apparent next year whether the change will be widespread acceptance of it.

Much of the neglect that centered on Avisco stemmed from a general dislike of rayon company shares. But Viscose's interests are far more varied than the acetate cellulose one. It is half owner of an Alaskan pulp mill, sharing the ownership with Puget Sound Pulp Mill, and may be continued to an extent of an equal growth with the company. It also is a holding company, to a degree the prior to an abandoned block of Santant Chemical, some 13% of the issue, which it received for its holdings in the company.

The bundle represented a holding of about 54% of Avisco shares. In addition, the holding company lowered the price for Avisco shares this year and at that level the company rated all other operations of the company at zero.

The stores continued to attract mild interest, in part, because of the determination by the old-line companies to meet the intense competition of the discount houses. There is an advantage this year in the peak selling season during the fall and holiday periods will not be restricted this year, as they were last year, by the recession. Their prospects for 1961, consequently, have been improved.

Paul Mitchell, the parent company, is particularly since they have been a large direct buyer of stores that have kept up with the population. One large service index of the major department stores has forged to a new peak and is 6.5% below in the doldrums, yet the shares still offer average to liberal dividend yields with Allied Stores' return in the neighborhood of 5%.

In the tobacco section, American Tobacco which recently was a bit proactive, has been going more for a new high, has since held close in the neighborhood of the regular market. It is a candidate for a lower level at the present time, since the current payout is only a bit over half of the profit the company is expected to show for this year.

**Interesting Item in the Rail Area**

Recent move of the federal government, which it had been something of a muddle keeping even the railroads wary. General Railway Signal, which has been using the benefits of cost-cutting by the solvent rails via automatic controls and electronic devices that boost efficiency, has been taking steps to learn more on the railroad business is now in the housewares line through acquisition of Regina Corp. for polish and vacuum cleaner maker. It has also been developing research to highway controls and aircraft devices and ground control systems.

This diversification moves add the promise that in the future the dependence on railroad business will be offset by increased and more stable profits to its future.

Also among the diversification comes a more aggressive move which was able to boost its currency and productivity share for deficit of the Cuban interests.-motion. New Federal Foreign Power is to diversify out of the utility field and already it is known that the company is offering non-utility projects in Latin America.  This by itself is expected to grow to hundred-million dollar business in the next in the while the success of these moves is still obscure, it is an issue with promise of a 10 to 15% return.

**Defensive Food Stores Come Through Again**

Results of the food store's operations through the recession have proved once again that when a business isn't in a boom stage, the stores are able to expand profitability, especially because the food business is a small retail chain in the country.

The supermarkets, already running with the population, are not as far behind in sales, and the industry is still in the doldrums, yet the shares still offer average to liberal dividend yields with Allied Stores' return in the neighborhood of 5%.

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**NEWS ABOUT BANKS AND BANKERS**

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

The First National City Bank of New York opened its Pakicatan branch in Karachi this year. Henry C. Alexander, Chairman of the Board, announced plans for the new offices today.

The Rome office, serving the Mediterranean region, is scheduled to open next month. It will be located temporarily at 16 V. E. Orlando No. 3, Rome. The Frankfurt office, serving Central and Northern Europe, is to open in temporary quarters in September, and the Tokyo office, serving the Far East, in October.

Morgan Guaranty has two branches in London, one in Paris, and one in Brussels.

**Manufacturers Trust Co., New York** will open its 122nd New York banking office at 26, Union Square West, in New York City on September 26, 1961.

The announcement is not an offer to sell or a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

**NEW ISSUE**

**$1,630,000**

**ARCS INDUSTRIES, INC.**

5% 1947 Convertible Subordinated Debentures

Due August 1, 1971

The Company is offering to holders of its Common Stock rights to subscribe for additional shares at $100 for each $500 par value of Common Stock held at the close of business on July 26, 1961. Subscription warrants evidencing a right to purchase 100 shares of the stock will be issued to each holder of shares of the Common Stock at the close of business on July 26, 1961. Subscription warrants are non-transferable and will expire at 5:30 P.M., New York Time, August 7, 1961. Both during and after the subscription period, the offering price and other terms of the offering are subject to change at the discretion of the Underwriter, as is more fully set forth in the Prospectus.

Subscription Price 100%

Copies of the Prospectus may be obtained from the underwriter and from each dealer which may conditionally offer these securities in this state.

**LOMASNEY, LOVING & CO.**

**The Commercial and Financial Chronicle**

**Thursday, July 27, 1961**

Walter C. Lawson, who as Treasure in 1931, President in 1919, Director in 1923 and in 1943 he was elected President of the bank. He retired as President in 1946, and as Director in 1947.

On July 3 the Comptroller approved an application of the Franklin National Bank and Trust Company, Farmington, Conn., to organize a new bank in Farmington and to locate it at the new bank in Farmington, Conn., to organize a new bank in Farmington and to locate it at the new bank.

Edgar G. Pitch, President of the Marine National Exchange Bank, Milwaukie, Wis., announced the appointment of Frank E. Hart and G. Edward Stevens as Vice-President.

Mr. Hart joined the Marine in 1957 as head of his former division.

Mr. Stevens, joined the bank as Manager of the Installment Loan Department a few years ago and was recently named Assistant Manager.

Frank M. Elliott, Manager of the bank's Modesto West Side Branch, was named Assistant Manager of the bank's Modesto Main Office. Mr. Elliott is to have charge of the bank's extension office.

Wayne E. Lucas, Manager of the bank's Fort Worth, Texas, branch, was advanced to Manager of the bank's Fort Worth, Texas, branch.

William B. Boston, Assistant Manager of the bank's Kansas City, Kansas, branch, was advanced to Manager of the bank's Kansas City, Kansas, branch.

The following changes in the executive staff of the Bank of America in Los Angeles, Calif., were announced by Elliott T. Cooper, Manager of the bank.

Richard D. Gordon has joined the bank as Manager of the Investment Department.

Mr. Gordon was appointed Assistant Cashier at the Head Office of the Bank of America in Los Angeles, Calif., in 1952.

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BANK AND INSURANCE STOCKS

This Week—Insurance Stocks

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

St. Paul Fire & Marine Insurance Company is the 15th largest stock fire and casualty insurance company in the nation. During 1960 premiums written were $112.5 million. The company, originally formed as a mutual organization in 1853 and became a stock company in 1865, is owned by approximately 14,000 agents located throughout the country. The company has obtained an extremely well-earned book of business, almost equally divided between fire and casualty lines. No single line represents more than 17% of the company's total premium volume.

St. Paul Fire and Marine has established one of the most impressive records of growth and profitability throughout the insurance industry. Only three of the 14 stock insurance groups with larger premium volumes than St. Paul have recorded a higher underwriting profit margin. The company's average underwriting profit margin over the period is 3.7%. Only once in the past 30 years has the company failed to record an underwriting profit. The exception was in 1957 when the industry and the company were hard hit by severe underwriting losses incurred by all kinds of business. St. Paul has achieved this superior record through the maintenance of high underwriting standards and a management philosophy that recognizes that this is characteristic of the company's entire operation.

Through the acquisition of Western Life Insurance Company (Holliston) and the entry of St. Paul into the life insurance field, Western Life is one of the smaller companies in the life field with assets of $39 million. While this company is small in the Mid-Atlantic area, it continues to dominate the life insurance field in its home state. The company has shown steady growth since it affiliated with St. Paul Life Insurance Company in 1959.

In 1960 the company’s home office was moved to St. Paul from the Holliston area. St. Paul Fire & Marine has found the location convenient for handling the company’s growing volume of business and has also been a necessary life insurance facilities as the industry trend to all-line insurance companies.

Selected Statistics—Growth and Underwriting Results

<table>
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<tr>
<th>Year</th>
<th>Net Premiums Written</th>
<th>Net Investment Income</th>
<th>Total Earnings</th>
<th>Loss Ratio</th>
<th>Expense Ratio</th>
<th>Profit Ratio Margins</th>
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<tr>
<td>3.6%</td>
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<td>$1.7</td>
<td>$1.4</td>
<td>$1.1</td>
<td>$0.8</td>
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<tr>
<td>9.5%</td>
<td>$4.2</td>
<td>$3.7</td>
<td>$3.2</td>
<td>$2.7</td>
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</tr>
</tbody>
</table>

Validation of Seven East German Dollar Bond Issues Approved

Under the terms of the new treaty between the United States and the Federal Republic of Germany, ratified by the United States Senate in early June 1961, seven additional bond issues have been added to the list of 92 such issues initially approved for valuation in 1953. 

Approximately $233,000,000 in face value of these East German dollar bond issues have been validated since 1953, and American and other holders of these bonds may now expect payment of the coupons and principal in accordance with the terms of the London Agreements.

The headquarters of the other three companies were in areas now outside the jurisdiction of the Federal Republic. The London Agreement provides that the principal and interest on the bonds issued by these companies will be paid to the holders of these bonds out of assets in substantial quantities which belong to those companies. The new treaty also provides for the German issuers to be held harmless in such cases where those securities may be lawfully sold.

Not a New Issue

July 26, 1961

120,000 Shares
DEVENBROOK, INC. Common Stock

(compared to $1.0 Per Share)

Price $5.00 Per Share

Wilder V. P. of Wood, Gundy Co.

TORONTO, Canada—William P. Wilder has been elected a member of the Board of Directors of Wood, Gundy & Company, Limited, 36 King Street, West, and has been appointed Executive Vice-President.
To Address Univ. Seminars

CHICAGO, III. — The School of Banking at the University of Wis¬
consin, sponsored by the Central States Conference of 16 mid¬
western state bankers' associa-
tions, announced that the panel of
speakers for its evening seminars had been completed.

The following individuals are scheduled to address the seminar
sessions of the School of Banking when it convenes next month:

Monday, Aug. 14—Dr. Beryl W.
Sprinkel, Vice-President and
Economist, Harris Trust and
Savings Bank, Chicago, Ill. Sub¬
ject: "The Outlook for Business."

Tuesday, Aug. 15—Gaylord A.
Freeman, Jr., President, the First
National Bank of Chicago. Sub¬
ject: "A Critical Analysis of the
Report of the Commission on
Money and Credit."

Wednesday, Aug. 16—Dr. Kraft
A. Ehrieke, Program Director,
Convair (Astronautics) Division,
General Dynamics Corp. Subject:
"America's Outlook in the Space
Race."

Thursday, Aug. 17—The Hon.
Barry M. Goldwater, United
States Senator, state of Arizona.
Subject: "A Conservative Speaks."

Friday, Aug. 21—The Hon.
Walter W. Heller, Chairman of
the Council of Economic Advisers
to the President. Subject: "Cur¬
rent Economic Policy."

Thursday, Aug. 22—Dr. John A.
Wilson, Andrew MacLeish, Dis¬
tinguished Service Professor and
Director, Oriental Institute, Uni¬
versity of Chicago. Subject: "The
New Threats to Freedom in the
Middle East."

Wednesday, Aug. 23—Marquis
W. Childs, syndicated columnist,
Washington correspondent of St.
Louis Post-Dispatch. Subject:
"Report From Washington."

Thursday, Aug. 24—Gen. Carlos
P. Romulo, Ambassador of the
Philippines to the United States.
Subject: "World Tensions."

Approximately 1,200 bankers will
take the two-week session of the
School of Banking. Mr. John J.
McDonough, Vice-President of
the Harris Trust and Savings
Bank, Chicago, is the semi¬
nary faculty leader.

G & H Securities

BROOKLYN, N. Y.—G & H
Securities, Inc. is conducting a
securities business from offices at
66 Court Street.

Bosh Stack Associates

SCARSDALE, N. Y.—Irwin Bosh
Stack is conducting a securities
business from offices at 191 Sprain
Road under the firm name of
Bosh Stack Associates.

Childs Secs. Name Ostema & Close

C. F. Childs and Company, Inc.,
the oldest investment firm in the
country specializing in U. S. Gov¬
ernment securities, has announced
that the election of Clarence
Ostema and Frederick J. Close as
Vice-Presidents of Childs Se¬
curities Corporation, its subsidiary
dealing in corporate and mortgage
finance.

Mr. Ostema is well known to
mortgage bankers as the first man
to make a market in Federal Na¬
tional Mortgage Association se¬
curities. He has been a member of
the FNMA stock and Federal
Housing Administration de¬
bentures. Analyses of FNMA opera¬
tions by C. F. Childs together with
Mr. Ostema's effective distribution efforts
resulted in wide acceptance of the
FNMA stock for investment pur¬
pose.

Mr. Close, one of the nation's
foremost specialists in commercial
banking and in large FHA-assured
loans, has personally handled negotiations in¬
volving several hundred million dollars
of these types of financings in all
parts of the United States.

J & R Cowen Securities

BROOKLYN, N. Y.—J & R Cowen
Securities Co., Inc. is engaging in
a securities business from offices
at 203 Foster Avenue.

A Management Consultant Views U. S. Capital Outflow

By David L. Nicolson,* Managing Director, Production-
Engineering Ltd., London, England

Head of one of Britain's largest international management consulting
firms reprovingly warns that one of our most dynamic forces for
goodwill in the passage of a foreign Admin¬
istration's proposal to tax U. S. earnings abroad. Mr. Nicolson
draws attention to the severe problems of creating a viable free
world as a bulwark against communism, and the necessity of
continuing the pace set in international investment—including
those by British businesses—over the political and investment dir¬
ection, prospects the chances of her joining E. G. N.,
and predicts enactment of our tax plan will accelerate British firms'
investment in the United States.

A strongly unified Western World as a firm barrier against Com¬
munism is the prime consideration of the Western European
nations, the United States and members of the Com¬
monwealth—a consideration which over¬
rules all other problems.

My recent meetings with leading British, British-United States
and Commonwealth investors and man¬
tests of these British and United States firms have emphasized
the importance of the unity of thought, with the
many differences of approach and outlook.

Business men who generally
accept the first and overriding
objective—the achievement of
a strongly unified front against
communism—agree in the
basic principle that this common
goal will be furthered by the
strengthening of European union,
as a preliminary to building an
effective Atlantic Union. An es¬
tential to this concept is the con¬
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and the extension of U. S. influ¬
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Another basic corollary to this
economic concept calls for the
European Common Market countries (Belgium, France, Italy,
Luxembourg, the Netherlands and
Western Germany) to get together
with the European Free Trade
Association countries (Austria, Britain,
Norway, Portugal, Sweden, and
Switzerland). Eventually, the
free trade area would be extended
in the Western world and
solidify a strong bulwark against
communist influence.

International management con¬
sultants work very closely with
many U. S. companies in plan¬
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observe at close hand the con¬
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businessman in all of the foreign
countries where he operates.

Praises Example of U. S.
Foreign Plants

It is my considered belief that
America's best ambassadors for
peace, prestige and good will are
these production and sales plants
from the United States. They set
a fine example for other Ameri¬
can subsidiaries by providing
good working conditions, paying
high wages, plus fringe benefits,
and maintaining progressive man¬
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their plants are located. They en¬
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way of life.

These American ways of doing
business, projected in foreign
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world, regularly have sparked
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tions. These demands already have resulted in a steady raising
of the standard of living in every area where American firms are operating.

This leadership by American business men in foreign countries is
deemed by many to be nothing but a stinging rebuke to those who
claim communism is the only answer to the problems of the
world. The American enterprise, as seen in Germany, Switzerland,
and Great Britain, is the mainstay of the international
community. Wherever American enterprise has
infused life into these economies, the
people have been better off,
than ever before in their history.

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claim communism is the only answer to the problems of the
world. The American enterprise, as seen in Germany, Switzerland,
and Great Britain, is the mainstay of the international
community. Wherever American enterprise has
infused life into these economies, the
people have been better off,
than ever before in their history.
have contributed many new and improved methods of earning such curtailment of foreign re-
search, to enable her to seek new and promising fields of depreive American consumers of goods and services.
If all of the non-remitting over-
seas earnings of U. S. companies were taxed at the American level of 52%, the American firms would not be able to compete in the world market.
The disadvantage. An American firm, for example, could not pay the same tax rate as a foreign firm and abroad and would lose its competitive position.
B. It is felt that such an action would also stimulate back-
capital the United States, with a view to step up pro-
A. In any case, it is true that Great Britain
expects by 1966 to be depriving all her power from the atom.
U. K.'s Accelerated Investment in E.C.M.
If American firms are forced to hold back to invest in Europe and to reduce or liquidate the investments they already have there — due to adverse U. S. tax-
the British rate of Investment in the Common Market countries, already many British companies are in serious difficulty. Only by recent Emergency Chemical Indus-
tries (i.e., the large firms of the latter's group; in Great Britain to step up pro-
A. In any case, it is true that Great Britain
creates an over-all competitive advantage.

Growing Free Trade Trend
Meanwhile, the world is moving steadily toward Free Trade. Economic and cultural differences have agreed to negotiate with the Common Market. From the viewpoint of the London level of 46%.
Meanwhile British trade with Western Europe is mainly in the hands of firms that have a capital to less developed countries, where the more meager profit possibilities could not have the foreign exchange problems.

In contrast to this, British inter-
Commonwealth trade is declining, it forms approximately 45% of all trade for Great Britain and now approximates only 39%. Meanwhile British trade with Western Europe is increasing, and it approximates 33%. This is one reason for the surprising war of words between the Commonwealth and the Common Market.

Britain's and the Common-
wealth's first considerations too must be to bring a strong United Kingdom government and a strong united Western Europe.
The Common-

The United Kingdom, therefore, though a strong partner, is worried about her balance of trade. Con-
sideration must be given to the possibility of revising imperial preferences and to the possibility of revising the Common Market country. And many think the future of the Commonwealth — and, for example, Canada and Great Britain — is at stake if the trend of the present day.

The Canadian trade gap is widening. Canada's sales in the United Kingdom were up 30% in 1960, and those of their own internal market of £300,000,000 in 1961. Meanwhile, the United Kingdom is looking to exports to Canada only to be around £50,000,000. Further more Canada may develop her "buy Canadian" campaign further.

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SECURITY SALESMAN'S CORNER BY JOHN DUTTON

Some Observations Pertaining to the Serving Of Speculative Accounts

A security salesman must be able to differentiate between people who are speculative and those who are primarily interested in investing. You cannot just look at a man's account and expect to make a good speculative guess at his position.

People who have speculative tendencies are psychologically different than investors. They fall into several classifications. Such as:

- **Compassive Gamblers:** These individuals cannot resist the urge to "beat the game" whether it is horses, cards, dice, dogs or stocks. They are active speculators in a most profitable way for many brokers.

- **People Who Want Something for Nothing:** These folks put their funds into schemes that offer very high interest rates and never investigate before they grab their prize. They usually keep quiet because they are ashamed of their stupidity and don't complain to the authorities after they have been taken. They also rush into the stock market when it is making new highs and bailing with activity. They are motivated primarily by greed and arrire and eventually get their lesson. They follow tips from people who are supposed to be "in the know." They never read a prospectus, care about record keepers, or want all the "hot" new issues, but if there is a way to make a deal will either throw it back on the market and hit a supporting syndicate bid or come to you with a commission one hour before the public offering providing they have heard the underwriting is "sticky."

- **The Trader Who Wish to "Take a Flier" Occasionally:** These people are at least honest and intelligent to the extent that they limit their risks and know how they are speculating. They want a few "kicks" and if they can afford it, they take a bet on a stock once in a while.

Informed, Professional Speculator

These rare individuals do not need, nor could they resist, solicited advice, information, or "tips" from a broker or a salesman. They want service, and correct statements at the end of the month. They make a profession out of speculating in the market or in special situations, and make a fortune. They will even gamble on grains and other commodities. These are not the people who create overpriced markets, or make extra work for the brokers, or the policing agencies. They work hard and they try to make informed decisions-they deserve every dollar they earn. You are fortunate if you have one, or several such accounts, and also a competent bookkeeping department.

Since all these types of speculators are customers of brokers and security salesmen, you should know how to judge their category, to deal with them, and recognize them. There are some security firms that do not trade with speculators, but today such organizations are not institutional accounts, mutual funds, and tax-free bonds. It is a very rare salesman that does not run into some speculative clients these days.

The Farmer About Regular Tenor During the last few months there has been another outpouring of statements by various government officials to others connected with the security business, that rules should be tightened as to protect investors. These people are not going on for the past 30 years and then usually come after the market has gone through a bullish enthusiasm, and a horde of new buyers have found the golden key to the small speculators' various appetite for priced, border-line, speculative, new issues and have "gone public." During the past 16 months there has been evidence of such a boom in the security market, and it has been a virtual "bonanza" for the writers of stock issues, accountants, lawyers and large and small speculators. The result, there have also had a picnic.

The people who have bought these questionable securities appear to be quite happy, but recently some of the veneer is rubbing off, as it always does. The education of the present crop of speculators described in the beginning of this piece will be facilitated by the two factors of "time" and "reality." A lesson will not be learned, however, because some of these people never learn, and there will also be a new crop along when the next period of excessive speculation arrives. A few new laws may be written, a few more powers granted to the SEC and some more money will be spent, but little good of a permanent nature will come from it all. You can't change human greed and stupidity.

Use Your Common Sense

As a security salesman, it is up to you to make the best of your job. Your business is to service your investment clients when they ask for advice, and attempt to guide your speculative accounts away from "booby traps" if you hear of them. Sometimes it is best not to give any advice to a speculative account but certainly it is absolutely essential that you are not taken in by slanted and biased information. In the next few weeks you will get a few suggestions for security salesmen who are servicing speculative clients of practical value to others in this business.

2nd Dist. Secs. Names Officers

Loring T. Briggs and Edward L. Madden, Jr., have become associates of Stanton-Lewis & Co., Inc., 1 Chase Manhattan Plaza, as Vice-Presidents.

B. M. Rubin Opens

NEW ROCHELLE, N. Y. — Bertram M. Rubin has opened his own securities business from offices at 125 Conolly House to engage in a securities business. Frank Giorianniti, formerly an officer of Pittsburgh Harnesale Co., has joined him.

New Stanton-Lewis Office

GLENMONT, N. Y. — Stanton- Lewis & Co. has opened a branch office at 904 Genine Drive under the direction of John B. Baum.

Corporate Bonds in Demand

The Government, in making public the results of its first refunding operation of the year, said that agreements along with the way in which the new money raising issue was taken, showed that there was greater demand for public subscriptions than had been successful ventures. As was to be expected with an issue the funding obligation was the most secured security and there was no let up in the demand for the most liquid Treasury issues. In addition, the New York Banks were takers of this security, however, the size of the turn over for the other two refunding obligations was not very much on the favorable side.

The world tension is still a factor in the money market as well as in the capital market and the stock market, consequently until there is some lessening in this market tension it is believed that there will be any important change in the monetary policy which will affect the market. Therefore, interest rates should remain pretty high for the foreseeable future.

British Bank Rate Increased

The demand for short-term obligations, in fact, for money in any form, into our near-term securities has been so heavy on the part of banks and others believed to be due in some measure to the confused world conditions, especially those involving the Berlin situation. Also the uncertainty of British financial conditions has brought short-term funds into circulation. However, this week's sharp increase in the British bank rate would give a hint that this has come to a close. In addition, some of our banks have raised the rate of interest, which should not be done, in order to keep the competition of the money market away. In addition, the somewhat higher rates which the corporate borrowers have had to pay in order to get the needed money simply reflect the fact that they have been willing to pay very much since the Federal Government has been taking an interest in these operations. This means that the free yield increase has likewise not been too important as far as corporate borrowers are concerned.

Phila. Bond Club To Hold Outing

PHILADELPHIA Pa.—The 39th Annual Meeting of the Board of Directors of the Board Club of Philadelphia will be held at the Colonial Country Club, Pheonixville, Pa., on July 1, W. Willard S. Boothby, Jr. of East- man, Dillon, Union Securities & Co., Jersey City, N. J., has been elected chairman of the board. It was stated that this year the sports activities will take place in the Pheonixville and completed in time for luncheon. An elaborate luncheon will be given at the Colonial Country Club and an elaborate dance will follow. The formal will formally conclude after the after- dinner entertainment.

Mr. Boothby also announced the appointment of a committee charged with planning "very different and attractive features."


Stanton-Lewis Branch

WASHINGTON, D. C.—Stanton- Lewis & Co. has opened a branch office at 205 McKinley Bldg., N. W., under the management of Rodney Harper.
Rasminsky Heads Bank of Canada

It was announced by the Board of Directors of the Bank of Canada that Louis Rasminsky, 53, has been appointed the new Governor of the Bank. The appointment has been approved by the Federal government.

Mr. Rasminsky, who is an authority on international finance and foreign exchange matters, has been with the Bank of Canada since 1940 and for the past six and one-half years has been Deputy Governor of the Bank. He is the third Governor of the Bank since its establishment in 1871. Graham Towers served for 20 years, followed by James Coyne, who held the post for seven years and recently resigned in the wake of a dispute with leading officials in the National Bank of Canada.

In 1950, Mr. Rasminsky joined the League of Nations Secretariat where he became the League's specialist in monetary and financial matters. In 1951, Mr. Rasminsky returned to Canada and the following year he was invited by Mr. Towers, then Governor, to establish the Economic and Statistical Section of the Foreign Exchange Control Board. In 1942, he was appointed Assistant to the Governor of the Board. In 1945, he was appointed Executive Assistant. During this period he played an active part in Canada's representation at international financial conferences. He was a member of the Canadian delegation to the Bretton Woods Financial and Economic Conference in 1944, and served as Chairman of the drafting committee on the articles of agreement of the International Monetary Fund.

When the Fund was organized in 1946, he represented Canada on its Executive Board and since 1950 has been the Executive Director of the International Bank for Reconstruction and Development.

In his new appointment as Governor of the Bank of Canada, Mr. Rasminsky will also serve as President of the Industrial Development Bank.


Walter Sullivan has joined National Securities & Research Corporation, 120 Broadway, New York City, as Manager of the Public Utilities Division. The appointment was made by Henry J. Simonson, Jr., President of the investment company. Mr. Sullivan was previously an Assistant Manager in the Investment Department of Manufacturers Trust Company.

Form Forjan Associates

Forjan Associates, Inc. is conducting a securities business from offices at 15 William Street, New York City.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Columbus & Southern Ohio Electric

Columbus & Southern Ohio Electric serves electricity to a population of around 1,120,000 in Columbus and its suburbs. Columbus is the capital of Ohio, an important university and a manufacturing center, and a major wholesale and retail marketing center. Good transportation facilities have helped attract industries to the city and enhance a wide variety of industries. Residential sales provide 41%, commercial revenues, commercial 25%, industrial 25% and other 10.2%.

The company has two subsidiaries, SICO Incorporated and Columbus Transit Company, but these earnings are not consolidated (except for dividends) with those of the parent company. SICO, which was incorporated on January 10, 1915, owns and operates a fleet of 138 trolley coaches and 159 motor buses to provide transit in Columbus and its suburbs. The transit company's net income last year was $220,000.

Columbus & Southern Ohio Electric serves a growing territory, population in its service area having grown during the past decade than in the state of Ohio, while Ohio grew faster than the nation. Franklin County, which includes Columbus and the suburbs, showed a population gain of 36% and this county accounts for about two-thirds of the company's business. The company's sales increased 19.4% in the calendar year 1960.

The recent rate increase, of 6.5%, was for residential and other secondary volute electric service in Columbus and the surrounding unincorporated towns of Franklin County. These increases were estimated to add about $2,650,000 a year. The City of Columbus appealed this decision to the Supreme Court of Ohio, but the company was permitted to collect the additional amounts pending. On May 24, 1960, the Supreme Court upheld the Commission's decision.

Between Dec. 2, 1959 and March 5, 1960, the other 18 incorporated municipalties in Franklin County authorized the company to apply the new Columbus rates in their area. The increase in revenues from customers in these municipalities is estimated at about $500,000 a year.

The company still has pending before the Public Utilities Commission an application for increases in areas not affected by the changes made in 1960 and 1961. It is understood that these increases, if granted in full amount to $500,000 per annum or about 10 cents per share.

As of Dec. 31, 1960, the company's capital structure, excluding bank-held and current sinking fund securities, consisted of 54.7% long-term debt, 12.8% preferred shares and 32.5% common equity. No equity financing has been done since 1955.

The stock has been selling recently around $60 (in 1961 to recent late approximate 65-51). The dividend rate was raised this year to $2 making the current yield 3.3%. The price-earnings ratio based on the 1961 estimate of $3.15 is 19.

Mazal Security Planning

Brooklyn, N. Y.—Jamo Tush is engaged in a securities business from offices at 280 Keap Street under the name of Mazal Security Planning.

H. D. Silverstein Opens

Brooklyn, N. Y.—Harry D. Silverstein is engaging in a securities business from offices at 429 Mayfair Drive, South, Brooklyn, N. Y.

Sirota, Taylor & Co.

Sirota, Taylor & Co., Inc. is conducting a securities business from offices at 26 Broadway, New York City.

S. V. LeDonne Opens

Brooklyn, N. Y.—S. V. LeDonne is engaging in a securities business from offices at 429 Mayfair Drive, South, Brooklyn, N. Y.
AS WE SEE IT
fossed philosophy of the parties, both Republican and Democratic. And past policies involve no favoring of legislation as well as the policies of the parties. Until some way is found by which this general trend in favor of the labor monopolies and all the rest can be eliminated from political campaigns, we may as well expect the unions to have their way for the most part in year out. And we hardly need expect improvement of a major sort until we get some down to earth realism in this field of labor relations.

That realism in industrial relations thinking should begin, possibly must begin, with an abandonment of some of the popular misconceptions of the nature of the relation of the compensation of labor to the economy in general. One of the first of these misconceptions that ought to go by the board is the notion that higher wages, less work and restricted activity on the part of the wage earner somehow stimulates economic activity, economic growth and economic welfare generally. The old, old fallacy that higher wages add to the purchasing power of the people and thus stimulate demand and improve markets is widespread, and, is, of course, sedulously preached by wage earner groups in the process of trying to get higher wages.

It is strange that some facts can be so completely overlooked when a subject of this sort is under consideration. Why should it be needful to remind the public that purchasing power is related in the process of the production of goods, and unless some of the factors of production deliberately hoard his income (which is not likely) the same actual command over currently produced goods will be created whether wages are higher or lower. Artificially high wages may, indeed, favor one element in the population at the expense of others, and this is one of the very sound reasons why the great rank and file should be dubious of the wisdom of permitting union managers to force the compensation of their members higher and higher.

At the Expense of Others
Even when competition holds prices within normal relation to costs, the gain of the union monopolies is at the expense of the remainder of the community at large since prices rise and the income of those who are not members of the unions do not rise proportionately. Of course, the worst sufferers from any and all such changes are the so-called rentiers; that is, the men and women who must get along on a relatively small

Continued from page 1
fixed income. A growing proportion of these in this country today are the retired or unexpectedly recipients of social security.

Another current fallacy is the notion that if the compensation of wage earners does not rise faster than "productivity" no harm may be done by higher and higher wages. Those who argue in this way forget what the word productivity means in current usage. One would suppose, and one suspects that the man in the street supposes, that productivity means the amounts of goods and services turned out by an individual—merely that and nothing more. The fact is, of course, that the term refers only to the amount that he produces per hour of work. Since the number of hours worked are on the whole tending to grow smaller and smaller, an increase in productivity as thus defined could actually be accompanied by a smaller output of goods and services per worker. What is more, even the rise in production per hour of work—so far as any one really knows what it is—is almost wholly, if not quite altogether, a result of large investments in machinery and equipment and the improvement in the manufacturing techniques for which the wage earner is in no way to be credited.

All Ought to Share
There has, of course, been astounding improvement in the production of goods and services. It is now possible to provide a great deal more of the good things of life, and it is naturally quite right and proper that the wage earners should share in this sort of progress. It is, however,

MIDWEST, NATIONAL STEEL'S NEWEST

The continuous galvanizing line shown above and an electroalytic tin plating line are the first major facilities at work at our new Midwest Steel division, strategically located in the important Chicago area. They incorporate the most advanced techniques known to modern engineering; they produce the last word in quality.

Galvanized steel made by the continuous line method is so superior that it constantly finds new uses in manufactured products of many kinds...products which are improved in quality and durability by the combination of steel's strength with zinc's protection. Demand for tin plate grows, too, as more items go to market in tin cans.

The galvanizing and tin plating lines will soon be followed by ultramodern facilities for producing hot and cold rolled sheets...making Midwest Steel a major source of supply for the Chicago district and the fast-growing steel-consuming area served from it. We are proud that Midwest has been constructed not only for top efficiency but also as one of the cleanest, most attractive industrial plants ever built.

FIVE OTHER MAJOR STEPS TO FURTHER PROGRESS

AT GREAT LAKES STEEL in Detroit, the computer-controlled and operated 90' mill of the future—fastest, most powerful hot-ship mill in the world—will provide more and better automobile body sheets. OUR NEW RESEARCH CENTER will be National Steel's headquarters for the expanded, continuing exploration of new and better raw materials, facilities, manufacturing processes and products of steel.
equally the right of many a man and woman who belongs to no union and are the beneficiaries of no hold-up by these organizations to share in these blessings. For the most part these improvements are the outgrowth of the genius of economic managers and their associates. Competition if permitted to exist in full vigor will prevent these elements from taking more than their just share of current output.

New Bache Branch
Bache & Co. has opened an investment center at Ramstein Air Force Base, Germany, one of the largest U. S. Air Force bases in the world. The first of 35 such investment centers to be opened by Bache & Co. at Air Force Exchanges on more than half the air bases in Europe, the Ramstein installation features a stock quotation board linked to the Bache & Co. branch office in Frankfurt.

Devonbrook, Inc.

Common Offered
Globus Inc. and Lieberbaum & Co., New York City, are making a public offering of 120,000 common shares of Devonbrook Inc. at $3 per share. Proceeds from the sale will go to the selling stockholder and no portion thereof will be received by the company. Devonbrook, of 1460 Broadway, N. Y. City, is engaged in the production and distribution of popularly-priced items of wearing apparel, principally suits for women in the college and post-college group. Authorized stock consists of 800,000 20-cent per common shares, of which 600,600 will be outstanding upon completion of this financing.

Paul Jollés Opens
PHILADELPHIA, Pa.—Paul Jollés is conducting a securities business from offices at 6224 Sylvester St., Kidder, Peabody Branch BARRISBURG, Pa.—Kidder, Peabody & Co. has opened a branch office in the Payne-Shoe maker Building under the management of John F. Page.

Union Electric

Common Offered
An underwriting group managed by Halsey, Stuart & Co. Inc. is offering 1,261,100 shares of Union Electric Co. first mortgage bonds due July 1, 1961, at 101.609% and accrued interest since May 1, 1960. The underwriters will award of the bonds at competitive sale July 25 on a bid basis.

Net proceeds from the financing will be used to retire part of the general funds of the company, through reimbursement of its treasury for capital expenditures. The general funds will be subsequently used to retire short-term bank loans incurred in part for construction costs to finance the cost of continuing additions to its property and plant, and for other corporate purposes.

The bonds are redeemable at regular redemption prices ranging from 101.61% to 100%, in each case with accrued interest.

The company, at 315 N. 12th Blvd., St. Louis, and its subsidiaries supply electric service to sections of Missouri, Illinois and Iowa, having an estimated population of 2,250,000 within an area of about 18,000 square miles. The largest part of this electric service is provided in northeastern Missouri, including the metropolitan St. Louis area. Natural gas service is supplied by the company in 19 Missouri communities and one Illinois community.

For the 13 months ended Mar. 31, 1961, the company and its subsidiaries had unaudited consolidated operating revenues of $158,993,691 and net income of $26,697,264.

Servalon Instr.

Common Offered
C. E. Unterberg, Towbin Co., New York City, is manager of an underwriting group offering 45,000 common shares of Servalon Instruments, Inc. at $10 per share. The offering marks the initial public sale of the company's common stock.

Of the 95,000 shares offered, 50,000 shares are being sold for the company, and 45,000 for certain selling stockholders.

Net proceeds from the sale of its common stock initially will be added to the company's general funds. Subsequently, the company intends to use the funds for the purchase of production machinery and equipment; for additional test facilities; and for the addition of im¬provements to plant and facilities; and for the expansion of the research and development program. The balance of the proceeds will be made available as working capital.

The company, of 1644 Whittier Ave., Costa Mesa, Calif., is engaged in the research, design, development and manufacture of a variety of proprietary electro¬mechanical devices comprised largely of potentiometer type transducers for missile, space vehicle, aircraft, ground support and underwater ordnance applications. The company's sales are largely to customers who employ these products in military applications.

For the six months ended Feb. 28, 1961, the company had net sales of $666,789 and net income of $50,678. Upon completion of current financing, outstanding capitalization of the company will consist of 261,000 shares of capital stock, a term loan in the amount of $84,009, and a $50,000 short-term bank loan.

Eisenkraft Opens
Allan Eisenkraft has opened offices at 132 West 43rd Street, New York City, to conduct a securities business. He was formerly with Arden Perin & Co.
Today and Tomorrow

Walter Benedict, a dean of the mutual fund field, states that folks who own funds will be pleased with the prospects for reports of the companies which are now coming from the President of Investors Planning Corp. of America also makes this point that the outlook for many mutual funds is bright. He feels that the long-term picture is more encouraging than the current one; and that if the economy improves too soon, the funds may find themselves in need of another financial stimulus.

Benedict reasons that the same thing is true of the long-term record of a fund. What the investor should consider is the long-term suitability of the fund to his special needs, its performance over the past years and its prospects for satisfactory performance five, 10, or 20 years hence. In his view, there are no exceptions to the long-term nature of fund investing. His yardstick applies to all, from the aggressive to the conservative growth type to the conservatively managed balanced fund.

"Many growth stocks," says this 39-year veteran of the fund business, "are purchased as short-term investments. But no-growth stock mutual fund should appeal to anyone except for anything but the longer term."

Investors Planning Corp. has pursued his philosophy of mutual funds rather than the fund by offering one of the most extensive lines of funds and fund plans.

The plain fact is that many millions of Americans have money to invest, but have neither the time nor the inclination nor the know-how to invest their money profitably. These people, successful in their own avocations, are often unprepared to guide the affairs of an individual stock.

Thus, we find that more than 1,000 have now own available annuities issued by the Col大量可选的国家证券。该基金的规模主要来自于定期的储蓄计划。这种计划的收益来自于贡献金的利息，而贡献金则来自于基金的积累。

Right now more than 1,000 re¬
tired college students and their families can invest in a fund of

The new company, a wholly
dependent subsidiary of ICOP, will start operations with a capital and surplus of $1 million and $500,000, respectively. It is expected to invest in industrial ventures, particularly electronics and other technological industries, offering growth opportunities.

Madison Fund Inc., reports that at June 30 the fund net assets were $160,967,871, or $52.23 per share, on each of 7,797,707 shares. This company, with a net asset value of $144.74— 40, or $20.84 a share on 6,782,934 shares, had a net asset value of $31.51, or $12.23, 812. This company with a net asset value of $144.74— 40, or $20.84 a share on 6,782,934 shares, had a net asset value of $31.51, or $12.23, 812. This company with a net asset value of $144.74— 40, or $20.84 a share on 6,782,934 shares, had a net asset value of $31.51, or $12.23, 812.

WASHINGTON, D. C.—The rate of change in the yield differential between municipal and government bonds, according to the latest issue of the IBA Statistical Bulletin (June), published by the association, indicates that the most significant relationship experienced since 1954.

Another article in the Bulletin treats the record sales volume in all municipal bond issues for the first quarter of 1961. The total sales volume of $200 billion in bonds, almost 57% of which have yet to be sold, indicates that 1961 will produce an unusually heavy volume of bond elections for an "off year." As of May 1, IBA records show $1,784 million in bond elections scheduled for future months, of which $1,249 million are to be voted upon in November.

The backlog of bonds authorized since mid-1956, but not yet sold, is destined by $23 million during the first quarter to a total of $11,193 million. Since mid-1956, the voters have approved nearly $20 billion in bonds, almost 57% of which have yet to be sold.

The IBA study comparing yields on municipal and government bonds defines the "normal" relationship between yields on both types of bonds and tax differences from the "normal" are examined. Many factors affect the yield of differential between municipal and government bonds, but the major factor influencing deviations from the "normal" relationship since 1958 appears to have been the rate of change in U. S. Government debt. During periods when the national debt is rising rapidly, yields on municipal bonds tend to fall below their "normal" relationship to government bonds. During periods when the national debt is contracting or rising rather slowly, municipal tend to sell at relatively high yields compared to government bonds.

In the early months of 1951 interest rates on long-term municipal bonds have been higher than "normal" relative to government bonds for the first time since last 1958. Considering past experience, this is not unexpected, since there has been relatively little change in the U. S. Government debt during the past year. Another factor which may have caused U. S. government bonds to sell at relatively low yields compared to municipalities is the recent reduction in Federal Reserve's operation, which prevents the long-term government bond yields relative to yields on other long-term bonds.

The IBA Statistical Bulletin also indicates that during the first quarter of 1951 $2,123 million in State and local government bonds were sold, about 32% more than in the same period of 1950. Based on preliminary records for April and May, it appears that more than $3.4 billion of such bonds were sold during the first five months of 1951. This represents a seasonally adjusted annual rate of about $6.2 billion which, if maintained, would establish 1951 as a record year for municipal bond sales.

The ownership of the country's largest business by over two million people is a dramatic testimonial to the American economic system. Here, for all the world to see, is democracy at work.

The result is a communications service increasing in value to both the public and business and a vital element in national defense.

The ownership of American Telephone and Telegraph Company stock is people in all walks of life, in every section of the country.

A great many are small share owners. About 290,000 own fewer than ten shares. 42% are women. An additional 31% are joint accounts, generally in the names of husband and wife. More than 300,000 are telephone employees.

In addition to the direct owners, many of other people have an important, beneficial interest through the holdings of their insurance companies, pension funds, investment companies, banks, savings banks, etc.

Without the money that A. T. & T. share owners have put in the business, you could not possibly have the telephone service you enjoy today. Nor would there be work and wages for over 730,000 employees.

This year alone share owners have furnished $961,000,000 in new capital by subscribing to A. T. & T. stock.

Given the opportunity to plan boldly for the future—and with earnings on a level that makes such progress possible—you can be sure that we will make further contributions to the growth and security of the nation.

RECORD ATTENDANCE. Nearly 19,000 share owners attended the 1961 annual meeting of A. T. & T. This was the largest attendance ever recorded by any business. There was full and free discussion of many matters—evidence of democracy at work.

Now...2,000,000 Bell Telephone Share Owners

A NEW MILESTONE IN DEMOCRACY AND AMERICAN BUSINESS

THE OWNERSHIP OF THE COUNTRY'S LARGEST BUSINESS
Commercial Bank Failures: In a Changing Economy

Continued from page 13

merit in bank assets, since 1929, is reflected in the increased holding of government securities; many of these were 2 1/2% convertible preferred stock. In 1929, loans accounted for only 41.4% of total bank assets and real estate, while 9.2% were in commercial assets. In 1954, loans comprised 57% of total assets, real estate 9.2%, and commercial assets 14.2%. The value of loans as a percentage of total bank assets in 1954 was 1.3% higher than it was in 1929, although it may be as high as is necessary to facilitate

able to verify this contention. The amount of capital and reserves, or its ratio to deposits, is a commonly used measure of bank solvency. In 1954, shows that banks with deposits of $25 million had a capital ratio of 4.34% and those with deposits of $50 million had a capital ratio of 2.44%. In 1929, the average capital ratio for all banks was 4.66%. The largest national banks, however, derived only 8.0% of total bank assets and, in 1929, for a period of five years, there was a decline in the number of national banks and the number of assets at the Federal Reserve banks.

While the evidence is not complete nor does it show the trend of growth in the number of failures, it would appear that the American commercial banking system has tended toward increased concentration of assets. This policy seems to be in keeping with the trend toward larger banking units. More factual data on this subject is desirable.

Distribution of Assets

Since 1929 there has been a significant change in the character of bank assets. One of the most obvious is the increasing size of the deposit-taking institutions. This is reflected in the widening gap between the banks of the 1920's and early 1930's. It is not uncommon for the largest banks to have assets less than the smallest banks at the end of 1929, but in June, 1940. Yet there were 41 banks over $50 million in 1940. Since 1929, the number of bank assets has declined.

Probably the greatest improvement in bank assets, since 1929, is reflected in the increased holding of government securities; many of these were 2 1/2% convertible preferred stock. In 1929, loans accounted for only 41.4% of total bank assets and real estate, while 9.2% were in commercial assets. In 1954, loans comprised 57% of total assets, real estate 9.2%, and commercial assets 14.2%. The value of loans as a percentage of total bank assets in 1954 was 1.3% higher than it was in 1929, although it may be as high as is necessary to facilitate

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Our Financial System
And Economic Growth

Continued from page 3

monetary management fully ef
cient, including until now between com-
meriting systems, but a close examination of all
other financial institutions on the subject
n banks are the only financial ins-
stitutions which can truly create fiduciary redeemable and
should be a matter of concern in this
As far as we can tell, these "banks of the
as a sort of medieval goldsmiths.
These goldsmiths were offering willing to
for safekeeping. To quote a well-
"such establishments were at first
warehouses. The depositor left his
gold for safekeeping, was given a receipt,
cept, paid a small fee for safe-
capital, and bank in gold. Quite
obviously, however, money
buy, not for its own. Money
has an anonymous quality so that
other, and one piece of pure gold
so goldsmiths and commodity
soon found it more convenient not
to any individual so as to be
able to give them upon request
of balances, at least, that he had left. Instead,
cus, the custodian of this gold
a receipt for an amount of gold
value, even though it was the only
particle of matter that he actually

In the course of time it became
the banker to keep only part of the
deposits as a reserve against
withdrawals, and to invest the rem,
ning to its merchants. In this
way the goldsmiths learned to
do double-duty—and, of course,
this process could be repeated
many times whenever the money
out came once more to be
lent. In this way the goldsmiths,
their customers and merchants,
not lose sight of the fact that
they may be duplicating their
moral and secular meanings.
Today we no longer have seem
monetary control literally, but we
do draw "empty-bank-notes,"for the
venture capital and most types
of long-term investment.
Company banks, besides holding
primarily short-term assets, have
another distinguishing charac-
teristic: they are the only finan-
cial institutions which can truly
create fiduciary redeemable and
reserve certificates. They are the only
institutions in which the safety of the original
depositors demanded that
emergency. The banks' loans
could not be called in, and this
reason that Anglo-Saxon language
merchants that banks loan short-term and
self-lending. Today we no longer
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Yet, perhaps the most perplex-
ing problem is that the various
monetary policies seem to
conflict. In the recession of
prices did not fall, even
though we had considerable ex-
cess capacity and unemployment.
Another problem is the
high degree of inflation.
We need to find a way to
the conflicting needs of
economic growth.
The growth.
Another problem is the
reduction of the central
banking. And, finally, we
are in the process of
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The solution to the
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STATE OF TRADE AND INDUSTRY

Continued from page 16
withdrew a recent 2% increase of steel that could have led to a glut, though such a glut is not expected to develop. The steel industry is so far dealing with the problem of excess inventories and rising costs by reducing output and holding steel inventories to a minimum. This has led to a decrease in steel prices, which have fallen by 5% in the last few weeks.

Inventories of steel have fallen by 10% in the last month. This has led to an increase in production, which has risen by 5% in the last quarter. The steel industry is now in a better position to meet the demands of its customers.

The steel industry is also facing a problem of excess capacity. The steel industry has a surplus capacity of 25% in the last quarter. This has led to a decrease in prices, which have fallen by 5% in the last month.

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**INDICATIONS OF CURRENT BUSINESS ACTIVITY**

| AMERICAN IRON AND STEEL INSTITUTE: | Latest | Previous | Month | Year | Year
|------------------------------------|--------|----------|-------|------|------
| 1962-63: Sales and operating (per cent capacity) | | | | | |
| | 1961-62: | 1960-61: | | | |
| | Weekly | Weekly | Monthly | Yearly | Yearly
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**Securities Now in Registration**

**A.G.E. Funds, Inc.**

**Abbey Automation Systems, Inc.**

**Acro Electronics Co.**

**A Drive Auto Leasing System, Inc.**

**Adolph Electronics, Inc.**

**Hupp Systems Class A Sold**

**AllStar Bowling Centers, Inc.**

**Amcor Corp.**

**American Electric Laboratories, Inc.**
May 26, 1961 filed 10,632 shares of class A common stock, at $10 per share. Proceeds—For subscription by stockholders at the rate of one share for each 1,000 shares held. Proceeds—To be held by amendment. Business—The manufacture and sale of electronic components and control equipment. Proceeds—For expansion and working capital. Office—121 North Seventh Street, Philadelphia, Underwriter—Suplee, Yeatman, Mosley Co., Philadelphia, Pa.

**The Commercial and Financial Chronicle** — Thursday, July 27, 1961

**Development Corp. of America Common Offered**
Amos Treat Co., Inc., New York City, and Pittsburgh, Pa., and E. L. Lechinger, Inc., single family homes, both engaged in the real public sale of the company's common stock. Net proceeds from the financing will be used by the company to purchase a balance of the shares held for development and home construction purposes in the city limits of the city of Miramar, Fla.; and for the development of this tract. The balance of the shares held for general fund will be available as required.

The company of 5770 Hollywood Blvd., Hollywood, Fla., is engaged principally in the development and construction of single-family residence debt and communities in the State of Florida. Since 1955 the company had developed and presently under construction such residential communities in the Hollywood, Miramar, Ft. Lauderdale, Port Richey, Carobbio, and several areas in Florida containing 1,624 acres, of which 1,411 acres were completed and 79 under construction on March 31, 1961. The company has also constructed related water and sewerage systems, as well as land development including roads and curbs and landscaping. The company has completed the following:

- The four months ended March 31, 1961, the company's affiliated companies total sales of houses and lots for $5,100,000, and net income from said sales were $2,900,000.

**Alaska National Bank, Inc.**
July 20, 1961 filed 1,600,000 common shares and oil leases on 400,000 acres to be offered in 625 units each consisting of 640 acres and 2,600 shares. Price—$2,600 per unit. Business—The exploration and development of oil and gas properties in Alaska. Proceeds—For general corporate purposes. Office—120 S. Third St., Las Vegas, Nev.

**Allied Metals, 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, stockholders. Proceeds—For building—Manufacturers of women's wear. Proceeds—For working capital. Office—270 N. W. 5th St., Miami, Fla. Underwriter—Clayton Securities Corp., Boston (managing).

**All Star World Wide, Inc.**

**Amcor Corp.**

**Amcron Corp.**

**Aero Fidelity Acceptance Corp.**

**Aero Space Electronics, Inc.**

**Allen Inc.**

**Aimsail Corp.**

**Air Master Corp.**
May 26, 1961 filed 200,000 shares of class A common stock. Proceeds—For repayment of debt and working capital by the present holders thereof. Price—to be supplied. Business—The company is engaged in the business of leasing automobiles for periods of six months and longer. Proceeds—To repay loans; open new offices in Philadelphia, Pa.; and expand the business. Office—2501 West Boulevard, Manorhaven, N. Y. Underwriter—Hill, Darlington & Gritim, New York City.

**Airtronics International Corp. of Florida**
June 21, 1961 filed 100,000 common shares of which 110,000 shares are to be offered by the company and 800 shares by stockholders. Price—By amendment.

Your Prime Source for All New Issues
Bought — Sold — Quoted for Banks, Brokers, Institutions
Sidney Siegel & Co., Inc.
39 Broadway, New York 6, N. Y.
Digby 4-2370
Telephone No. N.Y. 1.5237

Note: Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with certainty. Therefore, the information in the index and in the accompanying detailed items should be considered tentative but are not, in general, to be considered as firm offering dates.
American Finance Co., Inc.
April 21, filed $500,000 of 6% convertible subordinated debentures due 1971; 75,000 shares of common stock, and 25,000 common purchase warrants to be offered for public sale in units consisting of one $1,000 debenture, 30 common shares and 10 warrants. Price—$800 per unit. Business and company affairs are primarily engaged in the automobile sales finance business. Other subsidiaries are a Maryland savings and loan association and two automobile insurance companies. For the first quarter of the year. Underwriter—Offices expected to be in New York City.

Federal Reserve Bank of St. Louis

E. E. incid
July 8, 1961, filed $925,000 of common shares (par 20 cents) to be offered for subscription by stockholders for a 15 day period. Price—$1.50. Proceeds—For legal working capital. Underwriter—Offices at 1446 Roswell, N. M. Underwriter—None.

American Mortgage Investment Corp.
April 29, 1960 filed $1,000,000 of 4% 20-yr. collateral trust bonds and 1,500,000 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, representing 4000 of bonds and 758 shares of stock. Price—$1,000 per unit. Proceeds—to be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. Offices—101 Center St., Little Rock, Ark. Underwriter—Amico, Inc. Offering—in late August.

American Orbitronics Corp.

American Realty Trust Corp.

American Recreation Centers, Inc.

American Sports Plan, Inc.

Amerline Corp.
July 3, 1961 filed 150,000 outstanding class A common shares consisting of 100,000 original shares and 50,000 additional shares. Business—the manufacture of components and products for sale to manufacturers of electronic computer, data processing machines, etc. Proceedings—for cash stockholders. Offices—2711 W. Chicago Ave., Chicago. Underwriter—William H. Stifel, Inc., San Francisco (marketing).

Amford International Corp.

Amity Corp.
Jan. 17, 1961 filed 86,739 shares of common stock (par $1). Proceeds—to be used for general corporate purposes. 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 $120,000 for debt redemption. Underwriter—Karen Securities Corp., New York City. Note—This statement is expected to be refiled.

American Knitting and Manufacturing Corp.

Anderson New England Capital Corp.

Continued on page 34
Continued from page 33

August 16 (Wednesday)
In Los Angeles, the American Instrument Co., Inc.-Common Shares of $100 par value, 6.25% cumulative preferred stock, 100 shares.

Kirk (Collected of Stock Co.) - Common Shares of $100 par value, 100 shares.

Mite Corp. - Preferred shares, $5 par value, 1,000 shares.

Mortgage Guaranty Insurance Co. - Common Shares, 100 shares.

Norton Oil Well Service Co. - Common Shares, 100 shares.

Plasticon Corp. - Preferred shares, $20 par value, 100 shares.

Technical Material Corp. - Preferred shares, $10 par value, 100 shares.

Teleprompter Corp. - Common Shares, 100 shares.

August 17 (Thursday)
U.S. Home & Development Corp. - Capital stock, par value, $50,000,000.

August 18 (Friday)
Lyttan Financial Corp. - Common Shares, 100 shares.

Shelley Urethane Industries Inc. - Capital stock, par value, $100,000.

August 21 (Monday)
Bid D Chemical Corp. - Capital stock, par value, $25,000.

Collellatic Battery Corp. - Capital stock, par value, $25,000.

Fleet Realty Finance Corp. - Preferred shares, $10 par value, 100 shares.

Frontier Air Lines Inc. - Preferred shares, $25 par value, 100 shares.

G-W American Leasing Corp.-Preferred shares, $25 par value, 100 shares.

NAC Charge Plan Corp. - Capital stock, par value, $25,000.

Acceptance Corp. - Common stock, par value, $100,000.

Real Estate Investment Association Inc. - Preferred shares, $25 par value, 100 shares.

Sav-Mor Oil Corp. - Capital stock, par value, $50,000.

Trinity Funding Corp. - Capital stock, par value, $25,000.

August 22 (Tuesday)
Reeves Broadcasting & Development Corp. - Preferred shares, $25 par value, 100 shares.

August 25 (Friday)
Intercontinental Industries Inc. - Common Shares, 100 shares.

Continued from page 33

• Automotive Vacuum Control Corp. March 30, 1961 (letter of notification) 60,000 shares of common stock—$1.00 (par $1). Price—$3 per share. Proceeds—For advertising and promotion expenses.


• Cymetra Corp. (8/15) Nov. 14, 1960 (letter of notification) 100,000 shares of common stock (par one cent). Price—$3 per share. Proceeds—For the construction of peripheral industries.


• Cymetra Corp. April 7, 1961 filed $9,038,900 of 4% subdivided debentures due 1981, with subscription by stockholders on the basis of one $100 debenture for each 50 common shares held of record July 21 with right of preemption of each debenture on a pro rata basis. Proceeds—For the operation of a chain of restaurants in the New York City area, expansion of the chain, and for general corporate purposes. Office—425 Lexington Ave., New York, N. Y. Underwriter—F. Eberstadt & Co., New York City (managing).

• Chrsin Photo Industries Corp. June 29, 1961 filed 125,000 shares of class A stock (par $10). Price—$5. Proceeds—For general corporate development and designing products. Proceeds—For general corporate

Continued on page 36
Delta Venture Capital Corp.

Denver Real Estate Investment Trust

Denver Real Estate Investment Fund

Diversified Wire & Cable Corp. of America

Dunlap Oil and Refining Corp.

Dollar Mutual Fund, Inc.

Duke Shopping Center Limited Partnership

Dunlap, Bailey & Co.

Dunlap, Lyons & Co.

Electro-Miniatures Corp.

Electro-Miniatures Corp.

Electro-Thermal Systems, Inc.
June 28, 1961, filed 175,000 capital shares, of which 118,000 shares are to be offered by the company and 37,000 by shareholders. Price—$1 per share. Business—The manufacture of electronic miniatures, crystals, and other electronic equipment. Office—33-00 Northern Blvd, Long Island City, N. Y. Underwriter—Goodbody & Co., New York (managing).

Electronic Products Corp.

Empire Gear, Inc.
June 28, 1961, filed 1,250,000 shares of capital stock to be offered in exchange for blocks of designated securities. Proceeds—To offer a tax-free exchange of its shares for blocks of corporate securities held by insured savings banks of $50,000 or more. Office—44 School Street, Boston, Mass. Underwriter—A. B. Harriman & Co., New York. (managing).

Empire Life Insurance Co. of America

Empire Mortgage Development Corp.
May 19, 1961, filed 242,000 shares of common stock and 14,500 shares of preferred stock. Price—to be offered for public sale in units of one preferred and 25 common shares. Proceeds—To be used for the purpose of financing the development of 228 units of multifamily housing for sale and occupancy by families of moderate income. Office—116 W. 14th St, New York. Underwriter—None.

Eastern Air Devices, Inc.
June 16, filed 150,000 common shares to be offered for subscription by stockholders. Price—5% per share. Business—The manufacture of aircraft and related items, automobile parts, and general and for general corporate purposes. Office—175 Expo Avenue, Amityville, N. Y. Underwriters—Flomenhaft, Seldner, Zeller, Austin, Krohn, Upham, & Co., New York (managing).

Dynamic Gear, Inc.

Dynamic Toy, Inc.

E. C. P. I., Inc.
Hilco Homes Corp.
June 8, 1961 filed 39,594,000 shares of 6 1/2% convertible subordinated debentures due 1971 and 18,500,000 convertible preferred shares to be offered for public sale in 6,500 units, each containing 10,000 preferred shares and 2,000 debentures.

Price — By amendment. Business — The manufacture of prefabricated houses and swimming pools, and wholesaling products and services for the fiberglass industry, including particular materials known as "Britefilm" and "Skyliner." Proceeds — For general funds, including expansion of the business.


Industrial Gauge & Instrument Co., Inc. (8/16)


Industrial Materials, Inc.

Underwriters — None. 

International Business Systems Corp. (8/12)

Underwriters — A. J. Rossin 

Intercontinental Bank of Commerce (8/15)

Underwriters — None.

Interstate Department Stores, Inc. (5/20)
June 19, 1961 filed 100,000,000 shares of preferred stock (par $1). Proceeds — For general corporate purposes. Business — The manufacture of and dealing in hardware, machinery and tools.

Underwriters — None.

Iron Ferromagnetics Corp. (8/30)

Underwriters — 

Iroman Associates Co., Inc. (9/8)
May 16, 1961 filed 100,000 shares of common stock. Price — $5 per share. Business — The manufacture and sale of steel and iron products.

Underwriters — None.

Israel-America Hotels Ltd.
June 6, 1961 filed 1,250,000 ordinary shares. Price — $1 per share. Business — The establishment of hotels in Israel. 


"Israel" Israel-Rascoe Investment Co., Ltd.
March 27, 1961 filed 50,000 shares of ordinary stock. Proceeds — For general corporate purposes. Business — The establishment of the company.

Underwriters — 

Jackson Commerce Realty Co.
June 16, 1961 filed $6,780,000 of limited partnership interests for public sale. Proceeds — For the improvement of real estate. Business — The sale of shopping centers and the renting of space.

Underwriters — None.

Jaymax Precision Products, Inc. (7/31/61)
June 28, 1961 filed 150,000 common shares (par 10 cents). Proceeds — For construction of equipment, inventory and working capital.

Embark on a journey through the commercial and financial landscape of Florida, as we delve into the world of perpetual corporate engagements, real estate transactions, and the intricate dance of financial instruments. 

**Federal Reserve Bank of St. Louis**

**Laurel Oak Corp.**

**Maclevy Associates, Inc.**

**Michigan Pipe Line Co. Ltd.**

**Miniature Precision Bearing Co.**
July 1, 1961 filed 25,000 shares of class A common stock of which 50,000 shares are to be offered for sale by the company and 50,000 shares by a stockholder. Proceeds—For repayment of debt. Office—350 Credit Foncier Blvd., Van¬cover, Canada. Underwriter—Price & Power Income Fund, Inc.

**Marine Structures Corp.**

**Park Rock Rental Corp.**

**W. Scranton Corp.**

**Tri-State Power & Industrial Equipment Co., Inc.**
June 30, 1961 filed 50,000 common shares to be offered for subscription by stockholders on the basis of one new share for every two shares held. Proceeds—For repayment of loans and for expansion. Office—2615 W. 26th St., Underwriter—Edward D. Jones & Co., St. Louis, Mo.

**Mite Corp.**

**Mite Corp.**

**Marsan Industries, Inc.**

**Marsey Corporation.**

**Master Craft Medical & Industrial Corp.**

**John C. Lee, Inc.**

**Lincoln Island Bowling Enterprises, Inc.**

**Long Island Bowling Enterprises, Inc.**
Prep Products, Inc.  
July 6, 1961, (Reg. A?), 1,400 common shares. Price—At par ($100). Proceeds—For royalty payments on licenses, growing and marketing capital. Address—520 W. 36th St., New York.

Republic Aviation Corp. (8/24)  

Ripley Co., Inc.  
May 10, 1961, filed 52,000 common shares of stock, of which 10,000 shares were offered to the public and 42,000 shares were offered to the company. Proceeds—For working capital, general corporate purposes, and payment of taxes. Address—New York, New York City (managing).

Riverside Co.  

Ruble, Ltd.  

Royal Chemicals, Inc.  
July 6, 1961, filed 1,400 common shares, par value $100. Price—By amendment. Business—The manufacture of chemical and related products. Proceeds—For repayment of debt, working capital, and general corporate purposes. Address—Tijuana, B. C., Mexico (managing).

Royal School Laboratories, Inc.  

Rudd-Melikian, Inc.  

Sal-Chrome-Optics, Inc. (8/4)  

Sav-Mor Oil Corp. (8/23-25)  

Southern Growth Industries, Inc.  

Southern Realty & Utilities Corp. (8/30)  

Southwestern Growth Fund, Inc.  
July 21, 1961, filed 250,000 common shares. Price—At net asset value of $10 per share. Business—The purchase of real estate in parts of various states. Proceeds—For real estate development fund. Address—1130 Union Trust Building, Dallas, Texas. Underwriter—None.
May 24, 1961 filed 125,000 shares of common stock, Price—To be supplied by amendment. Business—The company manufactures, sells, and markets electronic data processing machines and equipment. Proceeds—For the repayment of debt. Offered—For resale by the underwriters.

Federal Reserve Bank of St. Louis

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Swance Paper Co., Inc.

June 29, 1961 filed 150,000 common shares of which $50,000 are to be offered by the stockholders. Price—By amendment. Business—The company manufactures paper products. Proceeds—For general corporate purposes. Office—205

T. V. Development Co.

May 26, 1961 filed 100,000 shares of common stock. Price—$2.85 per share. Proceeds—For the repayment of debt. Offered—For resale by the underwriters.

Star Homes, Inc.

June 6, 1961 filed 120,000 shares of common stock, Price—By amendment. Business—The manufacture of hydraulic and pneumatic equipment and for the aircraft and missile industries. Proceeds—For repayment of indebtedness and working capital. Address—P. O. Box 10988, Fort Worth, Tex. Underwriter—First Southwest Co., Dallas.

Streator Co.


Sun Valley Associates

March 30, 1961, letter (of notification) $200,000 of limited partnership interests to be offered in units of $5,000, or tranches thereof, at $2,500. Proceeds—For working capital. Address—Harvey Co., San Francisco.

Superintendents Corporation

Jan. 30, 1961 filed 2,000,000 shares of common stock. Price—By amendment. Business—The company was formed in March, 1959 to provide an attorney to the Federal government on the basis of the trustees evaluation of the underlyng public bonds, plus a stated amount or the difference between the sum thereof by 5,000. The trust was formed to purchase, hold, and sell tax-exempt obligations of states, counties, municipalities and territories of the United States. Sponsor—John Urban & Co., New York (managing).

Tax-Exempt Public Bond Trust Fund


Tax-Exempt Public Bond Trust Fund, Series 2


Technological Information Systems & Service, Inc.


Technical Material Corp.


Techno-Vending Corp.

June 8, 1961 filed 400,000 shares of common stock of which 240,000 are to be offered for public sale by the present holders thereof. Price—By amendment. Business—The company manufactures and sells vending machines. Proceeds—For the repayment of debt. Offered—For resale by the underwriters.

Tempton Danforth Corp.


Tempton Industries Inc.


Tennessee Investors, Inc.

May 22, 1961 filed 150,000 shares of common stock to be publicly offered, and 4,296 common shares to be offered to holders of the outstanding common on the basis of one share for each nine shares held. Proceeds—$12.00 per share. Proceeds—For the repayment of debt. Offered—For resale by the underwriters.

Terry Industries, Inc.

Feb. 22, 1961 filed 500,000 shares of common stock of which 575,333 shares are to be offered for the account of the present holders thereof. Price—$2.00 per share. Proceeds—For the repayment of outstanding stock, are to be offered for the account of the present holders thereof. Price—For the company’s own purposes. Proceeds—For the repayment of debt. Offered—For resale by the underwriters.

Texas Capital Corp.


Texas Eastern Transmission Corp.


Texas Transac Corp.

June 23, 1961 filed 120,000 common shares of which 100,000 are to be offered for the account of the present holders thereof. Price—$1. Business—The company manufactures and sells electronic and mechanical equipment for industry and Department of Defense. Proceeds—For the repayment of debt. Offered—For resale by the underwriters.
ATTENTION UNDERWRITERS!

Do you have an issue you would like to discuss? Our Corporation News Department would like to know about it so that we can prepare an item similar to the following:

Would you telephone us at RE 1-2570 or write us at 23 Park Place, New York, N. Y.

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 it will be a going concern. Proceeds—To determine by competitive bidding. Probable bidders: Halsey, Stuart & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). 

Baltimore & Electric Co.  
May 25, 1961, it was reported that this company plans to issue about $20,000,000 of first mortgage bonds in late 1961 or early 1962. Proceeds—To determine by competitive bidding. Probable bidders: Harriman Ripleys & Co. Inc., Kuhn, Loeb & Co., and Eastman Dillon & Co. (jointly).

Commonwealth Edison Co.  
July 12, 1961, it was reported that the company plans to spend $270,000,000 in construction in the five-year period ending 1965, and that it will require $150,000,000 of outside financing. Present plans call for underwriters to sell about $20,000,000 in each of the following three years. No common or preferred stock financing is planned during the period. Proceeds—To be determined by competitive bidding. Probable bidders: First Boston Corp.; Halsey, Stuart & Co.; Inc.; Glore, Forgan & Co.; and Morgan Stanley & Co. (jointly), and Standard & Poor's.

Cosmetically Yours, Inc.  
July 1, 1961, it was reported that this corporation is contemplating the manufacture and selling of cosmetics. Stockholders will be notified of the plans. Proceeds—Underwriter—P. J. Gruber & Co., Inc., New York City.

Delaware Power & Light Co.  
Feb. 7, 1961, it was reported that the company has proposed to extend its 1962 plan to issue additional common stock. The offering would be made to common stockholders on the basis of one share for each 10 shares held. Based on the number of shares outstanding, the company estimated that about 418,519 shares valued at about $14,400,000. The last offering of common stock to stockholders in June, 1959, consisted of 1,171,990 shares at $17.60 per share, to holders of record June 8, on the basis of one share for each 85 shares held. Proceeds—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, Hutton & Co., and Public Securities Group; and Shields & Co. (jointly); Kidder, Peabody & Co., and Brown Brothers, Harriman & Co. (jointly).

Dixie Pipeline Co.  
April 17, 1961, it was reported that this firm, recently formed to explore a possible route for a 1,100 mile pipelined natural gas pipeline from Texas to the Carolinas, is expected to be chartered in the near future. It is expected that the multi-million dollar plan will be financed in part by the sale of bonds and to eventually reach an annual capacity of 1.7 billion cubic feet. Proceeds—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).
Explorer Films, Inc.

March 24, 1961 it was reported that this company plans to file a 4-D listing of 20% of the company's common stock. Price—$5 per share.

Fenner & Lynch, Inc.

May 11, 1961, it was reported that the company may issue 1,141,922 shares of common stock by April 17, with rights to expire Aug. 17. Price—$22 per share.

Florida Power & Light Co.

April 24, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$9 per share.

Gabriel Corp.

April 24, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$9 per share.

Georgia-Pacific Corp.

April 24, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$9 per share.

Halsey, Stuart & Co.

April 24, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$9 per share.

Hawaiian Telephone Co.

March 6, 1961 it was reported that this company plans to sell about $5,000,000 of debentures. Price—$15 per share.

Hollywood Artists Productions, Inc.

June 20, 1961 it was reported that this company plans to sell about $10,000,000 of debentures. Price—$17 per share.

Houston Light & Power Co.

March 6, 1961 it was reported that this company plans to sell about $5,000,000 of debentures. Price—$15 per share.

Houston Lighting & Power Co.

March 6, 1961 it was reported that this company plans to sell about $5,000,000 of debentures. Price—$15 per share.

Hucquor, Mobile & Ohio RR (R. 9)

July 25, 1961 it was reported that this company plans to sell about $15,000,000 of preferred stock. Price—$3 per share.

Hulett & Drexel, Inc.

May 11, 1961 it was reported that this company plans to sell about $5,000,000 of common stock. Price—$5 per share.

Hunt-Renfro Co.

April 24, 1961 it was reported that this company plans to sell about $5,000,000 of common stock. Price—$5 per share.

Hygrade Packing, Inc.

June 25, 1961 it was reported that this company plans to sell about $5,000,000 of common stock. Price—$5 per share.

Illinois Terminal RR.

Jan. 16, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$10 per share.

Indiana Power & Light Co.

March 15, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$10 per share.

Ivanhoe Mines Ltd.

July 25, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$10 per share.

Kansas Power & Light Co.

March 15, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$10 per share.

Laclede Gas Co.

April 24, 1961 it was reported that this company plans to sell about $10,000,000 of first mortgage bonds. Price—$10 per share.

Lone Star Gas Co.

April 24, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$10 per share.

Macrose Industries

May 2, 1961 it was reported that this company plans to sell about $5,000,000 of common stock. Price—$5 per share.

Micro-Electronics & Marine Development Corp.

July 17, 1961 it was reported that a "Reg. A," plan was filed shortly covering $300,000 of common stock. Proceeds—For general corporate purposes. Address—Booth 7, 1961 Convention, St. Louis, Mo. Underwriter—Nance-Keltin Corp., New York City.

Monetary Services Co.

May 16, 1961 it was reported that this company plans to sell about $25,000,000 of preferred stock. Price—$10 per share.

Montgomery Ward & Co.

April 24, 1961 it was reported that this company plans to sell about $50,000,000 of preferred stock. Price—$10 per share.

Morgan Guarantee Trust Co.

July 25, 1961 it was reported that this company plans to sell about $15,000,000 of debentures. Price—$15 per share.

National Airlines

May 8, 1961 it was reported that the CAB had approved the stock of 1,000 shares of stock of Pan American World Airways, Inc., subject to final approval by the shareholders. The CAB order was originally obtained under a Sept. 5, 1958 agreement under which the two carriers agreed to a share-for-share exchange of 1,000 shares of Pan American's common stock for 1,000 shares of the CAB's common stock. Pan American reported that it would divert themselves of the stock. Price—About $20 per share.

New England Electric System

Jan. 6, 1961 it was reported that this corporation is contemplating its first public financing. Business—The company has purchased the assets of the Massachusetts Electric Co., 11801 Flagler Blvd., Miami, Fla. Underwriter—M. L. Lee & Co., New York (managing).

Nordam Corp.

April 24, 1961, it was reported that this company plans to sell about $25,000,000 of common stock. Price—$5 per share.

Procter & Gamble Co.

March 15, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$10 per share.

Rensselaer Construction Co.

April 24, 1961 it was reported that this company plans to sell about $25,000,000 of common stock. Price—$5 per share.

Ronski & Co.

May 11, 1961 it was reported that this company plans to sell about $5,000,000 of common stock. Price—$5 per share.

S & H Co.

April 24, 1961 it was reported that this company plans to sell about $50,000,000 of preferred stock (par $100). Proceeds—For working capital.

Salomon Brothers Inc.

July 25, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$5 per share.

Siegel, Halsey, Stuart & Co.

April 24, 1961 it was reported that this company plans to sell about $5,000,000 of common stock. Price—$5 per share.

Sunbeam Corp.

April 24, 1961 it was reported that this company plans to sell about $5,000,000 of first mortgage bonds. Price—$5 per share.
Bramalea Consol. Developments Units Offered
- Sheldrake, New York City, and associates are offering public today (July 27) 120,000 units of Bramalea Consol. Developments Limited at $100 per unit. The majority of the units is offered, including a principal amount of 6½% debentures, due July 27, 1965, and 1% common mortgage share purchase warrants, each evidencing the right to subscribe for one common share.

Williams Bros. Common Offered
- A public offering of 200,000 shares of common stock of Williams Bros. Corporation (July 27) at $31.25 per share by Reynolds & Co., Inc. & associates.

First Republic Branch
- KINGTON, N. Y. — The First Republic Bank of Kingston, N.Y., has opened a branch office at 12 John Street Street.

New Hutton Branch
- LOS ANGELES, Calif. — F. H. Hutton & Company has opened a branch office in the Wilshire Plaza at 300 Wilshire Boulevard. "The firm's new branch will be managed by Stanley D. Fitch, 303 Wilshire Boulevard under the management of Paul A. Woods.

Johnston Co. Branch
- ELYRIA, Ohio—Johnston & Company, Inc., has opened a branch office at 336 Broad Street under the direction of William J. Krantz.

Dividend Advertising Notices
Appeal to Page 10.
WASHINGTON, D. C. — Before the Berlin crisis developed, there was a loud cry against a group of many members of Congress that the lawmakers should expedite their work and go home.

There was talk of early adjournment. Now there is little or no adjournment discussion. Some of the pessimists feel that Congress will still be in session in October.

With a great crisis facing the Nation, Congressmen feel more secure, as far as their constituencies are concerned, than they do at home. They want to feel that they are a part of the team that is making the big decisions in the July 11th. It gives them more stature at home.

At the same time the chambers of Congress are serving as a sounding board for members to express their own views and the views of their constituents to a national audience.

It is conceivable that President Kennedy’s address to the Nation may result in Congress remaining in session longer than it normally would.

Judging by the mail that some members of Congress say they have been receiving from home, the country does not want the United States to give any ground to the Soviet Premier in whatever decision he may make.

Apparently the people, already sorely burdened with taxes, are ready to see a little less talk, if necessary, to build up the military machinery to meet the threat.

* * *

**Defense Costs**

The House about a month ago passed 412 to 8 a bill appropriating $42,711,082,000 to the Department of Defense for fiscal 1962 which, at an amount, incidentally, was almost $2,000,000,000 more than the sum recommended in President Eisenhower’s budget which he sent to Congress in February. The Appropriations Committee, however, has recommended that the figure of the Appropriations Committee be increased. This would amount to about $2,200,000 more than the average strength for fiscal 1961.

Under the plan the military personnel authorized to be in the armed services in this manner: Army 874,000; Navy 627,800; Marine Corps 184,000 and Air Force 82,500.

**On Balance**

There is considerable gloom in some quarters of the military about the strength of Russia. But truth is, we are more powerful today than ever before. So it is Russia. The Soviet Union’s newspaper, "Tasmania," proudly claimed that Russia has a larger fleet of rocket-firing submarines than the United States.

That might be true, but our Navy has the most powerful naval fleet in all the world. It is generally known that the so-called Russian circles of this country that Russia has been working on a long range program of atomic-powered submarines.

Apparently we are going to step up the program for building long range bombers. Under the pending military legislation, the sum of $448,840,000 will be used for development and production of long range bombers—the type of manned craft that can travel 2,900 miles an hour.

**Reilly in Berlin**

Meantime, there was strong belief in Washington that so far Premier Khrushchev will not be misled about the attitude of the people in this country, who do not want war but who will not be pushed any further.

Official Washington is hoping that Soviet Ambassador Menshikov has told Khrushchev that the United States is not going to be tricked. The Ambassador has denied making a remark about Washington that he did not believe that the people of this country would fight the Russian Line.

He would be making a serious mistake if he should believe that to be true and correct.

The Soviet Ambassador’s purported Washington party remark brought to mind is the Soviet Ambassador in London, Joachim von Ribbentrop, to Adolph Hitler in 1928. Ribbentrop asserted that the British would not go to war. Prime Minister of Great Britain, Chamberlain, is said to have said he would be making a serious mistake if he should believe that to be true and correct.

**Coming Events**

**in Investment Field**


Sept. 5, 1961 (Cleveland, Ohio) Northern Ohio Group of Investment Bankers Association meeting.

Sept. 12, 1961 (Denver, Colo.) Rocky Mountain Group Investment Bankers Association meeting.


Sept. 15-17, 1961 Pacific Northwest Group of Investment Bankers Association meeting at Hayden Lake, Idaho.

Sept. 29-30, 1961 (Omaha, Neb.) Nebraska Investment Bankers Association annual field day.


Oct. 5-10, 1961 (Denver, Colo.) Association of Stock Exchange Firms. Fall meeting of Board of Governors at the Brown Palace Hotel.


Oct. 10, 1961 (Toronto) Canadian Group of Investment Bankers Association meeting.

Oct. 12, 1961 (Montreal, Canada) Canadian Group of Investment Bankers Association meeting.

Oct. 15-17, 1961 (White Sulphur Springs, W. Va.) Southeastern Group of Investment Bankers Association meeting.

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


Oct. 29-31, 1961 (Milwaukee, Wis.) National Association of Investment Clubs 11th annual national convention at the Hotel Schroeder.


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**Formed in Los Angeles**

Mr. Koenig, Mr. Hawkins and Mr. Titus has been formed with offices at 606 South Hill Street to engage in a brokerage business. Officers are William M. Koenig, President; Stephen M. Vais, Vice President and Treasurer; Merrill M. Williams, Jr., Vice-President and Secretary; and B. S. Levitt, Assistant Secretary.

Mr. Hawkins was formerly on officers of the Security Fund Management Co.; Mr. Titus and Mr. Vais are partners in Counselors Management Co.

Col. Miller Vice-Pres. of Saul Lerner

**New York—Colonel Homer E. Miller, formerly director of education and research at the Saul Lerner Co., 40 Exchange Place, New York, has been named Vice- President of the company.

Tritsch Elected Secy. of Chemical Fund

Chemical Fund, Inc. has announced that Robert G. Tritsch has been elected Secretary of the fund which is controlled by the Board of Directors.

Before joining Chemical Fund, Mr. Tritsch was a partner in Heyden-Newport Chemical Corp., in which he worked as a corporate attorney.

Chemical Fund, Inc. was founded by F. Eberstadt & Co. in 1938.

Forms Nordic Securities

Nils A. Sandberg is engaging in a securities business from offices at 355 West 118th Street, New York City, under the firm name of Nordic Securities Co.

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