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EDITORIAL

As We See It

Again the other day the President warned the country that it could not afford endless debate and delay in proceeding with some of the measures and programs that are near to his heart. These remarks of the Chief Executive, along with others that have been forthcoming of late, seem to foreshadow his plans for the election campaigns soon to be in full swing. The general doctrine of urgency in facing many situations and affairs in this country, politically if not otherwise, is closely akin to the "rendezvous with destiny" preachments of the early New Deal days and has long been one of the favorite themes of the President. Indeed it appears to be a requisite of current political strategy if the long list of radical changes that he would effect can be given much practical reality for the rank and file. Logically, there must be extraordinary reasons for such an extraordinary course of action as that upon which the President and certain elements in his party have set their hearts.

One would suppose—indeed it is sometimes set down in explicit terms—that the record of our industry and trade since the war was one about which we should be ashamed. If all the programs now proposed by the so-called "forward-looking" political elements, or even a substantial part of them, really are essential then what we have been doing in postwar years must be definitely unsatisfactory. Else the "challenge of the century" must remain a matter of conjecture in light of the actual and expected population growth and the competition we are facing or will presently face from foreign producers.

The extraordinary, although to be expected, recovery from postwar prostration, particularly in Europe and Japan, have produced statistics which give grave concern to those political powers who have taken it upon themselves to guide and control our industry and trade. In some instances and in a certain sense they make our own figures look a little drab in spots. The fact is, though, that our own postwar rec- (Continued on page 25)

Federal Reserve's Credit Policy—The Past, Present and Future

By William McChesney Martin, Jr.,* *Chairman of the Board of Governors of the Federal Reserve System*

Central banking chief, stressing adequacy of banking system's supply of reserves for today's credit needs, rejects easier credit policy for stimulating the economy. Asserting that credit has perhaps actually been too easy in the past, Mr. Martin urges financing of deficit through real savings in lieu of short-term bank credit. Finds business conditions improved in July over June, with betterment continuing in early August; and expects mixed movement for awhile. Suggesting our over-sensitiveness to cyclical indicators, Mr. Martin forecasts further growth in the broad aggregate measures of economic activities.

Much in the recent flow of statistical information has indicated a definite loss of momentum in the pace of economic expansion. This was particularly true of the June reports. In that month, there were declines in durable goods orders, average hours of work at factories, retail sales and housing starts, and only small gains in industrial production, employment and personal income. Altogether, the impression of slowdowns seemed well confirmed.


W. McC. Martin, Jr.

There has been a popular tendency to view the various signs of slowdown as foreshadowing an imminent upper turning point in the economic cycle. Judged from the perspective of cyclical indicators, which in the past have shown a tendency to run ahead of the over-all data, this view has perhaps been reasonable.

I sometimes wonder though if we have not become overly sensitive to cyclical indicators—we read, watch, study, and talk about them so much that we may have become like medical students who acquire each disease as they read about its symptoms in their text-books. We ought to remember that, while leading indicators have correctly foretold some recessions, they have also on occasions given portents of recession that did not occur.

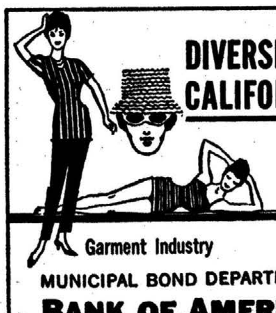
In June, our economic data were subject to certain special influences and, if allowance is made for these, the situation does not appear so persuasively discouraging as appeared at first sight. Thus, using up the inventory accumulated in anticipation of a steel strike that did not occur affected not only new orders for steel but also employment and hours of work in the steel industry, and unemployment claims in steel centers.

The steel industry is so large that declines in that one industry can at times result in declines in over-all manufacturing orders, employment, hours of work, and many other measures of economic activity. Observers who simply count the pluses and minuses among the cyclical indicators run the risk of being overly influenced by the reflections of a decline in one industry, not of cyclical origin, showing up several times in their lists of unfavorable omens. In addition to the steel situation, though of less importance, a strike at some auto plants affected production and sales in June. The adverse effect of this on the June data should not be interpreted as being of cyclical significance.

Nevertheless, the June showing as a whole was not strong. And it certainly made clear that the economy was moving ahead more slowly than the optimistic goals widely discussed at the turn of the year.

From data now available for July, the economic situation appears improved. The unemployment rate was down slightly, non-agricultural employment rose somewhat further, and labor market data were definitely encouraging in another respect: they showed a (Continued on page 28)

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 30.



The Security I Like Best...

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

MORTON A. CAYNE

J. N. Russell & Co., Inc., Cleveland, Ohio

The Mohawk Rubber Company

"Opportunity knocks but once," says the old adage. In my opinion, opportunity is knocking a second time for the investor willing to consider the common stock of The Mohawk Rubber Company. Two powerful, but unrelated factors have created this second chance; first, shake-out in the stock market itself, and secondly, a poor performance by Mohawk in the second quarter of 1962 caused by labor difficulties in its Arkansas plant. As a result, the stock has declined from a high of 45 last January to its present range of 23-25.

Morton A. Cayne

Investment fashions change and consequently so do the criteria for recommending investments.

Measured by whichever yardstick an investor may care to use (if he hasn't thrown them all away) I believe that Mohawk at its present price level is an attractive investment.

Mohawk began its expansion program in 1955 and sales have grown since then at a compound annual rate of 12½%. Net profit, even with the estimated drop in 1962 earnings resulting from the Company's labor difficulties in Arkansas during the second quarter, has grown since 1955 at a compound annual rate of 20%.

Net sales and earnings are summarized below:

Year	Net Sales (000)	Net Profit (000)	Per Share Earnings†
1955..........	$14,330	321	$ .50
1956..........	15,126	370	.58
1957..........	20,842	563	.88
1958..........	25,513	1,065	1.67
1959..........	31,656	1,219	1.92
1960..........	32,326	1,067	1.68
1961..........	36,379	1,751	2.75
1962..........	*38,500	*1,050	*1.65

† Adjusted for stock dividends, 2% in '57, 30% in '58, 100% in '59, 5% in '60 and 20% in '61.
* Estimated.

Mohawk's business is 75% replacement tires and 25% tread rubber and repair materials for the recapping industry. Both of these markets nationwide have been expanding faster than the American economy. The growth rate in replacement tires over the past decade has averaged 5-6% and for tread rubber it has averaged approximately 10%. These percentages compare with the national growth rate of 3%. The tire industry may not be as exciting as space age rocketry but at least it operates on the ground. In this expanding industry, Mohawk has proved its ability to do much better than its competitors.

Mohawk's performance is expected to continue at the pace of the last few years. Its top management personnel are well-seasoned with an average age of only 42. Its sales personnel have an average age of only 37. Obviously, the Company is oriented to the future.

Mohawk is currently paying $1.20 per year. Because this year's earnings have been adversely affected by labor troubles, the current dividend represents a substantially higher payout than the Company would normally undertake. If, as we believe, the current difficulties are being overcome, Mohawk will probably maintain its dividend. The yield at the present market is around 5%.

At 24 in the Over-the-Counter Market, Mohawk is selling at a price earnings ratio of 9 plus on last year's earnings and only 14 plus on the 1962 estimate. The outlook for 1963 is very favorable. It does not seem likely that a company with Mohawk's growth record will continue to sell for long on the basis of its present yield and relatively low P/E ratio.

Other salient factors which merit consideration are:

(1) Mohawk Rubber has been in business for 50 years.

(2) The book value per share at the end of last year was $17.88.

(3) Of total Company assets, only one-third is invested in plant and equipment with the balance in more readily cashable assets of receivables and inventories.

(4) The Company's investment in plant and equipment has mostly been made in the past five years. Its facilities are modern and there is no indication that, in the foreseeable future, technical changes will make Mohawk's plant obsolete.

(5) Mohawk has 635,800 shares outstanding, a current ratio of 2.1 to 1, an insurance loan of $5,500,000 and working capital of $9,251,000 (all as of Dec. 31, 1961).

(6) Past performance would indicate continuing growth on a sound financial basis.

Looked at from every angle I believe that Mohawk presents a very attractive investment in today's market. Mohawk is a financially sound company coupled with the strong possibility of additional growth over the next few years.

ROBERT H. HUFF

President, Robert H. Huff & Co., Los Angeles, Calif.

American Factors, Limited

The broadening Mainland investor interest in Hawaiian securities is based upon the impressive growth of the Hawaiian economy. This growth, in turn is based upon Hawaii's position as the transportation, communications, and defense center of the vast Pacific Ocean Area, as well as its scenic and climatic attractions, and its large-scale scientific agriculture. And as the jet airplane continues to shrink the "time-distances" in the Pacific, and between Hawaii and the Mainland population centers, the growth of Hawaii should be strengthened and accelerated.

One of the most highly-regarded Hawaiian securities is the stock of one of Hawaii's largest, most diversified, and most successful companies, the 112-year-old American Factors, Limited. American Factors is Hawaii's largest wholesaler, and also one of its largest retailers; it operates the largest insurance agency; through its subsidiaries, it is the largest sugar producer; together with its subsidiaries, it is one of the largest landowners; and it is actively engaged in land development. Headquartered in Honolulu, American Factors maintains offices on the principal islands of Hawaii, and in San Francisco, Seattle, and New York City.

American Factors wholesales more than 100,000 products from 3,400 suppliers, and is the exclusive distributor in Hawaii for General Electric and other major manufacturers. It distributes building materials, including lumber, structural steel, glass, pipe, wire products, paint, plaster, floor and wall coverings, tile, roofing, pipe, plumbing fixtures, appliances, and an estimated 10,000 hardware items. It distributes industrial equipment and supplies, including electric generators and motors; trucks, trailers, tractors, power shovels, cranes, and earthmoving machinery; tires and batteries; sugar mill and food-processing equipment; refractories; chemicals and fertilizers. And it distributes a broad line of consumer goods, including cigars, cigarettes and tobacco; candy and grocery items; television and radio receivers, and other household appliances; drygoods, shoes and ready-to-wear clothing; paper, paper products, and school supplies; drugs and surgical supplies; housewares; farm and gardening supplies and equipment; and fishing equipment.

American Factors owns the four-store Liberty House, Hawaii's finest department store operation; the Waikiki Pharmacy which, in addition to selling the usual drug store variety of merchandise, operates one of the most popular restaurants in the Waikiki resort area; and under the name Ramsay, a chain of modern appliance stores. Through subsidiaries, it also operates food and general merchandise stores, and gift shops.

American Factors provides a comprehensive technical and financial service to prospective homeowners, builder-contractors, and architects; and it designs, fabricates, and erects steel, aluminum and other metal forms.

The Insurance Division of American Factors represents John Hancock Mutual Life, Fireman's Fund, Hartford Fire, Insurance Company of North America, Reliance Insurance, Fidelity-Phenix, and a number of other property-liability insurance companies.

The plantation subsidiaries and affiliates of American Factors produce nearly 30% of the Hawaiian sugar crop. Its subsidiaries also operate several electric and industrial water supply companies, and two sizable cattle ranches.

The land holdings of American Factors and its subsidiaries consist of 87,756 acres owned in fee, and leases on 78,588 acres. Among the fee lands are 20 acres in or near downtown Honolulu, including a square block fronting on the main business street; 20 acres in suburban Honolulu; and 35 acres in or near Hilo, Hawaii's second-largest city.

American Factors and its subsidiaries are aggressively engaged in land development programs whose profit sources include: increasing values for employed and contiguous lands; sales of equipment and materials for site preparation; sales of building materials; sales of completed homes; income from lands leased to others; insurance commissions; and commissions and service fees on mortgage loans.

The most widely known of the company's land developments is the Kaanapali Destination Resort on the Island of Maui, only 35 minutes by air from Honolulu. The ultimate cost of this project, largely financed and operated by others on land leased from an

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

This Week's Forum Participants and Their Selections

The Mohawk Rubber Company—Morton A. Cayne, J. N. Russell & Co., Inc., Cleveland, Ohio. (Page 2)

American Factors, Ltd. — Robert H. Huff, President, Robert H. Huff & Co., Los Angeles, Calif. (Page 2)

Future SBIC Prospects

By James E. Snyder, Partner, A. C. Allyn and Co., Chicago, Ill.*

Mr. Snyder, asserting this to be "year of crisis" for SBICs representing a challenge to the banker and investing public, asserts SBIC movement constitutes "wave of the future," and now after the break is particularly interesting stock-market-wise. Terms them "an important third arm of the investment banking business," with their prospects excellent for further growth—and with their shares particularly attractive to high bracket investors. Urges underwriters not to try to "force-feed" companies into the market too soon.

I wrote a title for this paper after I got through with my notes: "1962—Year of challenge for SBICs."

I think I could have said "Year of Crisis." However, crisis implies the necessity for some positive action to combat the crisis, and this to me and you action-minded people is the challenge. I am going to devote a large part of this talk to this, because I feel that it is very important from the point of view of the banker, the SBIC, and the general investing public. How you recognize this challenge, how you respond to it, I think will make the future history of the SBIC movement.


James E. Snyder

I do not mean to be the voice of doom, but I think there are certain harsh realities all of us have to face at this stage of the game. The fact remains that SBICs are an important medium, and it is one that I, personally (and I am sure all SBICs) would like to see off on the right track or perhaps get started again on the right track. I am not trying to be dramatic, but I think we must face up to some of the harsh economic facts of the marketplace for the SBICs, and more important, their portfolio companies for the balance of this year and possibly 1963.

We must examine the possibilities and what we can do jointly and individually toward realizing those possibilities.

Knowledgeable people know that business is not a one-way street. A good many of us thought in 1961 there was no way but up, which made the bump at the end of the road just that much harder. Nonetheless, markets were reappraised downward by substantial margins, and this, of course, included the SBICs.

The sum and substance of all of this is the fact that now is the time for all of us to take off our coats and go to work. This includes us as bankers, this includes the SBIC, and this includes the portfolio companies. I will come back to the portfolio companies.

Market's Harsh Reassessment of "Growth"

In my opinion, this is the wave of the future, and this will provide the key to SBIC market performance. This is especially an appropriate time to be discussing this particular subject, because of the massive readjustment we have had in the market in the past two months. It is important to note that the readjustment is not merely a lowering of prices, but also a broad reassessment of securities in all classifications, particularly growth stocks; this includes stock in the electronics, science industries, and all the other so-called glamour industries. I think this has been the most significant part. Heretofore in the boiling markets of 1961, we were willing to pay far into the future for a so-called growth security, not only into the future in some cases, but even into the hereafter.

These are today's facts of life; this is a thing we have to learn to live with and to learn to cope with. It would be great to indulge ourselves in the luxury of self-pity and think what might have been. Nevertheless, the problem is here, and the important thing is, where do we go? Again, I would like to say that this is an industry—(and if I get started on this it will be the rest of the talk)—which in my opinion is one of the most important things that has happened in this country in the last 25 years, just to pick a period. We are in the business of providing capital money for corporations; we have had a constant parade of small businesses for years who could not secure bank financing, who could not finance publicly. These are small businesses needing seven, ten, fifteen or a hundred or a hundred and twenty-five thousand dollars to promote their businesses. There was no place for them to go, and there was nothing to do but tell them to find a partner or generate their own money, which meant slow growth because of the tax laws and other problems.

The SBICs in my mind provided an important third arm to the investment banking business, which from my point of view we are anxious to utilize. I think it has great significance. My wish at this point is to try to make some suggestions that will more fully realize the promise of the SBICs. I'm not suggesting that we are in danger of having the movement collapse under its own weight. I don't think that is possible, but it can be set back for a long period of time simply because public confidence has been shaken, not only in SBICs, but in the market. The prospect of new financing, either for SBICs or their portfolio companies, is more remote under these circumstances than heretofore.

The SBIC business is significant to us as underwriters and investment bankers. It can be a major source of new business over the next decade. As the portfolio companies grow they will be distributed publicly. These funds will be used for new investments by the SBIC. This is why I think it is

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Articles and News

Regular Features

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OBSERVATIONS...

BY A. WILFRED MAY

SWISS BANKER'S VIEWS ON THE DOLLAR

(In Pessimistic Dissent)

Arresting indeed is Switzerland's up-dated overflowing gold and monetary situation. With her gold holdings amounting to 10.6 billion Swiss francs and the note circulation reaching 7.4 billion francs, the cover of the note circulation aggregates 142%. The bank note circulation and all short-term liabilities of the central bank are covered by 114% in gold and foreign exchange.

But for the international monetary situation, Switzerland could at any time return to *issue* gold coins. Meanwhile, the Swiss franc is based on gold only; the Central Bank is at any time prepared to sell gold to foreign central banks; and trade in gold coins is free to everybody.

The Dollar's Contribution

Authoritative word from Switzerland attests to the fact that this situation stems directly from dollar distrust, with over $275 million having flowed into Switzerland since early June — this needed capital inflow having been sufficient to over-balance this supposedly "rich" country's adverse current account and appreciable capital exports.

This most recent capital inflow has more than doubled the volume reached during the international "confidence crisis" in October 1960, when the London gold price rose to $40.

Accordingly, a leading Swiss central banker in a letter to Mr. David Rockefeller commenting on the Chase Manhattan Bank president's exchange of views with President Kennedy published in *Life* magazine, reports that "the distrust against the dollar in European circles has taken proportions never known before."

Detailing this conclusion on the situation leading to the two dollar-franc *Swap* arrangements with the New York Federal Reserve Bank, the Swiss authority goes on: "From all over the world orders to convert dollar balances into Swiss francs have reached our banks. Domestic and foreign bank customers sold U. S. securities and invested the proceeds in Swiss francs. Dollar holdings held by the Swiss National Bank rose from 716 million francs at the end of May to 1,494 million francs in the middle of July."

Continuing, "However unjustified and exaggerated the dollar doubts may be, we cannot ignore them, for unfounded obstinate rumors cause detrimental effects," he suggests as a major remedy for our all-important balance-of-payments difficulties, institution of *voluntary* restriction of capital exports, chiefly by our large banks doing international credit business.

Your columnist believes that emphasis on curbing capital exports as our remedy is ill-advised in treating a symptom in lieu of causes to be found in our domestic fiscal and monetary policies. (A. Philip Cortney, international monetary economist, has so aptly observed, "There is no such thing as 'hot money,' there are only hot places").

Nevertheless, and irrespective of the verities in this highly controversial field, the above *reportage* should be valuable in at least informing us that Europe's reputed lack of dollar worry is by no means unanimous.

* * *

COMPROMISE BETWEEN IBM AND PICASSO

In our article, "IBM versus Picasso" in this space last week (Aug. 16), we pointed out the virtue of illiquid property, as art, in a declining market, in providing its owner emotional relief through ignorance about "what's going on" price-wise.

By way of "P. S." we suggest to the interested, by way of compromise between the hyper-liquidity of the Stock Exchange and the quite complete non-liquidity of the art market, the over-the-counter securities market. *Values* in that area tend to be enhanced by the liquidity-enchanted public's prejudice against issues that are not Exchange listed—that is, of inflating the premium paid for listing's advantages.

Such listed-versus-unlisted price disparity is evidenced even in the case of the over-the-counter market's high-grade Blue Chippy issues in the portfolios of institutions and investment companies. The "value discount" in the fund category is importantly caused by the managers' "window dressing" urge to confine their portfolio displaying to the "more respectable" Exchange-listed issues.

COMPARATIVE EARNINGS YIELDS

A group of 55 leading over-the-counter industrial stocks extensively appearing in the portfolios of the institutions,* are currently available at an average price-earnings ratio of 14.3 versus 18 on the Dow Jones Industrial Average, and 16.7 on Standard & Poor's Average of 425 Industrials—and also versus the 15-times earnings "sound value" yardstick expounded by Messrs. Kennedy and Dillon.

This Counter group includes such representative issues as Time, Inc. (at 13.5 times earnings), Warner & Swasey (8.5), Sprague Electric (13) Grinnell (8), etc.

Thus there is revealed another demonstration of the substantial premium charged for stock market liquidity!

* * *

A "P. S." ON THE LIQUIDITY FETISH

Soon after publication of our article last week on the market's prevalent liquidity complex and the Stock Exchange's recurrent speed-ups of its trading mechanics in the role of a Frankenstein creating his own destroyer, we received a highly relevant item in the form of an envelope stuffer for use by the Exchange's member firms.

Titled "TAKING YOUR STOCK'S MEASURE ON TAPE" and explaining the workings of the ticker ("the pulse of the auction market") it includes the following:

"Normally, sales of 1,000 shares or more are printed in full—T 2000s117¼ (for 2,000 shares of AT&T at $117¼). But if trading volume is heavy, the printed information is condensed. If the transaction involves 1,000 or more shares, the last two volume digits (00) are dropped. On price, only the unit digit and fraction, if any, are shown. The sale of 2,000 shares now would read — T 20s7¼. However, when the price ends in a zero, the last *two* digits are shown."

Flashy "Investing"

"When trading is especially active, and the tape is running five minutes or more late, 'FLASH' prices in a selected list of key stocks are printed at specified intervals. These are intended only to facilitate observation of the current market, and the sales are repeated later in their correct chronological order.

"The Exchange's present ticker prints at a rate of 500 characters, or the equivalent of 100 words, a minute—the speed of the fastest commercial telegraphic printers today. But realizing that this speed is not sufficient to keep up with anticipated 6 to 10 million share days in the future, the Exchange has worked with equipment manufacturers for a number of years to develop a faster ticker. Based on technological advances, a new 900-character tape printer is scheduled for operation in 1964."

Thus we see the constant speeding-up of the Exchange's reporting mechanisms and accelerated trading activity following each other in a Vicious Circle.

* * *

QUOTE OF THE WEEK

"I sometimes wonder though if we have not become overly sensitive to cyclical indicators —we read, watch, study, and talk about them so much that we may have become like medical students who acquire each disease as they read about its symptoms in their textbooks. We ought to remember that, while leading indicators have correctly foretold some recessions, they have also on occasions given portents of recession that did not occur." — From Statement by Chairman William McC. Martin, Jr., of the Federal Reserve Board, before the Joint Economic Committee, Aug. 16.

This realistic depiction of the hypochondriac attention paid to the Indicators (in the economic rather than the political category) is particularly worthy in the light of the economy's current stubborn refusal, once again, to follow that supposedly greatest indicator of them all, the stock market; or even to conform to the President's picturesque post-Crash description of the economy as "running out of gas."

* As compiled by Troster, Singer & Co., and Arthur Wiesenberger & Co.

Cherokee Secs. In Nashville

NASHVILLE, Tenn. — Cherokee Securities Company has been formed with offices at 4106 Hillsboro Road, to engage in a securities business. The firm will deal primarily in municipal bonds, specializing in Southern municipals.


Harold W. Clark


Hoyt G. Hill

Harold W. Clark is President of the new firm, and Hoyt G. Hill, Vice-President. Mr. Clark was formerly an officer of Clark, Landstreet & Kirkpatrick, Inc. Mr. Hill was Manager of the municipal department of the Nashville office of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

E. F. Hutton Branch

MOBILE, Ala.—E. F. Hutton & Company has opened a branch office at 61 St. Joseph Street, under the management of Joseph Pickard.

Basic Problem Unresolved

By Leslie B. Worthington,* *President, United States Steel Corporation*

Steel industry leader cites drastic decline in profit ratios midst rises in sales and GNP over the past decade for depriving industry of the wherewithal to modernize and replace $100 billion of obsolete plant. Realistic profits, he adds, would help solve our gold reserve and balance of payments problems. Characterizes Treasury's new depreciation guidelines and proposed tax credit as steps possibly in right direction which leave uncorrected the basic problem of inflated replacement costs. Insists profits must be large enough to take care of industry's many "responsibilities."

. . . Let's take a look at a few relevant facts. Since 1950, the dollar amounts of sales by all the manufacturing industries in this country have increased by about 75 percent. But the return—or profit—per dollar of sales **declined** by about thirty percent. Our gross national product — the value of all the goods and services we produced—has nearly doubled since 1950, but the portion called corporate profit has been whittled down by close to one-half.


L. B. Worthington

Now, what do such big-picture facts mean? First, suppose corporate profits had kept pace and grown as did other parts of our economy? Then, last year, profits would have been more than $40 billion instead of about $23 billion. And if profits had kept pace, then an additional $17 billion could have helped to modernize and replace more of the nation's estimated $100 billion worth of obsolete plant and equipment. That would have helped our country meet competition from foreign countries in markets here and throughout the world. And that, in turn, would have helped us in our balance of payments problem, the drain on our gold reserves and in our level of unemployment.

But, unfortunately, profits of $23 billion cannot be stretched to perform a $40 billion job. And, it is clear from the level of investment and the competitive pressures on our products in this country that corporate profits have not been and are not now at high enough levels to do all the jobs only profits can do. . . . Certainly, our situation with respect to the level of profits is representative of that facing many other enterprises, large and small, throughout the nation. And, of course, it is the one I know first hand.

Profits' Duties

In 1961, our profits in U. S. Steel amounted to slightly more than $190 million—$190,200,000 to be exact—and this happens to be the smallest profit we have earned since 1952. To the average person, $190 million is a tremendous amount of money. And, of course, compared to anyone's personal income, it certainly is. But let's see some of the jobs it had to do.

Those of you who are stockholders would not, I am sure, have invested your savings in stock unless you had hopes of receiving dividends—a return on your invested money. Why should you? Our stockholders are no different. In fact, many of you are holders of U. S. Steel stock and, as you know, we paid dividends last year of $3 a share on the common stock.

We happen to have about 350,000 shareowners—and that word simply describes the many people and organizations who share ownership of U. S. Steel. The billions of dollars invested in our firm made possible both our business and our jobs. No stockholder holds as much as two-tenths of one percent of the total stock outstanding. Most are people who live in average homes and lead average lives.

To the stockholder group went $187,500,000 of U. S. Steel's profits. And that left just $2,700,000 to be reinvested in the business.

Now, paying the owners of our business for the use of their money is only one of the things a profit must do. Another important job is to finance **necessary** additions to plant and equipment. And, take my word for it, additions are necessary if you are going to keep up in the competitive race with other steel producers in this country, with makers of wood, glass, plastic and paper products which compete with steel, and with foreign steel producers having low hourly labor costs which give them a competitive advantage.

The Treasury's Proposed Remedy

I should mention that we also received, as does all business, a cash flow for reinvestment through the cost of that portion of plant and equipment which was worn out during the year. This cost, commonly called depreciation, however, is based on the original cost of plants and equipment. Anyone who has bought a new suit recently, a new car or attended a movie knows that what things used to cost and what they cost today are two different things. While the Treasury Department's new guidelines for depreciation and the proposed 7% tax credit on new equipment may be steps in the right direction, they still do not correct the basic problem, which is that the purchasing power of the dollar has deteriorated significantly in the last several decades and that replacement costs are much higher than the original costs of our equipment.

As a result of this fact, we have had to use over one-third of our profits in recent years just to keep our present plant and equipment intact.

And, of course, this too was one of the jobs of the $2,700,000 which remained last year for reinvestment in our business. Now, I suspect one can imagine how far $2,700,000 goes in a corporation like U. S. Steel with mills and mines located all over the country. Let me only say that it would take four times this sum just to replace **one** of the Bradley [Bradley Transportation Line] vessels, and you will realize why we were so short of the amount really necessary to do the myriad other things that are absolutely essential if we are to remain abreast in the competitive race.

Increased Borrowings

Those who feel that large corporations like U. S. Steel earn entirely too much profit may be surprised to learn that, during the last four years, we have borrowed at total of $800 million. Borrowed money must be repaid and this, too, is a job assigned to profits.

Now, with your kind indulgence, may I introduce one of those fantastic figures of big corporation finance—$3.3 billion. This was the value of all goods and services that U. S. Steel sold to its customers last year. Surely, any company which sold more than $3 billion worth of products and services must be earning substantial profits.

"Why I know a man," someone will say, "whose business did less than $1 million of sales last year. And he has a home in the suburbs, an apartment downtown, three cars and spends every winter in Florida."

I know such a man too. But the man I know didn't have 350,000 owners of his business. He didn't have a $260 million tax bill or pay employment costs of $1.6 billion. These are just some of the costs which tend to cut a seemingly tremendous volume of sales dollars down to size in a hurry. It costs more to feed a great dane than a chihuahua.

Very likely the people in Michigan associate near record car sales to general prosperity. Certainly, in the past, a big model year has generally meant good times. Thus, it may seem strange that U. S. Steel and all of its Divisions, including, of course, Michigan Limestone Division's Calcite Plant, are experiencing a profit squeeze that makes it necessary to reduce costs wherever we can.

A writer on the Detroit *Free Press*, Judd Arnett, recently put the matter quite simply, but effectively, when he wrote, "Business Is Booming, Profits Are Stagnant."

And a major reason for this is the continuing pressure of rising costs—of which, labor costs, directly and indirectly, constitute three-quarters or more of all costs up and down America's production lines. For the steel industry the facts are that from 1940 through 1959, average hourly employment costs rose by an average of about 8% per year while the average annual increase in output per man hour was less than one-fourth that rate. Since then, although the rate of increase has slowed down, hourly employment costs have continued to rise by 3½% or more annually, and just the first of last month, the steel industry had a new hourly cost increase of about 2½% during the first year of the new contract. Meanwhile, going all the way back to 1940, steel shipments per man hour worked have increased on the average only about 1.7% each year.

A Market Decision

Those were the cold, hard facts we faced last April when we decided to test the market with a 3.5% increase in the general level of our steel prices. I doubt if it is necessary for me to go into all the actions and reactions that followed. But, of all the things that did follow and of all the postmortems that were printed, there is one thing that is clear—it's not any single company that sets the price for a product in this country; the final decision on prices is made by the market.

Since our last price increase, which was in 1958, the price of bread has risen in some parts of the country by nearly 9%, milk now costs many consumers an additional 5% and the Federal Budget — or the cost of government—has increased about 24%. But U. S. Steel's attempt to test the market's response to an increase amounting to less than three-tenths of a cent per pound in the price of steel was denounced as a threat to the security and economic welfare of the nation.

The situation is reminiscent of a fellow I heard about who went to a funeral parlor to pay his last respects to a friend who had died during an Hawaiian vacation. Standing in front of him were two little old ladies, and one remarked that the deceased certainly looked rested. "Yes," her companion replied, "the trip did him a world of good."

Strong and Healthy Industries Indispensable

Certainly, price stability and a sound dollar are essential to our economic health. But it is equally certain that strong and healthy American industries, with modern, efficient, competitive plants, are just as essential to continuing and enhancing the American way of life.

It is certainly doing nobody any good to have profits continually slipping, because the long record seems to be that this country has never had prosperity and full employment without substantial profits. The idea that substantial profits are contrary to price stability and a sound dollar is a misunderstanding so seriously in error, and so unfortunate from the standpoint of our national future, that it deserves the attention of every thoughtful American. I submit that such attention will do a "world of good."

Looking ahead, it has recently been estimated by some that by 1970 there will be perhaps 13 million additional workers in the nation's labor force. This would require about a $270 billion net increase in productive assets. Of course, plants and equipment will continue to wear out and become obsolete, and this nation's businesses will probably have to generate the wherewithal to replace an estimated $150 billion worth of no-longer competitive production plant between now and 1970.

Now, I sympathize with the Congressman who remarked during a press conference several months ago that he didn't have all the answers; in fact, he didn't even understand some of the questions. The government can doctor business depreciation provisions to make them more comparable with those prevailing in foreign countries but if business should ever get medicine that goes to work on the basic disorder, it would really help. The only way business can really generate the kind of investment that will be required in the years ahead is through the mighty influence of profits. They afford the means and provide the incentive not only for making the necessary investments in the first place, but for continuing to run businesses at all.

So, looking at what profits must do in a single company or, in total, for the entire economy—pay dividends, reinvest for growth and modernization, make up for inadequate depreciation, attract new investment and provide for new jobs—one can readily understand why profits are so essential and why their size MUST be related to their vital responsibilities. This is the basic fact of business which, I believe, must be better understood today if our country is to grow and compete in an increasingly competitive world. And this is the reason, I would like to repeat, why an answer to our present problem of how to succeed in business is by really trying to understand it.

*From an address by Mr. Worthington on the occasion of the 50th Anniversary of Calcite Plant and Bradley Transportation Line of U. S. Steel's Michigan Limestone Division, Rogers City, Mich., Aug. 4, 1962.

Newhard, Cook To Admit Lewis

ST. LOUIS, Mo. — On Aug. 30 Thomas A. Lewis, Jr. will acquire a membership in the New York Stock Exchange, and will become a partner in Newhard, Cook & Co., 400 Olive Street, members of the New York and Midwest Stock Exchanges. Mr. Lewis will make his headquarters at the firm's New York office, 61 Wall Street.

A. G. Becker Office

CHICAGO, Ill.—Charles R. O'Neil has been elected an assistant vice president of A. G. Becker & Co., Incorporated, 120 South La Salle Street, members of the New York and Midwest Stock Exchanges.

The Term Gilt-Edged Is No Longer a Dirty Word

By Paul Einzig

Recent developments bringing about a heretofore unexpected favorable outlook for British gilt-edged medium and long-term loans, and even irredeemables, are scrutinized by Dr. Einzig. The fact that equities are no longer advancing to the sky, the possibility that wage inflation may be contained, and the shift in monetary policy making the whole economy liquid and lowering the long-term interest rate are some of the factors said to lie behind the new popularity of gilt-edged securities which only the resumption of inflation can upset.

LONDON, England — During the long years of the inflationary postwar boom the term "gilt-edged" came to be looked upon almost as a dirty word among investors. Demand for long-term Government loans and irredeemables came to be confined to an increasing degree to investment buying by trustees who, until recently, were prevented from investing funds in equities. While short - dated Government loans were always in demand by banks and other institutions, long-term loans and irredeemables were increasingly unpopular. The 3½% War Loan declined at one time to within reach of 50, giving a yield of nearly 7%. Even that yield failed to attract investors, because prospects of a capital appreciation were believed to have been more than offset by prospects of a further capital depreciation, and in any case, allowing for the non-stop rise in the cost of living, a 7% yield was only something between 3 and 4% in terms of real purchasing power.

So long as it was all but generally assumed that the sky was the limit to the appreciation of equities, the gilt-edged market was bound to remain under a cloud. But the recent setbacks in equities induced many investors to reconsider their attitude, especially because of the wide discrepancies that developed between the prospects of individual industries and, within them, the prospects of individual firms. For about 15 years after the war it was deemed to be reasonably safe to assume that most equities would rise together, even if the extent of their rise was liable to vary widely. Investors had to be particularly unlucky if they happened to choose an equity which altogether failed to swim with the tide. The publication of recent corporation accounts showing sharp declines of profits, and even losses, by many a first-rate firm, made the investing public feel that the happy era of non-stop prosperity had now come to an end, at any rate for the time being. Investment in equities has once more assumed a speculative character and this alone was sufficient to induce many Conservative institutional and individual investors to revert to gilt-edged.

Whether this trend will develop further or will disappear depends, of course, on the trend of the national economy. Should the government's efforts at pay restraint fail altogether, the resulting accentuation of inflation is liable to restore the situation in which investors could pinpoint the winner, or at any rate the runner-up, among equities Gilt edged then come under a cloud once more because of the inevitable erosion of their purchasing power in addition to a capital depreciation in terms of nominal pounds.

Odds in Favor of Inflation or Equities

If, on the other hand, it should after all be possible to bring the trade unions to their senses and to moderate wage inflation, the outlook for equities would not become quite as happy as it was during the greater part of the 'fifties, while the gilt-edged market would continue to attract conservative investors desirous of avoiding the risk of cuts in their dividends, a risk which would be present if inflation is kept down.

It would require prophetic foresight to be able to foretell in which direction the economic trend will develop. On the whole the odds are in favor of inflation. But it is conceivable that increased resistance to inflation might prolong for years the state of affairs in which investment in individual equities continue to entail a risk. Largely because of this possibility the outlook for gilt-edged now appears to be more favorable than it has been any time since the Labor Government was forced to abandon bolstering up the gilt-edged market.

The recent change in the fashionable monetary thinking has also greatly contributed towards the increased popularity of medium and long-term Government loans and even of irredeemables. The outstanding contribution of the Radcliffe Report to monetary thinking was its doctrine that monetary control should not be confined to Treasury bills and short-dated Government loans but should extend over the whole range of maturities. A similar trend of thought appears to have developed also in the United States where the official "Bills Only" policy has been meeting with an increasing volume of criticism and was in fact abandoned in 1960, when the authorities adopted a policy of keeping up Treasury bill rates while lowering medium and long-term Government loan yields. I am convinced that this new thinking is likely to influence British monetary policy during the next few years.

Bank Liquidity Replaced by Liquidity of Entire Economy

The idea that it is sufficient to exert official control on bill rates through Bank rate changes and to assume an adjustment of medium and long-term rates to short-term rates has now become widely discredited. Moreover, the concept of liquidity has been changed beyond recognition. A few years ago it was thought of in terms of liquidity of the banking system as expressed by the proportion of its liquid assets to its deposit liabilities. Today it is thought of increasingly in the sense of the liquidity of the entire economy. Because of the war-time policy of financing the Budgetary deficit largely by short- and medium-term borrowing and the post-war policy of renewing maturing debts largely on a short-term and medium-term basis, there has been and still is a constant stream of maturing loans, and the average redemption date of the holdings of Government loans has become much shorter than before the war. This means that the economy has become much more liquid.

This increased liquidity of the entire economy is now largely blamed for the ineffectiveness of monetary policy during the post-war period. Whether this argument is right or wrong, it is liable to influence the official policy which is likely to aim at funding. To be able to do so on reasonably acceptable terms from the point of view of the Exchequer it will be necessary to aim at lowering the yield of medium- and long-term loans.

The policy of encouraging a revival of capital expenditure by industry is likely to operate in the same sense. Today even first-rate industrial firms had to pay 6½% and more on debentures. So long as they had implicit faith on non-stop inflationary prosperity this high cost of borrowing did not deter them from borrowing, because they assumed that they would always be in a position to pass on to the consumer the extra interest charge. With the contraction of profit margins they are no longer so sure. To encourage them to borrow for capital expenditure the Government may deem it advisable to concentrate its efforts on reducing interest on long-term loans by bringing about an appreciation of gilt-edged.

Taking everything into consideration I feel justified in concluding that on balance the prospects of gilt-edged today are favorable rather than otherwise.

Schwabacher & Co. To Admit Cahn

William M. Cahn, Jr. on Sept. 1 will become a partner in the New York Stock Exchange firm of Schwabacher & Co. He will make his headquarters at the firm's New York City office, 14 Wall St.

Tax-Exempt Bond Market

*By GEORGE L. HAMILTON**

During the past week the state and municipal bond market has shown dramatic improvement. Almost without exception, the new issues that have come to market have drawn keen competition from underwriters and the overall reception by professional buyers of these loans has been excellent. During this period, *The Commercial & Financial Chronicle's* high-grade general obligation bond Index has shown an improvement of over ¾s of a point; on Aug. 22 the Index was 3.073% as against 3.112% a week ago.

A Great Week

Statistics are generally very dry and dull but to underwriters and dealers in tax-exempt bonds, this past week has been a joy to look back on and to reflect upon what has happened. There were 23 issues of note totaling over $130,000,000 bonds up for competitive sale last week and when the battle was over and the smoke had cleared, 16 issues totaling over $95,000,000 of bonds had been all sold and the few remaining syndicates had all met with good demand by investors.

Older syndicate balances were just as eagerly sought out by prospective buyers and over 30 accounts were marked all sold during this brief period. Many participating underwriters, who had written off these issues as duds and were fully prepared for the potential losses that they believed would occur, were jubilant as they could now show profits rather than red ink. Secondary market blocks of bonds were not overlooked in the frenzy to buy bonds and many of these were sold or withdrawn by dealers to await higher prices.

What Caused the Boom in Tax-Exempts?

The reasons for the dramatic improvement in municipal bond prices are many and technical, but there have been no fundamental money market or government policy changes that brought about this improvement, but rather it has been a great many small technical changes. The President's speech on the U. S. economy and tax revision made higher prices for bonds seem likely. With no tax cuts, the Treasury should have less financing to do and, consequently, there would be no pressure on these markets.

The Treasury also announced that it would redeem $1,485,000,000 of Treasury 2¾% bonds due Dec. 15, 1965/60. This is a special issue, as these bonds are partially tax-exempt, and over 90% of the outstanding amount are held by commercial banks. Owners, who will receive their cash in December, are buying some municipal bonds; exactly how many is hard to guess at present.

The healthy condition of the corporate bond market and the fact that only a handful of new offerings are on the horizon and the small calendar of tax-exempt bond offerings scheduled for the next 30 days are all a help. For the month ahead, only $195,000,000 in new issues have been advertised for sale. This is the lowest calendar of tax-exempt bond offerings since Aug. 16, 1961.

Most Telling Factor

The big factor, of course, in the betterment of municipal bond prices and the clearing out of the street of these bonds has been the resurgence of commercial bank buying for tax-exempt securities. After a lapse of four to six weeks, large New York City banks, coupled with country bank buying, have accounted for untold millions of bonds.

Casualty insurance companies, after a very long absence, have also been a factor in the market and have been very helpful in the distribution of recent new issues.

The *Blue List* float of available tax-exempt bonds totals $298,148,500 this week. This float is down from last week's total of $358,835,000 and is the lowest it has been since Jan. 31, 1962. With this week's calendar totaling just over $200,000,000, it is obvious that competition to buy new issues will be hectic. This is also the last important week for new underwritings until the fall and many dealers are leaning over backwards to make high bids and build up inventory.

Breaching "Sound Barrier"

Bidding for the issues that sold this week approached the sound barrier and may have, in some instances, gone through it. Last Friday gave some indication as 12 groups bid for $4,000,000 Washington Suburban Sanitary District (1963-1992), Maryland bonds with the syndicate headed by Halsey, Stuart & Co., Inc. the high bidder at a 3.2129% net interest cost. The runner-up bid of a 3.225% net interest cost was made by Phelps, Fenn & Co. and associates and the ten other bids ranged in interest cost from 3.240% to 3.342%.

Other major members of the winning syndicate include Connecticut Bank & Trust Co., Newburger, Loeb & Co., Commerce Trust Co., Kansas City, Rauscher, Pierce & Co., Inc., Thomas & Co., Woodcock, Moyer, Fricke & French, Inc., Granger & Co., Hannaford & Talbot, Stockyards National Bank of Wichita and Powell, Kistler & Co. The bonds were offered to yield from 1.70% in 1963 to 3.45% in 1990 and, as we go to press, a balance of $180,000 remains in syndicate. The 1991 and 1992 maturities carried a one-tenth of 1% coupon and were sold pre-sale.

Midland, Michigan awarded $2,350,000 Sanitary Sewer (1963-1977) bonds to the group headed by the Northern Trust Co. at a net interest cost of 2.832%. The second bid of a 2.910% net interest cost was made by the account headed jointly by Continental Illinois National Bank & Trust Co. and Phelps, Fenn & Co.

Other members of the winning group include Chemical Bank New York Trust Co., The First Boston Corp., William Blair & Co., The Illinois Co., Julien Collins & Co. and Fahey, Clark & Co. Scaled to yield from 1.60% to 3.00%, this issue attracted excellent demand with the present balance only $95,000.

On Monday of the current week all attention was focused on the sale of $37,000,000 State of Washington (1963-1981) bonds which were awarded to the syndicate headed jointly by Blyth & Co., Smith, Barney & Co., Halsey, Stuart & Co., Inc., Harriman Ripley & Co. and The First Boston Corp. The group submitted a 3.0529% net interest cost for the $20,000,000 Public School Building (1963-1981) bonds and the bid entered for the $17,000,000 Motor Vehicle Fuel Tax revenue (1966-1973) bonds was a 2.72% net interest cost.

An Eastman Dillon, Union Securities & Co. group was the only other bidder, entering a net interest cost of 3.0574% for the school bonds and a 2.7915% for the motor vehicle bonds.

Other major members of the winning syndicate were Lehman Brothers, Kidder, Peabody & Co., Drexel & Co., Glore, Forgan & Co., C. J. Devine & Co., Goldman, Sachs & Co., Shields & Co., Phelps, Fenn & Co., Merrill Lynch, Pierce, Fenner & Smith Inc., B. J. Van Ingen & Co., Inc., Stone & Webster Securities Corp., A. C. Allyn & Co., Inc., R. W. Pressprich & Co., Dean Witter & Co., Wertheim & Co., Carl M. Loeb, Rhoades & Co. and Paribas Corp. The successful syndicate offered the motor vehicle bonds to yield 2.15% in 1966 to 2.90% in 1973. The school securities were also offered at the same time to yield 1.65% in 1963 to 3.25% in 1981. The combined total of bonds remaining in account is $19,405,000.

Albuquerque, New Mexico, sought bids for $7,759,000 various purpose (1963-1987) bonds on Tuesday. The award was split between three groups with the bulk of the bonds, $4,686,000 Sanitary and Storm sewer (1964-1982) bonds purchased by the syndicate managed jointly by Halsey, Stuart & Co., Inc. and The First Boston Corp. at a 2.9964% net interest cost.

Other members of this syndicate are Mellon National Bank & Trust Co., L. F. Rothschild & Co., F. S. Smithers & Co., Connecticut Bank & Trust Co., Fidelity Philadelphia Trust Co. and Hemphill, Noyes & Co. Scaled to yield from 1.85% to 3.20%, all but $1,685,000 of the bonds have been sold.

The $1,700,000 City Hall Building (1963-1967) bonds were purchased by Phelps, Fenn & Co., bidding alone, at a 2.2366% net interest cost. Scaled to yield from 1.60% to 2.25%, all of the bonds were sold during the order period and the account marked closed. The remaining $1,373,000 various purpose (1963-1967) bonds were bought by the First National Bank of Chicago and associates at a 2.23% net interest cost. The bonds were not reoffered.

Tuesday's only other important sale involved $3,500,000 Lafayette, Louisiana revenue (1965-1991) bonds which were awarded to the Shields & Co. account at a 3.6858% net interest cost. The second bid of a 3.6859% net interest cost, an almost unbelievable runner-up bid, was made by Lehman Brothers and associates.

Other members of the winning syndicate are R. W. Pressprich & Co., A. C. Allyn & Co., Inc., First of Michigan Corp., Dorsey & Co., Inc. and Watkins, Morrow & Co. Reoffered to yield from 2.25% in

Continued on page 47

*Pinch-hitting for Donald Mackey.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1982	3.30%	3.20%
Connecticut (State)	3¾%	1981-1982	3.15%	3.00%
New Jersey Highway Auth., Gtd.	3%	1981-1982	3.10%	2.95%
New York State	3¼%	1981-1982	3.10%	2.95%
Pennsylvania (State)	3⅜%	1974-1975	2.80%	2.65%
*Delaware (State)	2.90%	1981-1982	3.15%	3.00%
*New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.10%	2.95%
Los Angeles, Calif.	3¾%	1981-1982	3.40%	3.25%
Baltimore, Md.	3¼%	1981	3.20%	3.10%
*Cincinnati, Ohio (U. T.)	3½%	1981	3.15%	3.00%
Philadelphia, Pa.	3½%	1981	3.40%	3.25%
*Chicago, Ill.	3¼%	1981	3.30%	3.20%
New York, N. Y.	3%	1980	3.55%	3.45%

August 22, 1962 Index=3.073%

*No apparent availability.

Larger Issues Scheduled For Sale

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

August 23 (Thursday)

Beverly, Massachusetts	2,000,000	1963-1982	11:30 a.m.
Bulloch Co. County Sch. Dist., Ga.	1,250,000	1963-1987	11:00 a.m.
Forest Hills Local Sch. Dist., Ohio	1,910,000	1964-1983	1:00 p.m.
Waltham, Massachusetts	2,000,000	1963-1982	11:00 a.m.

August 24 (Friday)

Congregation of the Sisters of St. Joseph of Boston, (Weston, Mass.)	1,000,000	1964-1991	11:00 a.m.

August 28 (Tuesday)

Anoka Ind. S. D. No. 11, Minn.	1,000,000	1964-1981	8:00 p.m.
Boston Metropolitan Dist., Mass.	1,999,000	1973-1992	11:00 a.m.
Brookhaven Central S. D., No. 11, New York	1,531,320	1963-1991	2:00 p.m.
East Chicago, Indiana	7,500,000	1965-1996	1:00 p.m.
Fairbanks, Alaska	1,500,000	1963-1982	10:00 a.m.
Jackson Co., Miss.	4,000,000	1964-1987	11:00 a.m.
Knoxville, Tennessee	1,200,000	1964-1983	Noon
New Bern, North Carolina	1,750,000	1965-1986	11:00 a.m.
Norwalk, Connecticut	2,500,000	1963-1982	Noon
Pasadena, Texas	1,655,000	1967-1977	7:30 p.m.
Tulsa, Oklahoma	5,940,000	1964-1987	10:00 a.m.

August 29 (Wednesday)

Hamilton Tp. Sch. Dist., N. J.	1,680,000	1964-1981	8:00 p.m.
Los Angeles, Dept. of Water Power, California	33,300,000	1963-1992	11:00 a.m.

September 1 (Saturday)

Grandville Sch. Dist., Mich.	2,150,000	--------	--------
Jacksonville, Fla.	7,650,000	--------	--------

September 4 (Tuesday)

Riverside Jr. College Dist., Calif.	2,000,000	1963-1982	11:00 a.m.
Weber Co. Co. Sch. Dist., Utah	1,857,000	1963-1971	8:00 p.m.

September 5 (Wednesday)

Bellingham, Massachusetts	1,390,000	1963-1982	11:00 a.m.
Georgia Univ. System Bldg. Auth., Atlanta, Georgia	1,000,000	1965-2002	11:00 a.m.
Hidalgo Co., Texas	1,200,000	1963-1971	10:00 a.m.
Mio Au Sable Sch. Dist., Michigan	1,084,000	1963-1988	8:00 p.m.
Montville, Connecticut	1,500,000	1963-1977	2:00 p.m.
Neenah, Wisconsin	2,225,000	1963-1982	1:30 p.m.
Southeast Missouri State College	2,500,000	1965-2002	--------
Spokane Co., Washington	2,500,000	1966-1987	10:00 a.m.

September 6 (Thursday)

Cuyahoga Co., Ohio	1,471,270	1964-1982	11:00 a.m.
Fayette Co., Pennsylvania	1,262,000	1963-1990	11:00 a.m.
La Crosse Co., Wisconsin	2,125,000	1963-1976	1:30 p.m.
Norfolk, Virginia	2,525,000	1964-1983	2:30 p.m.
Racine, Sturtevant, etc., Unified Sch. Dist. No. 1, Wisconsin	10,025,000	1963-1982	2:00 p.m.
Willow Run P. S. Dist., Michigan	1,500,000	1963-1977	7:30 p.m.

September 10 (Monday)

Jackson Tp. S. D., N. J.	2,000,000	--------	8:00 p.m.
University of North Carolina, Bd. of Trustees, Raleigh, N. C.	3,800,000	1964-2001	10:30 a.m.
Westminster, Water, Colo.	1,650,000	1972-1987	11:30 a.m.

September 11 (Tuesday)

Lakewood Sch., Dist., Michigan	1,655,000	1963-1991	8:00 p.m.
Pittsburgh, Pennsylvania	4,320,000	1963-1982	10:00 a.m.
Santa Clara, California	1,020,000	1965-1997	8:00 p.m.

September 12 (Wednesday)

Jackson Tp. Sch. Dist., N. J.	2,000,000	1964-1984	8:00 p.m.
Lane & Douglas Cos., So. Lane School District No. 45J3, Ore.	1,250,000	1964-1983	8:00 p.m.
Los Angeles Co. Co. San. District No. 4, California	2,480,000	1963-2002	2:00 p.m.
New Orleans, La.	10,000,000	1964-1987	10:00 a.m.
San Jose, Calif.	4,400,000	1963-1982	11:00 a.m.
Toledo University, Toledo, Ohio	1,700,000	1963-1992	Noon

September 13 (Thursday)

University of Alaska, Fairbanks, Alaska	1,750,000	1964-2001	3:00 p.m.

September 17 (Monday)

Warrensville Hghts Village Local S. D., Ohio	1,600,000	1964-1985	1:00 p.m.

September 18 (Tuesday)

Bloomington, Minn.	1,500,000	--------	10:00 a.m.
Omaha, Neb.	7,200,000	1964-1981	--------
Weber Co., County S. D., Utah	1,727,000	--------	--------
Ypsilanti Tp., Michigan	1,000,000	1965-1992	8:00 p.m.

September 19 (Wednesday)

Onaway Area, Community S. D., Michigan	1,200,000	1964-1991	8:00 p.m.

September 25 (Tuesday)

Eugene, Ore.	2,500,000	--------	--------
Greensboro, N. C.	6,790,000	--------	--------

October 2 (Tuesday)

Los Angeles County Flood Control District, California	10,000,000	--------	--------

October 10 (Wednesday)

Falls Church, Virginia	1,200,000	--------	--------
Lexington, Ky.	1,025,000	--------	--------

October 16 (Tuesday)

Georgia Rural Roads Authority	2,600,000	--------	--------

Rising Profits From Primary Utilities

By Ira U. Cobleigh, Economist

A brief consideration of the investment merits of companies providing rapidly built new communities with essential water and sewage disposal services.

When man lived in a cave or a tent, basic utilities were quite unimportant. The water he needed, he could easily get from a river or a spring; and sewage disposal was on a quite rudimentary basis. But, when running water ceased to be an Indian name and became a municipal and household need, water emerged as not only our oldest, but our most essential public utility. In ancient Rome, 11 viaducts supplied the Eternal City with water brought from as far as 60 miles away. In America, the first water company began before 1700. Although there have been thousands of privately owned individual water companies in the United States since then, the long-term trend has been toward municipal acquisition and operation; and of the over 180,000 water plants in operation today, over 70% are municipally owned.

Stability of Earning Power

Water companies, however, have been quite uniformly successful. Basic plant, pumping and piping systems last for decades, with minimum maintenance, revenues are stable and virtually depression-proof; operating costs are extremely low. As a result, water company bonds have been long favored by institutional investors; and most water company stocks have established long records of uninterrupted dividend payments.

Traditional water companies, however, operate in long established communities. The water and related sewage disposal companies we want to discuss today are of a different sort. They have come into being as a result of massive private home building developments, especially in Southern Climes.

Service to Outlying Developments

A major post-war phenomenon has been the rapid conversion of raw, low cost tracts of often remote land into residential communities. When and as these modern individual homes are built, they immediately require piped-in water for drinking, washing and plumbing necessities. Only infrequently are these multi-hundred clusters of new homes within range for service extension by existing municipal or company systems, so the developer usually has to tackle the problem himself. He can build his own pipe systems for water supply and sewage disposal, but this takes time, money and special engineering skills; and, often, the developer would prefer to concentrate his efforts on building and selling more houses. So, increasingly, there have come on the scene, utilities specializing in providing central water and sewage systems. They supply needed capital and they are familiar not only with efficient engineering and construction procedure, but can facilitate compliance with regulations set by mortgage lending institutions and regional health departments; and rates and service standards of local or state regulatory bodies. Also, the well managed and soundly financed utility company can assure regulatory agencies that properties will be properly maintained and continuously and dependably operated.

Professional Water and Sewage Companies

Accordingly, in many sections of the United States, but particularly in Florida, the professional water and sewage utility company is either acquiring built or partially built subdivision service properties, or being called in by the developer to evaluate and handle his utility situation. If the development is sound, and the number of homes ultimately to be built will justify the investment, the utility may contract to provide a system to serve this new residential area. Such a contract is attractive to the builder, since it makes unnecessary a large capital investment and the paying of sizable interest charges, while the facility is being built. "Contributions-in-aid-of-construction" may be paid by the developer to the utility company on a "pay as you build" basis, with the money flowing from the mortgage institution at the proper completion stages. Further, the developer is relieved of operation and maintenance assignments, and is assured that service will begin with the very first house sold and occupied.

Public Companies

While many of these utility companies are privately held, a number have "gone public" and shown interesting growth in earning power.

Citizens Utilities is a successful and well managed company in this general area. It provides, directly or indirectly, electric, gas, telephone, water and ice service in communities in Arizona, Colorado, Idaho, Maine and Vermont; telephone and water service in California; water and sewage disposal service in Illinois. Twelve month gross, for period ended March 31, 1962, was $11,345,413, up from $10,211,311 a year earlier. Per share net on 2,368,683 common shares (A and B combined) was $0.91 for the 1962 year, against $0.83 a year earlier. Citizens Utilities common sells at 22, over-the-counter, and currently pays a 1.8% dividend in stock. Citizens, while providing a diversity of utility services, has significant water and sewage properties, and has been steadily adding to its group of operating properties.

Florida Companies

Florida has probably generated more of these water and sewage utilities than any other state. Examples there would include Florida Water and Utilities Co., which has just offered, by prospectus dated Aug. 9, 1962, $750,000 of its 5½% convertible debentures. According to the prospectus (the only official source of current information) this company has assets of over $4 million, and serves community areas in Dade County, Fla.

Consumers Utilities Corp. was incorporated in Florida in 1955. It operates water treatment and sewage disposal systems serving a 1,500 site mobile home community development in Manatee County, a similar 1,200 site community in Sarasota County, and a water treatment plant and system capable of serving about 2,100 private home and commercial customers in Manatee County, outside municipal limits. Non metered service is $4 a month for water, and $3 a month for sewage. Citizens is a small but growing company with 500,000 common shares outstanding; quoted at 3, OTC. Common is expected to earn $0.7 per share after taxes, plus $0.60 in "aid to construction" for fiscal year ending Oct. 31, 1962.

Southern Gulf Utilities is an excellent example of a rapidly growing, well managed company in this field. It covers the entire field of design, engineering, construction, acquisition, ownership and operation of water and sewage plants. It customarily finances these facilities under an agreement with the developer, secured by a contractual lien on each lot to which water or sewage service is extended. Southern Gulf receives a fixed payment per lot (contribution-in-aid-of-construction) under the developer's commitment to construct a certain number of houses. These construction payments run to around $650 per home, and provide the major source of "cash flow," with regular service payment from customers later on. Construction payments generally are spread over a three-five year period.

Southern Gulf not only builds, but purchases and expands existing systems, and provides as well a variety of engineering services. Southern Gulf now has facilities in over 50 Florida areas in 134 subdivisions, serving over 12,000 individual dwellings.

Capitalization is $2 million in long-term debt, followed by approximately 760,000 common shares, now selling, OTC, at around 18 (down from a high of 61). Earnings and aids in construction for fiscal 1962 (year ends Aug. 31, 1962) are projected at about $3.25 a share. Growth rate here is attractive. Ahead lie expanded service connections, higher customer revenues, expansion into other areas and states, and potential for sales of facilities, in due course, to municipalities at attractive capital gains.

Outlying primary utilities, such as the foregoing, are in a strong upcurve. Properly selected equities in this field should prove rewarding on the basis of rising earning power and interesting profit potentials from possible sale or merger.

L. Guiducci Opens

WOODSIDE, N. Y.—Louis Guiducci is engaging in a securities business from offices at 32-41 55th Street. Mr. Guiducci was formerly with Tobey & Kirk, Craigmyle, Pinney & Co., and Bendix, Luitweiler & Co.

Blyth Announces Ins. Stock Survey

Blyth & Co., Inc., 14 Wall Street, New York City, has announced the publication of a comprehensive comparative analysis of leading fire, casualty and life insurance companies.

Operating statistics and other pertinent data for virtually all of the nation's leading stock insurance companies for 1961 are included in the study which is divided into three parts: all line operations, fire and casualty operation, and life operations.

Copies of the survey are available on request.

Now Corporation

HARLAN, Ky.—F. L. Dupree & Co., Bus Terminal Building, is now conducting its investment business as a corporation. Officers are Frederic L. Dupree, Sr., President; Thomas P. Dupree, Sr., Vice-President and Secretary; and Harold G. Chenault, Vice-President and Treasurer.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Aero Space Industry—Speculation or investment?—Brochure—E. F. Hutton & Co., 1 Chase Manhattan Plaza, New York 5, N. Y.

Auto Makers—Bulletin — Walston & Co., Inc., 74 Wall Street, New York 5, N. Y. Also available is a memorandum on **Long's Drug Stores.**

Confectionery Manufacturers Stocks—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Drug Industry—Bulletin — David L. Babson & Co., Inc., 89 Broad Street, Boston 10, Mass.

Fire, Casualty and Life Insurance Companies—Comprehensive Comparative Analysis — Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

Institutional Holdings of Over-the Counter Industrials and Utilities —Brochure listing 90 OTC industrial and utility stocks held by leading investment and insurance companies, number of institutions holding each, the 1961-62 fiscal and interim per share earnings, current price and 1962 high-low—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Japanese Construction Industry—Review with particular reference to **Kajima Construction Co., Ohbayashi Gumi Ltd., Shimizu Construction Co.**—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are comments on **Matsuo Bridge Co., Ltd., Miyaji Iron Works Ltd. and Yokogawa Bridge Works Ltd.**

Japanese Market — Investment Survey — Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y.

Japanese Market — Review — *Nomura Securities Co., Ltd.*, 61 Broadway, New York 6, N. Y. Also available is an analysis of **Mitsukoshi Ltd.**

New England Utilities With High Yields—Brochure—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are analyses of **Chemway Corp., Standard Screw Co.,** and **Tastee Freez Industries, Inc.**

New York City Bank Stocks — Comparison and analysis of ten leading New York City banks — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Oil & Gas Pipeline Stocks—Memorandum — Jackson, McFadyen Securities, Ltd., 11 Adelaide St., West, Toronto 1, Ont., Canada.

Oil Values — Bulletin with particular reference to **Royal Dutch, Socony Mobil, Texaco** and **Standard of California**—Bache & Co., 36 Wall St., New York 5, N. Y.

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

Price of Prosperity — Peter L. Bernstein — An appraisal of the future of our national economy, with an outline of specific action, especially on the part of government, to help achieve greater prosperity for the nation as a whole in the '60's and '70's.—Doubleday & Co., Inc., Dept. 2-CI-8, Garden City, N. Y. (cloth), $4.50.

Steel — Review — Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available are comments on **United Air Lines.**

Tax Reforms — Discussion in the Aug. 15 "Bank Letter" — First National Bank in Dallas, P. O. Box 6031, Dallas 22, Tex.

Tobacco Stocks—Review—Hemphill, Noyes & Co., 8 Hanover St., New York 4, N. Y. Also available is a report on **United Servomation Corp.**

Which Common Stocks are the Experts Buying?—Memorandum—Quinn & Co., 200 Second Street, N. W., Albuquerque, N. Mex.

* * *

ACF Industries — Memorandum—Gude, Winmill & Co., 1 Wall St., New York 5, N. Y.

Aetna Finance Company—Analysis — Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

Alleghany Corporation—Report—H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available is a report on **Columbia Broadcasting** and a bulletin on **Tax Exempt Obligations.**

Aluminium Ltd.—Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

American Cyanamid Co.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

American Foundation Pioneer Western Life Insurance Co.—Analysis — Trulock & Co., Inc., 111 Fifth Ave., Pine Bluff, Ark. Also available are analyses of **Brown Engineering Co.** and **National Old Line Insurance Co.**

American Safety Equipment Corp. Report—Charles Plohn & Co., 4 Albany Street, New York 6, N. Y.

American Telephone & Telegraph Co. — Review—Orvis Brothers & Co., 30 Broad St., New York 4, N. Y. Also available are reviews off **Bayuk Cigars, Continental Insurance Co., International Resistance Co., Mesabi Trust** and **Royal Dutch Petroleum.**

Anaconda Wire & Cable—Chart Analysis—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

Anderson Clayton—Memorandum Uhlmann & Co., Inc., Board of Trade Building, Kansas City 5, Mo.

Armco Steel — Memorandum—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a memorandum on **Mack Trucks.**

Atlantic Steel — Analysis — The Robinson - Humphrey Co., Inc., Rhodes-Haverty Bldg., Atlanta 1, Ga. Also available are analyses of **Foote & Davies, Inc., Republic Franklin Life Insurance** and **John Rogers Co.**

Avnet Electronics — Comment — Colby & Co., Inc., 85 State Street, Boston 9, Mass. Also available are comments on **General Motors** and **Martin Marietta Corp.**

Canada Dry Corporation—Analysis—Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York 5, N. Y. Also available is an analysis of **Far West Financial Corporation.**

Chrysler Corp. — Discussion—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y. Also available are comments on **Lockheed Aircraft, Rochester Telephone, Standard Oil of California, Amsted Industries, Gulf Oil** and **Transamerica Corp.**

Collins & Aikman—Comment—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y. Also available are comments on **Consolidated Cigar Corp., Food Giant Markets,** and **Lockheed Aircraft.**

D W G Cigar Corp. — Report—Hardy & Co., 25 Broad Street, New York 4, N. Y.

Daimler-Benz — Analysis — International Bond and Share, Inc., International Building, San Francisco 8, Calif.

Deltown Foods, Inc.—Nathanson & Co., Inc., 50 Broadway, New York 4, N. Y.

Du Bois Chemicals — Review—Reuben Rose & Co., Inc., 115 Broadway, New York 6, N. Y. Also available is a review of **National Linen Service.**

Electronics International Capital Ltd.—Report—S. M. Rubel & Associates, 53 West Jackson Blvd., Chicago 4, Ill.

Emhart Manufacturing Co.—Memorandum—R. W. Pressprich & Co., 80 Pine Street, New York 5, N. Y.

Employers Group Associates—Report—Birr & Co., Inc., 155 Sansome Street, San Francisco 4, Cal.

First Mortgage Investors—Memorandum—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

General Motors—Analysis—Robinson & Co., Inc., Robinson Building, Philadelphia 2, Pa. Also available is a report on **Weyerhaeuser Co.**

Gerber Scientific Instrument Co. —Analysis—May & Gannon, Inc., 140 Federal St., Boston 10, Mass.

Gulf Coast Leaseholds — Memorandum—Leason & Co., Inc., 39 South La Salle St., Chicago 3, Ill. Also available is a memorandum on **Coleman Engineering.**

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

Idaho Power Co.—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **MacMillan, Bloedel and Powell River Ltd.**

Lehn & Fink Products Corp.—Report—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available are comments on **Greyhound Corp., Zenith Radio Corp., Dayco Corp., Combustion Engineering, Oxford Manufacturing Co.** and **Consolidation Coal Co.**

Litton Industries — Analysis — Gruntal & Co., 50 Broadway, New York 4, N. Y.

Marlene Industries Corp.—Report —Seymour, Bernard & DuBoff, 50 Broadway, New York 4, N. Y.

Maryland Cup Corp.—Discussion in current issue of "American Investor" — American Investor, 86 Trinity Place, New York 6, N. Y. —15c per copy; $1.00 per year. Also in the same issue are discussions of **Louisiana Land & Exploration, Oak Manufacturing Co., Kawecki Chemical Co., Electronic Assistance Corp. and Rollins Broadcasting Inc.**

Miller Brothers Hat Co.—Bulletin —Eppler, Guerin & Turner, Inc., Fidelity Union Tower, Dallas 1, Tex.

Movielab Film Laboratories — Memorandum — Granbery, Marache & Co., 67 Wall St., New York 5, N. Y.

National Fuel Gas Co.—Data—B. C. Christopher & Co., Board of Trade Bldg., Kansas City 5, Mo.

North American Van Lines Inc.—Analysis — Dreyfus & Co., 2 Broadway, New York 4, N. Y.

Occidental Life Insurance Co. of North Carolina—Analysis—First Securities Corp., 111 Corcoran St., Durham, N. C.

Pacific Lighting Corp.—Analysis —Hooker & Fay, Inc., 221 Montgomery Street, San Francisco 4, Calif.

Pillsbury Co.—Report—Schweickart & Co., 29 Broadway, New York 6, N. Y. Also available is a report on **American Motors Corp.**

Power Corporation of Canada Ltd. —Analysis—Annett Partners Ltd., 220 Bay St., Toronto, Ont., Can.

Ridge Tool Company—Analysis—Schneider, Bernet & Hickman, Inc., 1505 Elm St., Dallas 1, Tex.

Ridge Tool Company—Analysis—McDonald & Co., Union Commerce Bldg., Cleveland 14, Ohio.

Royal Crown Cola—Memorandum —Johnson, Lane, Space & Co., Inc., 16 Laura Street, Jacksonville 2, Fla.

Security First National Bank—An Elaborate illustrated study—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif. Also available is a bulletin on **American Cyanamid.**

South Penn Oil Co.—Bulletin—Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

Southwestern States Telephone Co. — Analysis—First California Co., Inc., 300 Montgomery Street, San Francisco 20, Calif.

Spiegel Inc. — Report — Wm. M. Rosenbaum & Co., 331 Madison Ave., New York 17, N. Y.

Sta-Rite Products—Memorandum —Loewi & Co., Inc., 225 East Mason St., Milwaukee 2, Wis.

United Pacific Corporation—Analysis—Hinton Jones Granat, Inc., 1411 Fourth Ave., Bldg., Seattle 1, Wash.

Valley Metallurgical Processing Co.—Memorandum—Booke & Co., 400 South Beverly Drive, Beverly Hills, Calif.

Vornado Inc. vs. E. J. Korvette, Inc.—Bulletin—Bioren & Co., 1424 Walnut St., Philadelphia 2, Pa.

H. Warshow & Sons Inc. of New York—Analysis—Equitable Securities Corp., 322 Union St., Nashville 3, Tenn.

Westbury Fashions — Bulletin — Carreau & Co., 115 Broadway, New York 6, N. Y.

White Motor — Memorandum—Prescott & Co., National City Bank Bldg., Cleveland 14, Ohio.

Coggeshall, Hicks To Admit Partners

Coggeshall & Hicks, 111 Broadway, New York City, members of the New York Stock Exchange on Aug. 30 will admit Carl W. Anderson and John R. Meaney, members of the New York Stock Exchange, to partnership.

Yancy V.-P. of American Secs.

American Securities Corporation, 25 Broad Street, New York City, has announced that William A. Yancy has joined the firm as Vice-President in charge of the firm's Municipal Bond Dept.

Mr. Yancy was previously Vice-President and Manager of the Municipal Bond Department at McDonnell & Co. Inc. He also was formerly associated with R. W. Pressprich & Co., and Shields & Company.

American Securities also maintains branches in Boston, Hartford and Philadelphia.

Adequate Investing for Public Retirement Systems

By Lewis G. Kearns, Director, Financial Planning Depts., Wellington Co., Inc., Philadelphia, Pa.

Survey of public and private pension systems underscores the superior performance results of portfolios containing common stocks and mutual funds. Suggested investment performance yardstick comprises reasonable current return plus the opportunity to share in the country's growth. Better performance would mean: (1) lower contributions; (2) greater accumulations which could be used for larger initial benefits at retirement or reduced costs of a fixed benefit plan; and (3) retirement benefits could be liberalized. Data are supplied showing price inflationary trend and need to overcome such attrition. Public funds, though improving, are said to lag behind private systems. Suggestions are made as to how legislation can be liberalized so as to give investment managers the opportunity to produce better results.

Many persons and talents are involved in a successful public retirement system. Historically, the most active participants have been those persons or organizations who have been associated with the statistical structure or the internal administration of the system. The statistical structure has been the province of actuaries and consultants: internal administration has been the function of insurance companies, trust companies and special governmental departments.

Lewis G. Kearns

It is all too apparent that these two perspective—related to statistics and to bookkeeping—are inadequate. Symptoms of the inadequacy are the complaints by employee groups about inadequate benefits, criticism of the low investment yields often reported, and exploration by state legislatures, as in California, into ways to liberalize pension investment restrictions. An additional dimension is needed in order to get maximum value for the taxpayer or the opportunity for more meaningful benefits for employees and retirees. The necessary new dimension concerns investment performance. Why is investment performance important? What is adequate investment performance for public retirement systems?

Let us first define "investment performance." Traditionally this has been restricted to the interest assumption used by actuaries. For purposes of this discussion we use a broader definition: investment performance is the sum total of yield, increment and values developed by an investment portfolio. In other words, we assume that realized security profits and unrealized capital gains are as important as cash return.

Investment Performance and Contributions

We will assume a participant, age 40, with 25 years to retirement, who will receive $150/Mo. at age 65. The necessary accumulation for such an annuity would be about $25,000 at age 65.

The amount which would have to be contributed at the start of each year to accumulate the $25,000 at various interest rates would be:

TABLE I

Increment Rate	Annual Contribution Required
2%	$765.25
3%	667.00
4%	577.25

It is obvious that higher yields would serve to reduce contributions — both from employer and employee — needed to fund the plan.

Actuaries have practical control over interest assumption. What do they recommend? Although there are differences of opinion, the assumptions at present range from as low as 2¾% to as high as 3½% with 3% probably being the most popular figure. There have been indications that the Internal Revenue Service feels that the assumption should be at least 3½%. Why is the government interested in a higher assumption? Because as noted in Table I, the higher the interest rate the smaller the contribution and consequently the smaller the allowable deduction by private corporations for purposes of corporate income taxes.

What elements make up costs? In general, they are: (a) investment performance; (b) mortality experience, meaning the number of people who do not live to retirement, and the length of their survival after retirement; (c) employee turnover, which includes people who do not remain in employment until retirement and receive no benefits or reduced benefits; (d) administration and installation expenses such as office salaries, legal fees, actuary fees, brokerage and insurance commissions; (e) types of benefits, such as death or disability payments.

Superior investment performance cannot most effectively reduce costs if these other elements are not handled with economy and efficiency. However, these other elements are unlikely to make significant difference in respect to costs if adequate investment performance is lacking. Actuaries have recognized this: "Our concern with the interest rate must lie in the psychology that here is something tangible that will respond. . . . We cannot direct mortality this way or that, or salary scales, or withdrawal rates. But if you will only show the investors of a pension fund what can be done with 3% interest as against 2½%, they should be able to transmute the knowledge into action." (From Transactions — Society of Actuaries—Volume II—1950.)

In other words, investment performance is capable of change and improvement; most other factors are beyond control.

It is a well established rule of thumb that a 1% improvement of investment performance may make a difference of 20 to 40% in costs, depending upon age, mortality, turn-over and other factors. On the other hand, no one other factor is likely to have anywhere near as great an effect. In other words, although cost is made up of many factors—improvement in investment performance is likely to have more direct and beneficial results.

How have public retirement systems responded to the need for improved performance? The municipal Finance Association in a Special Bulletin (1954C) analyzed the average annual rates of return on investment. During a year in which the average bond interest rate was 3.25 per annum, 89% of the state and county public retirement system analyzed showed an annual rate of 3.3 or less.

Our first conclusion: *better investment performance means lower contributions.* In theory, better performance could mean possible reduction in contributions, both by employers and employees.

Investment Performance and Accumulations

Employers are, of course, interested in reducing contributions. Employees are perhaps more interested in increasing benefits. It may be more realistic, therefore, to assume that costs, e. g. contributions, would remain constant and that better performance would operate to produce greater accumulations.

TABLE II

No. of Years	Results From Investing Annual —Contributions of $1,000 at— 2%	3%	4%
5	$5,308	$5,468	$5,633
10	11,169	11,808	12,486
15	17,639	19,157	20,825
20	24,783	27,676	30,969
25	32,671	37,553	43,312
30	41,379	49,003	58,328
35	50,994	62,276	76,598

Second Conclusion: *Level contributions plus better performance means greater accumulations.*

Let's extend Table II to the point of payment of benefits. We will assume that the accumulations, starting at age 30, will be paid out over a 15 year period, which is approximately the life expectancy of a male at age 65.

TABLE III

INVESTMENT INCREMENTS DURING 35-YEAR ACCUMULATION PERIOD AND PAYOUT IN 15 YEARS

	I 2½%	II 4%
Annual Payment under Table No. 2	$1,000	$1,000
Accumulation at end of 35 years	56,301	76,598
Annual Payment for next 15 years	4,436	6,624
Percentage over Column 1	100%	149%

We have applied these simple compounding illustrations to a specific county in California. This county reports that its average age for a normal participant is age 41 and for a safety employee age 35: the average county contribution for the former is about $795 per year, and for the latter about $1,468. We have assumed accumulations at the rates of 2 and 4%. We have further assumed retirement at age 65 under

Continued on page 24

FROM WASHINGTON . . . Ahead of the News

BY CARLISLE BARGERON

The Administration is battening down the hatches for the November Congressional elections. You can see action on every front. And if you ever thought that Franklin D. Roosevelt played politics, you should take a glimmer at the performance of John F. Kennedy.

First he has put an end to the swimming pool dunkings at social gatherings of some members of the official family. This sort of thing was beginning to arouse criticism throughout the country. The picture of women in $200 and $300 evening dresses, and men in formal attire, while in the act of sipping cocktails, suddenly being pushed into the swimming pool was getting too much publicity so it has been quietly eliminated from the entertainment agenda.

The President also has adopted a policy of not butting into every civil rights suit in the South. The Administration has learned as the last election proved that it needs the South. The Negro leaders are complaining now that the Administration isn't active enough in their behalf but, frankly, I think they are unreasonable. Aside from continuing to lend itself to the continued agitation, I don't know what else there is the Administration can do.

Thirdly, the damper has been put on the Attorney General in the matter of anti-trust suits. He is still proceeding with suits already started, of course, but he doesn't seem to be initiating any new ones or talking so much about the old ones.

Out on the hustings, Mr. Kennedy is not missing a trick. There is considerable evidence that the much heralded food stamp plan just now getting underway after more than a year of preparation is being used to elect Democrats. Of 26 Congressional districts which have been selected for participation in the food stamp programs (incidentally, they were supposed to be for people on relief) 25 happen to be Democratic, only one Republican. Congressman John P. Saylor (R., Pa.), has the highest unemployment rate, 12%, in his district of any in the United States. He hasn't been able to get to first base in getting in on the food stamp plan. Representative Leonor Sullivan's district in Missouri, Democratic, is conspiciously not a depressed area but will have a stamp plan.

John Kyl is a Republican Congressman from Iowa running for re-election. He is so conservative that the Americans for Democratic Action rate him 90%. A defense installation has been scheduled for Ottumwa. Recently Kyl's opponent was given to understand that the election of a Democrat by the voters of the Ottumwa district would be a decided contribution towards their getting the defense installation.

Air Force Secretary, Eugene Zuckert, in an effort to cut costs, recently decided that an air force base near Greenville, South Carolina, could be abandoned. Senator Olin D. Johnston, a "liberal" and Kennedy supporter, is having a hard time in his fight for re-election against a Republican. South Carolina just missed going against Kennedy in the Presidential election.

Senator Johnston immediately came to Washington with his troubles. As a result, the order for the abandonment of the air force base was cancelled. And Senator Johnston is getting widespread credit for having saved it. Strangely enough, though, the publicity is not all good. Some newspapers are severely critical of the part played by politics in matters of this kind.

With First California

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Robert H. Daytz has become connected with First California Company, Incorporated, 192 North Canon Dr. He was formerly with Thomas Jay, Winston & Co., Inc. and V. K. Osborne & Sons, Inc.

We Can't Attain Our Goals Via Money and Credit Alone

By Alfred Hayes, President, Federal Reserve Bank of New York*

Central Bank official, noting Federal Reserve's preservation of monetary ease, maintains business expansion must be invigorated largely by other than monetary means. Declares Reserve policy must remain flexible; and avoid excessive credit ease that would induce outflow to more remunerative outlets abroad. At same time stresses efficiency of our capital and short-term credit markets in providing a strong attraction to foreign borrowers. Mr. Hayes asserts dollar's external defenses have been sufficiently strengthened to forestall overburdening of our monetary policy while more basic balance-of-payments adjustments are occurring. Says currency swaps by themselves will not protect the dollar.

The United States has achieved, thus far in 1962, a substantial expansion in domestic economic activity as well as a further improvement in its international payments position. During the first half of 1962, production, employment, and incomes all achieved record levels. Available data for July clearly indicate that the expansion is continuing. Nevertheless, it must be admitted that progress in speeding up the country's rate of economic growth has been less rapid than many of us considered possible at the beginning of the year, and in our international accounts we cannot be satisfied until the balance-of-payments gap has been eliminated.

Alfred Hayes

Economic performance must be appraised not only against the past, but also against what might be achieved if we made reasonably full use of human and material resources. Measured by this latter yardstick, our recent performance cannot be rated wholly satisfactory. Although the percentage of people out of work has dropped substantially during the current upswing, I do not question that we must aim for a more ambitious target. In short, unemployment has been and remains too high.

Need for Plant and Equipment Expansion

Business outlays on new plant and equipment must expand sharply if the economy is to move into higher ground. Business investment has in fact rebounded smartly from its recession lows, but in this vital area, too, the rate of improvement has been short of the need. An important stimulus has now been given to business investment by a revision in the depreciation schedule, and another would be provided by the enactment of the investment credit proposal now before Congress. These changes, and the promise of reduced corporate tax rates next year, are desirable not only as likely to produce expansion in the economy but also as a means to achieve greater productivity and lower costs in an increasingly competitive world market.

We are concerned that the forward thrust of the economy has been losing some of its force, even if one excludes from consideration the temporarily depressing effects of the unraveling of the steel situation. On the other hand, the generally stable level of prices, coupled with unused industrial capacity at home and ready availability of goods from abroad, has militated against the accumulation of large inventories as a hedge against shortages and higher prices. The fact that we have avoided excessive inventory accumulation during the current expansion is encouraging, since it diminishes the danger that such accumulation might set off a recessionary movement or contribute to such a movement if the business tide should turn for other reasons.

Sufficient Credit Available

Throughout the current business expansion, and despite some criticism at home and abroad, the Federal Reserve has maintained conditions of monetary ease. As a matter of fact, an examination of business annals is unlikely to produce another example of a strong recovery proceeding so far in an atmosphere of ready availability of credit. Large amounts of bank reserves have been made available, more than offsetting the losses resulting from the gold outflow. Banks remain comfortably liquid and anxious to lend. Bank holdings of mortgage loans and municipal obligations spurted by a total of $6 billion over the first seven months of the year, more than during any other similar span of time. Instalment lending has also increased substantially. At the same time, loan demand and security flotations by business borrowers have been disappointing, despite the fact that interest rates for such credit are little changed from those prevailing at the trough of the recession. One important reason for the lackluster performance of bank lending is the moderate business demand for inventories. A look at the volume of reserves supplied by the System together with the maintenance of a relatively high level of free reserves since the beginning of the recession should be persuasive evidence that the Federal Reserve authorities have been consistently replenishing reserves which the banks have put to work. It is true that the money supply — narrowly defined as checking accounts and currency—has increased comparatively slowly of late, but this development has to be viewed together with an unprecedented spurt in commercial bank time and savings deposits. Such deposits, which for most holders provide almost as much financial maneuverability as checking accounts, have spurted by $10 billion, or 12%, so far this year. The public's holdings of short-term United States Government securities, which can be readily turned into cash, have also expanded substantially.

So long as the shortfall of economic activity from what I regard as a reasonable goal persists, it seems to me that monetary policy should properly remain concerned with maintaining the maximum degree of credit ease consistent with its other objectives.

Non-Monetary Means Needed

At the same time, we must keep in mind that attainment of our economic goals depends on many factors, of which credit and monetary conditions, over which the central bank exerts direct influence, represent only one—though an important—element. The job of instilling new vigor into the business expansion must, I believe, be done largely by means other than monetary policy.

I should like to turn now more specifically to developments in our international position.

The balance of payments, as you know, has shown some needed improvement in the first half of 1962. However, a part of the improvement, although by no means all of it, has occurred because of a temporary flow of funds, now reversed, from Canada to the United States as pressures developed on that country's currency. It is therefore clear that unremitting efforts to make further progress in reducing the over-all deficit remain the order of the day. The Administration is pursuing a multi-pronged attack on the problem, including an export promotion program, reduction of military spending abroad, negotiations for both additional foreign defense purchases in this country and a wider sharing of aid to underdeveloped countries, and further "tying" of U. S. aid to those nations. Right now, as well as over the longer term, emphasis must be kept upon increasing the competitiveness and productivity of the U. S. economy. For this reason, the recent record of lower unit wage costs has been most welcome, especially at a time when wage pressures continue strong in Western Europe and elsewhere.

Bringing our international payments into balance and keeping them under close control is a necessary condition for protecting the dollar's position as the world's leading currency and as the keystone of a stable international currency and payments system. The rebuilding of foreign monetary reserves and the redistribution of international gold reserves have resulted in a decline in our gold stock and in a rapid rise of foreign short-term claims on the U. S. These short-term claims are like money in the bank to those that own them; and, just as any of us would, they look to the banker, the United States, to provide assurance that the bank is being managed wisely. If we expect people to keep their money in U. S. dollars we must give them both confidence in the soundness of our currency and some inducement to stay with us, rather than moving to another currency or to gold. It is for this reason that the System has cooperated in efforts to avoid unnecessarily low short-term interest rates and thus to reduce disruptive short-term capital outflows and their actual or potential effects on our gold stock. In this connection, I should like to emphasize my strong conviction that if we achieve a balance in international payments and avoid actions that damage confidence, our gold stock is ample for our requirements both as a major trading nation and as bankers for the world.

"Gold Guarantee" Would Be Harmful

I was surprised, by the way, that several witnesses have proposed to this committee that the United States extend a "gold guarantee" to foreign holders of dollars. I wish to emphasize my strong conviction that such a "guarantee" would be an exceedingly harmful measure, besides being ineffective. In my judgment, this type of "protection" would be illusory and, in any case, is not warranted in view of the Government's determination to maintain the gold price and to take the basic measures needed to assure attainment of this objective. Indeed, a guarantee would merely becloud this larger issue.

The potential of monetary policy in protecting a currency against sudden speculative pressures is well recognized; hence Federal Reserve policy must remain flexible and prepared to deal with any contingency. We should try to avoid conditions of excessive credit ease that make reserves so ample that our banks and other lenders are induced to seek more remunerative outlets abroad because credit availability greatly exceeds domestic loan demands.

Rate differentials are an important, but not the only, reason for international capital movements. For instance, the sheer size, efficiency and ease of access of our capital and short-term credit markets constitute a strong attraction to foreign borrowers. And a variety of rate differentials are involved, both hedged and unhedged, while their respective significance in pulling in or repelling money may change over time. The Federal Reserve System has to be continuously alert to the pressures on the dollar which may arise from rate and credit developments, or from any other cause. In essence, the challenge to monetary policy in recent years has been to provide an adequate availability of credit to support a sustainable growth of our economy while guarding against a spilling over of excess liquidity into channels that would weaken the international position of the dollar or renew inflationary pressure domestically.

Strengthened Dollar Defenses

Meanwhile, the external defenses of the dollar have been strengthened so that monetary policy will not be overburdened while more basic balance-of-payments adjustments are still taking place. Such a strengthening would have been required, it might be added, even without a U. S. payments problem. Convertibility has greatly increased the volume and volatility of internationally movable funds; this is a natural consequence of the considerable degree of our success in approaching the kind of world we have been seeking to achieve since World War II. Nevertheless, it does mean that proper resources must be at hand to meet sudden shifts of funds and pressures that may be expected to be temporary. There is encouraging evidence that this problem can be handled through such avenues as the activity of the Treasury and the Federal Reserve in the exchange markets, the increasingly close central bank cooperation of the past 18 months, and the IMF expansion agreement (still requiring final Congressional action, of course), which will vastly enlarge our access to currencies that we may need. Official U. S. exchange operations undertaken so far have basically been designed to protect the U. S. dollar against disturbingly large pressures at a time when we are making steady progress toward bringing our balance of payments into equilibrium.

Treasury operations in convertible currencies began in the Spring of 1961 when the Federal Reserve Bank of New York, acting for the Treasury, undertook operations in the market for German marks designed to deal with the abnormal conditions that had developed following the revaluations of the German and Dutch currencies in March, 1961. This operation was followed by other Treasury transactions in Swiss francs, Italian lire and Dutch guilders, which are continuing up to the present. The Federal Reserve System, with the full concurrence of the Treasury, concluded that the central bank of this country should play a more active and direct role in defending the international value of the dollar. The Federal Open Market Committee therefore authorized the Federal Reserve Bank of New York on Feb. 13, 1962, to undertake transactions in foreign currencies for System Open Market Account in accordance with the committee's instructions. Since that time the System has acquired a substantial amount of convertible foreign currencies, primarily through a series of reciprocal currency agreements with foreign central banks, and has begun to use these resources in defense of the dollar.

The possibility of acquiring substantial amounts of foreign currencies through such currency swaps with foreign central banks rests upon a mutuality of interest. That interest is to make the present international financial system, under which world trade and investments are expanding rapidly, work reliably and efficiently. Therefore, countries relying upon the dollar as an important part of their international reserve assets are glad to participate in arrangements that reduce the possibility of temporary and capricious pressures on the dollar. Furthermore, since currency swaps and standby agreements are tantamount to a mutual credit facility, foreign countries as well as ourselves obtain access to additional resources in case of need. Over the years ahead, these arrangements can also make a useful contribution to world liquidity needs.

Harmonious International Relations

In carrying out exchange transactions for both the Treasury and the System, we have made a point of establishing the closest and most harmonious possible relations with foreign central banks — an indispensable requirement when working in the exchange markets for their currencies. We have found that, with this cooperation, our use of foreign currency resources has in fact been effective; we have helped to strengthen the dollar in the exchange markets, reduced cumulative or snowballing speculative flows, and eased the immediate impact upon the U. S. gold stock of foreign central bank accumulations of dollars.

It should be realized that official U. S. exchange operations rest upon the assumption that the pressures they have to meet are of a temporary and transitional nature. In a number of important instances, this has already turned out to be the case so that the commitments undertaken could be liquidated without a gold loss. Such success, however, cannot be taken for granted. In particular, an indefinite continuation of large U. S. payments deficits would assure that the pressure upon the dollar becomes permanent rather than temporary. Hence, these exchange operations in no way detract from the urgency of our task in correcting the payments deficit. Furthermore, while the initial development of close international cooperation has clearly been stimulated by the very strains it is designed to combat, foreign countries are counting upon us, as we are counting upon them, to take the national actions necessary to make certain that such strains upon any one currency will in fact pass.

Thus far we have met to a remarkable degree the challenge of harmonizing the domestic and international aspects of our financial policies. I believe we have the needed flexibility to continue to meet this challenge under the changing conditions that may confront us.

*A statement by Mr. Hayes before the Joint Economic Committee of the Congress, Washington, D. C., Aug. 16, 1962.

Chamine Joins M. A. Schapiro

M. A. Schapiro & Co., Inc., 1 Chase Manhattan Plaza, New York City, underwriters, brokers and dealers, have announced that Robert J. Chamine has joined the firm as assistant vice-president in the trading department.

Mr. Chamine was previously associated with Kidder, Peabody & Co., in their trading department.

The Alliance for Progress vs. the Marshall Plan

By Hon. Felipe Herrera, President of the Inter-American Development Bank, Washington, D. C.*

Insight as to the workings of the Alliance for Progress and the tremendous task lying ahead is illuminated by an apt comparison with the dissimilar problems and treatment encompassed in the Marshall Plan. The need for social reconstruction; inflow of scientific and technological knowledge; breaking of archaic, damaging institutions; coupling intelligent planning to free economic forces; expansion in training labor forces and their technical levels are some of the problems discussed. One of the most acute problems is said to leave but one possible course open to Latin America: the diversification of its economic structure and the creation of new sources of employment in highly productive areas of industry and services. Mr. Herrera is known for his deeds and frank appraisal. This challenge in one sentence is a formidable one. His analysis shows the way he would like to see progress made.

The Marshall Plan and the Alliance for Progress are the two most important international programs undertaken in the Free World since the end of the war. We frequently hear comments contrasting the accomplishments of the Marshall Plan with the slow progress and modest results of the Alliance in its first year of operation. However, a careful analysis of the two programs shows a number of differences, both in objectives and in operating procedures, which invalidate any comparison.

Dr. Felipe Herrera

The basic difference, of course, is that the Marshall Plan was aimed at the reconstruction of developed economies whose productive capacity had been partially destroyed during the war. In contrast, the purpose of the Alliance for Progress is to promote the development of the Latin American economies, which are characterized by a low and uneven development. It has been noted, and should be remembered, that the problems of reconstruction and underdevelopment are essentially quite different, and it is illogical to compare the results of programs directed to dissimilar problems.

But quite apart from this basic difference in the nature of the problems involved, there are other differences relating to the scope and operating procedures of the two programs.

In the first place, it will be recalled that the Marshall Plan supplemented a considerable amount of other resources flowing from the United States to Europe for postwar recovery. From the end of the war to mid-1951, the amount of funds contributed by the United States for that purpose totaled US$ 24 billion, of which US$ 10.3 billion were channeled through the Marshall Plan from the beginning of 1948 to June 30, 1951. During a six-year period, therefore, the flow of United States public resources to Europe averaged some US$ 4 billion per year. In the case of the Alliance for Progress, the flow of United States public funds during the 1960's is expected to total some US$ 10 billion, or an average of US$ 1 billion per year. Even without allowing for the loss in the purchasing power of the dollar since the years of the Marshall Plan, it may be seen that the proposed flow of United States public funds for the Alliance will amount to not more than 25% of those channeled to Western Europe from the end of the war until 1961.

In the second place, approximately 90% of the total funds invested in the Marshall Plan was in the form of outright grants, the remaining 10% consisting of loans. In the case of Latin America, however, experience during the five-year period 1957-1961, shows that 70% of United States public resources flowing to that area consisted of loans and only 30% was in non-reimbursable grants. It is presumed that this ratio between loans and grants will be more or less applicable throughout the Alliance for Progress decade. It is obvious that, in the case of the Marshall Plan, most of the funds sent to Europe, while resulting in an increase in the availability of goods and services for consumption and investment, did not create future repayment obligations. Moreover, the local currency counterpart funds accumulated by the recipient countries under the grants were used for strengthening the economic structure and for other priority purposes. To point out the different proportions of grants and loans in the cases of the Marshall Plan and the Alliance for Progress does not imply that Latin America expects to receive a larger proportion of out-right grants from the United States. It only serves to explain one of the basic differences between the Plan and the Alliance.

Dollar Aid Usage Differs Drastically

Thirdly, it should be borne in mind that the resources under the Marshall Plan were primarily used for financing European imports, principally from the dollar area. This made possible the *immediate mobilization* of the resources allotted by the United States for European recovery. In Latin America's case, the public funds received in the last few years, and those whose receipt is anticipated within the framework of the Alliance for Progress, are basically intended for the financing of *specific projects*, which means that their utilization must take place over a certain period of time as required by any investment project. On the contrary, in the case of the Marshall Plan only about 5% of total aid was destined to finance specific projects.

Due to its very nature, beginning construction involved in investment projects takes time. After a loan is approved, the work must be designed, detailed field investigations must be made, plans prepared, rights of way secured, and the work advertised for public bids. Even in the United States, which is well known for its construction efficiency, these problems arise. There is simply an inherent time lag between the approval of a loan and the first contract on a construction project. Thus, the difference in the rate of fund utilization is explained by the different ways in which funds were alloted under the Marshall Plan and the Alliance for Progress.

Economic Aspects of the Alliance

The community of interests of countries in varying stages of development

The Alliance for Progress introduces a new and, in my opinion, vital concept in the field of international cooperation designed to overcome the backwardness of developing areas: that is, the community of interests of countries in varying stages of development. In effect, the Alliance signifies that the United States and Latin America have joined forces in a program that not only imposes mutual obligations but also pursues objectives that satisfy mutual needs.

A confusion often arises, in speaking of foreign aid problems in developing areas, concerning the true nature of such assistance. Sometimes it is assumed that this is a gratuitous contribution made by the richer countries to the poorer ones based chiefly on humanitarian and moral motivations. In such cases it is overlooked that in today's world the interests of each country are increasingly and inextricably linked with the interests of every other country and with those of the international community as a whole. This may be demonstrated in a number of ways, for instance by citing the importance of broader markets as a factor in economic development and by showing how an expanded demand in the developing countries has a favorable effect on production and income levels in the more advanced countries. Noteworthy, too, is the fact that the growth of productivity and efficiency in the underdeveloped areas will increase the products that such areas offer on the world market while at the same time reducing their costs. But perhaps the most eloquent demonstration of the community of interests in the international sphere would be to point out the benefits derived by every country from the scientific and technological development of every other country.

Passing On Science and Technology

What stage of development would the United States have reached today if Western Europe had failed to achieve its present high level of scientific and technical advancement? Obviously, if the United States had not benefited from the vast body of knowledge created on the other side of the ocean, its economic and social development would be far below its present stage. Likewise, the level of development of the rest of the world would be far lower than it now is if this powerful creative capacity in the United States had failed to reach its present high scientific and technical stage.

If the historic development of Latin America had been different, allowing it to attain a high degree of development, it is evident that the region would by now have generated a substantial flow of scientific and technical knowledge to the benefit of the United States and the rest of the world.

The chance of making up for lost time will depend equally upon the capacity of Latin America to mobilize its efforts and on the overall international situation. A recent report of a United Nations task force on the economic and social implications of disarmament points out that total world-wide military expenditures are currently around US$ 120 billion per year, which is equivalent to between 8 and 9% of the yearly world output of goods and services or approximately equivalent to the combined national income of all the underdeveloped countries. Expressed in other terms, these military expenditures are equivalent to total world exports of all types of commodities or one-half of the funds which the world sets aside each year for the formation of capital, and they are approximately 30 times greater than the amount of long-term capital and grants flowing yearly to the developing countries. If the current efforts of the United States and the international community are crowned with success and a disarmament program is undertaken, a tremendous amount of funds will be freed and will be available, in part, for cooperation with the development efforts of the underdeveloped countries.

Let us hope that the time will come when the present concern of the international community for elimination of the poverty and backwardness now prvalent among the great majority of mankind will be effectively reflected in the actual utilization of economic resources.

Breaking Archaic Institutions

Basic principles of the Alliance

The basic endeavor of the Alliance is to accelerate the development of the Latin American countries, since, obviously, our historic rate of growth has not made it possible to strengthen our national structures or achieve suitable levels of economic and social development. Yet the acceleration of our countries' rate of growth is, of course, no easy task. In the course of our historical development, the social and economic structure has gradually taken on a rigidity that must be broken; and this necessitates drastic changes in our traditional ways. On the one hand, there are long-standing problems such as the archaic land tenure systems prevailing in various countries and the very low levels of cultural development, which can be solved only by sweeping away traditional patterns of social behavior and are, therefore, often difficult to eliminate. On the other hand, our very economic backwardness has gradually built up an economic structure ill-suited to the needs of developing communities, while in certain basic sectors of the economy shortages have been accumulating whose solution will require the mobilization of vast resources.

Latin America is faced with the necessity of adopting sweeping reforms in its economic structure. In brief, this entails an alteration in the present distribution of its productive factors between activities of low productivity, generally related to subsistence farming, and others of high productivity, usually related to industry and certain export activities. However, in order to bring about a large-scale transfer of that portion of the population employed at low productive levels to more highly productive activities and to increase productivity in each economic sector it will be necessary to eliminate certain bottlenecks in the economy, principally, in my opinion, the inadequate overhead

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Some of the Critical Needs For the 1960's Labor Force

By Herbert Bienstock,* *Regional Director, U. S. Department of Labor, Bureau of Labor Statistics, New York City*

The latest findings regarding the composition of tomorrow's labor force are incorporated in Mr. Bienstock's advice regarding education and training requirements for successful employment in a period of technological and unprecedented labor force growth. The basis for the advice given is the predominate number of new young workers making up the expected 13½ million increase in the 1960's working force, and the need for well-educated and skilled work force necessary for successful economic growth. The coming manpower supply is said to look like an hourglass with a bulge at both ends holding both ends of the age scale, in number and percentage of workers, and a narrow waist due to anticipated critical shortage of the central age groups. Topics discussed include industrial trends, occupational patterns, shift in consumer demand, retraining, and the problem of the unskilled and semi-skilled.

"He Who Hath a Trade Hath an Estate." This statement made by that famous Pennsylvania statesman, Benjamin Franklin, some 200 years ago is perhaps more true today than it was even in Franklin's time.

Herbert Bienstock

As I shall note subsequently, the relationship between education and training and socio-economic status grows closer with each passing decade. During the 1960's, under the dual impact of the great and accelerating increases in automation and technological change and an unprecedented growth in the American labor force, this relationship becomes perhaps more significant than ever before in history.

The availability of a well-educated and skilled work force is most necessary for continued national economic growth. Persons concerned with the responsibility for matters relating to education and training, today play a very vital role in the nation's future, dealing, as they do, with the human resources so significant to our long-range needs. The job of bringing educational facilities within the reach of those needing education and training is a very important one today, indeed.

It has been suggested that the most nearly dominant single influence in a man's life is probably the occupation he holds. More than anything else, perhaps, a man's job determines his course and his contribution in life. Indeed, there is no other single characteristic that tells so much about a man and his status—social, intellectual, and economic—as does his occupation.

Since the personal development of each of its citizens is the enduring characteristic of democracy as a way of life, it follows then that a concern with vocational and occupational preparation must be a part of the educator's responsibilities. Providing young people with the basic preparation needed for a successful and productive role in the world of work, and helping to overcome educational obsolescence on the part of the older population, would seem to be a major responsibility of the educational system.

Population and Labor Force Trends

An unprecedented growth in the American labor force is anticipated for the decade of the 1960's. One of the most important features of the nation's long-range manpower situation and one which is probably of over-riding importance to all of us, involves the sheer numbers of people that are expected to enter the labor force in the 1960's and how they are expected to distribute themselves in terms of age.

During this decade the working population of this nation is expected to show its biggest increase in our history. An increase of 13½ million is expected in the nation's work force during the 1960's. While there will be those who will be leaving the work force through death, retirement, marriage and child-bearing by women, the record net increase will result primarily from an unprecedented 26 million new young workers coming into the American job market, 40% more than during the decade of the 1950's.

It has been said, "What is past is prologue." The low birth rates which prevailed in this nation during the period of the Great Depression and the sharp upward jump in the nation's birth rate which began in 1947 following World War II, both will have a significant influence in the manpower structure of this nation during the 1960's. The low birth rates of the 1930's will result in a sharp contraction of persons between ages 35 to 44, available to the nation's work force during the decade of the 1960's. Indeed, workers in this age group in the nation's work force will show a net decline in this decade. On the other hand, the sharp Post-World War II jump in the nation's birth rate will result in an increasingly larger number of young persons reaching the working age of 18, beginning in 1965.

The relative increase in the numbers of these young workers will be especially significant for the educational community. The rate of increase among young male workers during the 1960's will be five times as large as the corresponding rate among male workers of other ages. The rate of increase among young female workers during the same period of time will be more than double the corresponding rate among female workers of all other ages. As a result, the proportion of the total labor force made up of young people 14 to 24 years of age will rise to the point where they will account for almost 1 out of every 4 workers in the United States in 1970.

Since the beginning of this century the proportion of the working population made up of persons in the younger age groups has been declining steadily because of the significant and substantial drop in labor market participation among youth. Regulations concerning youth employment and lengthening years of attendance in school have been primarily responsible for this trend. This long-term trend is now being reversed despite the anticipated continuation of the decline in labor market participation rates among youth, largely under the impact of a continued lengthening in the number of years of school attendance.

The importance of young people in the labor market of the 1960's receives additional emphasis when examined in the perspective of trends for other groups in the working population.

During the 1960's we anticipated an increase in the labor force of some 13.5 million persons. Young workers under 25 will account for 6.4 million of this total while workers 45 years of age and over will account for about 5.5 million of the increase. In the hard-core years of working life, age 25-34 and age 35-44, an increase of 1.8 million is anticipated for the age category 25-34 but for the age category 35-44, an actual decline of about 200,000 is anticipated.

Thus, just about 1 out of every 2 new additions to the labor supply in the 1960's will come from the younger age groups. In fact, the two groups often considered as "problems," the younger and the older, will account for the preponderant majority of our additional workers during the decade. Persons 45 years of age and over are going to account for about 2 out of every 5 of the net increase in this decade's labor force. Another group which will become increasingly important in the nation's work force is its women workers. By 1970, one out of every 3 workers will be a woman.

This broad-brush picture of our upcoming manpower supply thus looks like an hourglass, a bulge at both ends of the age scale, both in the numbers and proportions of workers, but a very narrow waist at the central age groups.

Industrial Trends

Possibly the most dramatic shift in our economic structure in recent years has been the relative decline of employment in the goods-producing industries (including agriculture, manufacturing, mining, and construction), and the continued rapid expansion of the service sectors of the economy (especially trade, services, and state and local government). Some of the long-term trends date back a century or more; for example, the long-term decline in our farm employment. At the turn of this century, about one out of every three persons in the labor force worked on a farm; today the proportion is less than one in 10. This shift has continued to be an important factor in the labor market in recent years. Since the end of World War II, a net average of about 200,000 workers have shifted out of agricultural employment to non-farm jobs, or out of the labor force, each year.

Since the end of World War II, manufacturing, mining and construction as a group have increased by 18% as compared to an over-all increase of 30% in total non-farm wage and salary worker employment.

The relative decline in the importance of employment in the goods-producing industries, and the growth in the importance of the service-producing industries resulted in about 1950, for the first time in the history of this country, in a situation where there were actually more persons employed in the production of services than in the production of goods.

Interestingly enough, in Pennsylvania, for example, the goods-producing industries account for a somewhat larger share of employment, 47.4% in 1960, than they do for the country as a whole, 42.3%. On the other hand, service-producing industries in Pennsylvania in 1960 accounted for 52.6% of employment as compared with 57.5% for the nation as a whole.

Between 1950 and 1960 the nation's employment in goods-producing industries rose 2% compared with a 21% increase for the service-producing industries. In Pennsylvania employment in the goods-producing industries de-

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Domestic Needs Precede Payments-Balance Problem

By Lawrence S. Ritter,* *Professor of Finance and Chairman of the Department of Finance, Graduate School of Business Administration, New York University, N. Y. C.*

Former staff economist for the CED's Commission on Money and Credit and domestic research division chief for the N. Y. Federal Reserve Bank opposes present monetary policy thinking favoring higher long-term rates without further research in this area. Moreover, he favors freely flexible exchange rates in place of fixed rates of exchange and criticizes the "fetish" made over gold. The finance expert holds that preventing inflation and maintaining high employment takes precedence over our gold stock and international balance of payments needs, and postulates that an actual lowering of our price level would entail considerably more unemployment.

I would like to say a few words in this introductory statement about the kind of monetary policy we should have today, in light of the sluggish behavior of our economy since 1957 and in light also of our balance of payments deficits and our gold losses.

In February of 1961, almost a year and a half ago, the Federal Reserve was in the process of supplying member banks with a large volume of reserves. This was being done in order to lower interest rates and increase the availability of credit, hoping of course to thereby encourage an expansion in economic activity. Then on February 20 of last year the Federal Reserve officially announced that the "bills only" policy was being abandoned; it explained that while it wanted to continue a policy of easy money, because domestic business conditions were far from satisfactory, at the same time it did not want to lower short-term interest rates because of the danger of short-term funds moving out of the country to obtain higher yields abroad. Thus it supplied reserves by buying long-term securities, and simultaneously sold some shorts to keep the short rate up.

To most of us this appeared to be a rather reasonable thing to do, and I have no quarrel to find with it, although it isn't quite as easy to pull off as some people seem to think. But, after all, most of us think the short-term rate isn't nearly as important in its impact on domestic business conditions as the long rate might be, so if the Fed wanted to keep the short rate up, why not. It woudn't interfere with business recovery and it might do some good for the balance of payments.

Opposes Hike in Long-Term Rates

In recent months, however, I sense a feeling on the part of some in the Federal Reserve, and in the Treasury too, that just keeping the **short** rate up isn't enough; that perhaps we need higher **long-term** rates as well! If such a view is indeed gaining ground, then we may be in for trouble: should our monetary policy be decided on the basis of the needs of our domestic economy or on the basis of our balance of payments position and gold stock (which many evidently see as requiring higher short- **and** long-term interest rates)?

I must repeat that I am not sure that such views—that is, about the need for higher long rates on balance of payments grounds—have actually gained much currency. But I sense that they may have from the evidence of the long bond that the Treasury floated at last July's end and the recent statement of Chairman Martin that a current budget deficit should be financed out of savings. On domestic grounds alone, it seems to me, neither of these actions can be justified very easily.

If the Federal Reserve and the Treasury are indeed inclined to formulate monetary and debt management policies in terms of balance of payments considerations, then I think they should at least say so and open the subject to debate before rather than after the fact. When it was short rates that were involved, the reasoning of the monetary authorities was promptly made public, for all to examine. It is even more important to do so when it comes to the issue of long rates.

Of course, I am assuming that the level of long-term interest rates **does** have some effect on domestic spending decisions and thereby on the level of employment and the rate of growth. It may not, in which case it may very well make sense to raise it to assist in correcting our balance of payments. This only emphasizes our need for further research in this area.

In my opinion we will be making a mistake if we hastily decide to formulate our monetary and debt management policies in terms of their impact on our balance of payments and our gold stock. There are possible alternatives which should first be thoroughly explored. One is the Triffin plan.[1] Another is the adoption of flexible instead of fixed exchange rates.

Our Needs are Just the Opposite

In any case, neither the state of our balance of payments nor our gold stock would appear to warrant the pursuit of policies that may sap the vitality of our domestic economy. We will surely be doing no favor for the many nations that depend on our economic strength if we deliberately, because of international considerations, take steps that may **decrease** our rate of production or **retard** our rate of growth. I am inclined to think that what we need today, on both domestic and foreign grounds, is exactly the opposite.

We seem to be living in an Alice-in-Wonderland world, to judge from statements by eminent financial authorities which appear almost daily in the press. I read over and over again that we must impose "the discipline of the balance of payments" in order to "defend the dollar" or to "maintain the integrity of the dollar."

I have great difficulty in understanding exactly what this means. Does it merely mean preventing inflation? But this already **was** one of our primary aims long before our balance of payments deficit and our gold outflow came into prominence. So evidently those who continuously reiterate these slogans, and who seem to suggest that "maintaining the integrity of the dollar" is something new, must mean something **more** than just preventing inflation.

I sense that they may have in mind something like the classic

1 See Robert Triffin "Gold and the Dollar Crisis," Yale University Press, 1960.

gold standard adjustment mechanism: that because of our gold outflow we should actually try to **lower** our domestic price level, in an effort to restore external equilibrium. But the rigidities in the U. S. economy obviously make this impossible unless we have at least two or three times as much unemployment as we have now. Is creating a depression maintaining the integrity of the dollar? We would hardly be helping our friends abroad by this process.

If we concentrate now on preventing inflation and maintaining high employment, just as we should have been doing all along, and also open our thinking to the possibility of freely flexible exchange rates as an adjustment mechanism, we can solve our balance of payments problem without tears.

I am afraid that our fetish regarding the almost mystical significance we attach to gold, and our unquestioning assumption that fixed exchange rates are beneficial, may be bringing us perilously close to some very foolish actions.

*From a statement by Prof. Ritter before the Joint Economic Committee, U. S. Congress, Washington, D. C., Aug. 14, 1962.

COMING EVENTS

IN INVESTMENT FIELD

Sept. 7-8, 1962 (Gearhart, Ore.)
Pacific Northwest Group Investment Bankers Association Meeting.

Sept. 11-12, 1962 (Chicago, Ill.)
Investment Bankers Association Municipal Conference at the Pick-Congress Hotel.

The CHRONICLE will publish on Sept. 27 a special pictorial Supplement giving complete coverage to the proceedings at the Conference.

Sept. 12, 1962 (Denver, Colo.)
Rocky Mountain Group Investment Bankers Association Meeting.

Sept. 13-14, 1962 (Chicago, Ill.)
Municipal Bond Club of Chicago outing.

Sept. 13-15, 1962 (Ponte Vedra Beach, Fla.)
Florida Security Dealers Association annual convention.

Sept. 19-21, 1962 (Santa Barbara, Calif.)
Investment Bankers Association Board of Governors Fall Meeting.

Sept. 20-21, 1962 (Cincinnati, Ohio)
Municipal Bond Dealers Group of Cincinnati, annual fall party, with a field day to be held Sept. 21, at the Losantville Country Club.

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

Sept. 28, 1962 (Philadelphia, Pa.)
Bond Club of Philadelphia 37th annual outing and field day at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Oct. 3, 1962 (New York City)
New York Group Investment Bankers Association Meeting.

Oct. 4-5, 1962 (Cleveland, Ohio)
Northern Ohio Group Investment Bankers Association Meeting.

Oct. 8, 1962 (Detroit, Mich.)
Michigan Group Investment Bankers Association Meeting.

Oct. 8-9, 1962 (San Francisco)
Association of Stock Exchange Firms Fall Meeting at the Mark Hopkins Hotel.

Oct. 9-10, 1962 (Minneapolis, Minn.)
Minnesota Group Investment Bankers Association Meeting.

Oct. 11-12, 1962 (Los Angeles)
Association of Stock Exchange Firms Board of Governors meeting at the Ambassador Hotel.

Oct. 19-20, 1962 (Philadelphia, Pa.)
National Association of Investment Clubs Twelfth Annual Convention at the Sheraton Hotel.

Oct. 24, 1962 (Cincinnati, Ohio)
Ohio Valley Group Investment Bankers Association Meeting.

Oct. 26-28, 1962 (Hot Springs, Va.)
Southeastern Group Investment Bankers Association Meeting.

Nov. 4-9, 1962 (Boca Raton, Fla.)
National Security Traders Association Convention at the Boca Raton Hotel & Club.

The CHRONICLE will publish on Nov. 22 a special pictorial Supplement giving complete coverage to the proceedings at the Convention.

Nov. 25-30, 1962 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.

The CHRONICLE will publish on Dec. 20 a special pictorial Supplement giving complete coverage to the proceedings at the Convention.

April 27-May 1, 1963 (Boston, Mass.)
National Association of Mutual Savings Banks 43rd annual conference at the Hotel Statler.

May 12-15, 1963 (Chicago, Ill.)
Financial Analysts Federation annual convention at the Palmer House.

Hammerbeck V. P. Of May & Co. Inc.

PORTLAND, Ore.—Earle C. May has announced the appointment of William O. Hammerbeck Jr. of Portland as Vice-President and sales manager of May & Co., 618 Southwest Yamhill Street, member of the Pacific Coast Stock Exchange.

Mr. Hammerbeck joins the May organization as a partner after spending eight years as a registered representative with Walston & Co.'s Portland office.

Mercantile Nat'l Appoints in N.Y.

The Mercantile National Bank at Dallas has announced the election of Joseph B. Wise to Assistant Vice-President and New York Representative of the Bond Department with offices at 40 Wall Street, New York City.

MUTUAL FUNDS

BY JOSEPH C. POTTER

The Changing Question

"It is not every question," said Publius Cyrus, "that deserves an answer."

Of course, Publius, as he was commonly called, penned those words some little time before there was a mutual fund field. In our own time, it is easy to recall, since it was only a few short months ago, that people asked you: "What do you think of X Fund as an investment?"

Since you are a strong believer in mutual funds and not a representative of any fund, you could almost invariably reply, in good conscience: "It is a well-operated fund. The only question is does it meet your objective, which may be income, preservation of capital or growth."

But last spring the stock market sustained a terrible slump and the nature of he question was sharply altered. People began to ask you: "Should I buy mutual funds?"

The answer was an emphatic "Yes." You again cited the wisdom of buying into a fund that met with your objective and sometimes remarked that any time was a good time to start accumulating a good portfolio. Generally, you could get such people to agree with this approach once you had explained that acquiring fund shares was a long way from the day-to-day trading that had whipsawed many a novice in the recent market slide.

Here in August the market has been showing considerable strength and once again people are asking you: "What do you think of X Fund as an investment?"

Earlier this year an independent research organization conducted an interesting study for the Investment Company Institute, central organization of the mutual fund trade. The study brought out that more than 90% of shareholders in mutual funds were satisfied with their investments and the majority would even increase their holdings, if they could.

Among those who indicated complete satisfaction, shareholders over 50 years of age and those owning shares for four or more years were more apt to be completely satisfied than younger and more recent share-owners.

Of course, older folks have lived through more than one decline in stocks, so it would occasion no surprise if these same people were found to be less likely to press a panic button at the first sign of a market reversal. On the other hand, many young folks have lived a kind of charmed existence in the marketplace, where it seemed they could do no wrong.

It is this element among the millions of investment-minded people who offer the prime market for the funds. In this group are to be found a veritable army of folks who do not want for income, but do need investment planning and guidance. Here are to be found the people who have yet to be told in any convincing manner that mutual funds are the best plan available for the thinking young man's family.

Thus, the survey undertaken for the Investment Company Institute brought out that of those who would increase their fund investments, 40% gave "good return on investment" as their reason. Another 31% liked the funds as "safe investments." Only 16% called the idea "the best plan available."

The overwhelming vote for return on investment and safety indicates that the mutual funds are solidly entrenched among the mature folks in our society. Obviously, older people are more likely to be able to make substantial investments than young couples who have only recently bought homes and incurred the other considerable costs of making life amenable. Still, they are candidates for investment, although such investment at the outset may be only moderate.

One thing is certain, barring an economic catastrophe: the stock-owning segment of our society will grow faster than any other group. Indeed, we are developing a society in which one day there will be more stockholders than production workers. But more people with more money to invest will not carry with it an equal increment in investment know-how.

Fortunately, the fund apparatus built up in this country during the years following World War I is capable of filling the gap. The years ahead may well develop into a fund salesman's paradise as the growing ranks of investment-minded men and women cast about for professional guidance.

The Funds Report

Capital Shares, Inc. reports that at June 30 net assets amounted to $67,271,000, or $8.71 per share. This compares with assets of $15,078,000 and share value of $9.14 on June 30, 1961. At the close of 1961 the share value was $11.91. Investor redemptions for the first six months of this year totaled $4.9 million, against investor purchases of $28.7 million.

* * *

Colonial Growth & Energy Shares, Inc., puts per share asset value at June 30 at $9.86, compared with $13.56 on March 31.

* * *

Election of John N. Irwin, II, as a director off **Dominick Fund** was announced by Gardner D. Stout, President. Mr. Irwin is a partner in the New York law firm of Patterson, Belknap & Webb, a director of IBM World Trade Corp. and a trustee of Seaman's Bank for Savings and United States Trust Co. of New York.

* * *

Energy Fund reports that at June 30 net assets totaled $22,491,082, equal to $17.36 per share. At the close of the last fiscal year on Sept. 30, 1961, assets were $24,320,490, or $27.03 a share.

* * *

Fidelity Trend Fund, Inc., reports that at June 30 total net assets amounted to $47,483,294, equal to $10.96 per share. This compares with assets of $13,977,100, or $13.46 per share, a year earlier. Share value at the end of 1961 was $14.71 and on March 31, 1962, it was $14.21.

* * *

Investment Co. of America reports that at June 29 total net assets were $213,585,208, equivalent to $8.59 on each share. Share value at Dec. 31, 1961, was $11.71.

During the quarter ended June 30 new names appearing in the portfolio included Crocker-Anglo National Bank, Parker-Hannifin, Imperial Chemical Industries and Xerox. It eliminated Brunswick, Fansteel Metallurgical, Johns Manville, Reynolds Metals and Schering.

* * *

Mutual Investment Fund, Inc. puts net asset value per share on June 30 at $8.05, against $10.72 on Dec. 31, 1961. Total net assets at June 30, 1962, were $29,850,894, compared with $37,562,470 at the end of 1961.

* * *

Over-the-Counter Securities Fund, Inc., reports that at June 30 net asset value per share was $5.64, compared with $8.25 on Dec. 31, 1961, and $8.22 on June 30, 1961. Total net assets at mid-1962 were $757,249, compared with $1,043,178 on Dec. 31, 1961, and $976,738 on June 30, 1961.

* * *

Entrance by the Putnam Funds organization into the contractual investment plan field has been announced by Charles M. Werly, Chairman of the Trustees of **George Putnam Fund of Boston** and **Putnam Growth Fund.**

* * *

Samson Fund, Inc., reports that net asset value per share declined from $10.63 at the end of 1961 to $5.95 on June 30, 1962.

The Housing Outlook

By Robinson Newcomb,* *Robinson Newcomb Associates, Washington, D. C.*

Back in May, Mr. Newcomb disagreed with the housing-pessimism rampant at the time. Current available data support the somewhat unorthodox views expressed three months ago. The reader may find the arguments advanced then worth examining today. The writer outlines three reasons supporting his view that a strong market exists and will continue even when temporary economic growth lapses occur. He submits that marriages account for less than 40% of the total market and that the expected slowdown in the marriage rate growth will be offset by upgrading, urban renewal, changing family size, etc. The economist advises S&L Associations to think of tomorrow's challenges, and to seek liberalization of their operations similar to commercial banks if they are going to be taxed.

The lag in housing starts has not been what it seemed. It is true that the starts financed by savings associations have been lagging below what they had hoped for. But while Dodge reports one and two family housing for the first 6 months this year as only 4% above last year, it reports apartment house starts as 56% above last year. Apartment house units, according to Dodge, accounted for 44% as many units in June 1962 as were accounted for by single family houses. Savings associations have missed out on much of this multiple housing market which, may I repeat, was reported in June to be 44% as big as the single family market they do serve. If they had secured a good share of this market, their business would have really boomed.

Robinson Newcomb

The real lag has been less than it has seemed for other reasons, too. It has been in considerable part a statistical illusion. Up until a short time ago housing starts were reported by BLS on the basis of the number of permits issued each month. BLS assumed that a roughly constant proportion of permits issued resulted in starts in the month in which the permits were issued. They developed a seasonal adjustment for each month and then blew the permit number for each month up to an annual seasonally adjusted figure.

Sampling Projection Error

As an extremely oversimplified illustration, and it is an illustration only, if 90,000 permits were issued in December, and 6% of a year's permits tended to be issued in December, the 90,000 permits represented an annual starts rate of 1.5 million. If the number of permits dropped to 80,000 in January and the seasonal adjustment rose by one-eighth from December to January, the 80,000 permits in January still would represent an annual starts rate of 1.5 million. But the Census Bureau which has taken over the series discovered that a relatively smaller percentage of the permits issued in January and February of this year resulted in starts in January and February than they had in other months. This may have happened in previous years but the BLS never reported it. If it did happen in previous years and had been reported, that could have meant that 80,000 permits in January in previous years were matched by only 60,000 starts in January, and the blow up would have been a third greater on the starts figure as it was on the permit figure.

But we are using permit rather than start blowups. So what has happened in part is that we have been comparing starts figures for 1962 with permit figures for earlier years. The two are not comparable. If we use permits rather than starts, we discover that permits rose fairly steadily during 1961, and through February 1962, even though starts were reported as falling in the fall and winter. Permits rose again in April, dropped in May, and rose in June to a level 9% above the average for 1961. Sixteen percent more permits were issued in the first half of 1962 than in the first half of 1961. Under the old BLS reporting system then, housing volume has been improving nicely; it has in fact been doing moderately well.

Strong Basic Market

That does not mean housing will continue to do as well this fall or winter. I personally think it will continue to do well unless the economy falters, because the basic market is strong. It is strong for at least three reasons. One, incomes are rising. Disposable income in the first half of this year was 6% higher than it was a year ago, and about 15% higher than it was three years ago. The rise was as great in the last year as it was in the preceding two years.

The market is strong next because the shifts in the type of families now being formed mean an unusually large net increase in demand. If the number of families rises by, say 600,000, in one year and the types, size, and income distribution are conventionally distributed, this would require a net increase in housing of at least 600,000, plus an amount to offset demolitions, etc. But if there is a decline of say 200,000 in the number of some types of families, and an increase of 800,000 in other types of families, a net increase of 600,000 would require a net increase of at least 800,000 units, plus the requirement for demolitions, etc. This is what is happening. There are declines in the number of some types of families but increases in others.

Maybe another type of illustration will be more understandable. If you have a family with three girls aged four, six and eight, next year you expect to have at least three girls aged five, seven, and nine, and you will have to buy new clothes for the one aged nine, but the girl who became seven could use the clothes of the girl who was eight and the girl aged five also could receive hand-me-downs. If however, you have a family of three children, a girl aged four, a boy six, and a girl eight, it is going to be hard to give the eight-year-old girl's clothes to the seven-year-old boy, or the six-year-old boy's clothes to the five-year-old girl. The change in ages in the first case could mean a market for clothes for one person; in the second case the same change in ages could mean a market for clothes for three. The hand-me-down aspects of housing now are such that the demand for housing is somewhat larger in relation to the growth of the number of families than it used to be.

Sizable Vacancies Need Not Bar House Sales

This may be illustrated by Census data which show that over five units were provided in the fifties for each net increase of two in the number of families. The provision of new housing was 2.8 times as great as net family formation in the fifties. As family age and size changed, and as families moved, many of the houses that had been occupied were demolished or diverted out of the housing market. Net family formation itself represented only 40% of the market. As incomes rise, as the number of second houses per family increases and becomes large enough to be measured, and as the population becomes more mobile, the significance of income, design, location, style, quality of houses, and other factors, in addition to mere numbers of families, become increasingly important. Even though there may be a large number of vacant houses in one part of town, a successful builder still can sell houses which are better located, better built, and better priced.

If somebody had sold General Motors in 1926 on the idea that Ford was making all the automobiles the market needed because Fords were not selling well, Ford might have had a larger market than it did in 1927, but the total sales of automobiles would have grown very slowly. But the market for automobiles was a function of changes in household preferences, incomes and street and road capacity, not just changes in the number of families. People wanted somethting different than the old black Model T, even though there was a surplus of Model Ts on the market. Similarly today, even though there are sizable vacancies in many areas among some types of houses, there still is a good market for other types of housing.

The Dodge report of nearly 35,000 multi-family unit starts per month in the first half of 1962 is an indication of this fact. Some apartments are not selling or renting; not everyone designs, builds or markets properly. But most apartments are selling or renting. Vacancies as a whole are not rising. This means somebody is finding markets for what he is turning out. My analysis of the age, sex, and other characteristics of families being formed leads me to believe the market is still strong and will continue to be strong, even though the growth in the economy should be checked temporarily.

Adequate Supply of Funds

The market is strong finally because there is an adequate supply of funds — funds from many sources in addition to S&Ls. While this is good for housing, it means competition for S&Ls. The Savings and Loan industry has had a relatively soft life for the last 15 years. But now that competition has come into the market in a big way it is possible to make mistakes. This does not mean that those who are on top of the job need worry. Someone is going to be producing, building, renting, and financing houses successfully. This somebody is the man who knows how markets are changing. The company that can make real market studies, as very few are now doing, is the company to watch.

Even though the housing market is good, the S&L industry will be hit from all sides this year. The demand for funds in the economy as a whole is not expected, by experts in Washington at least, to rise as much as the supply of savings. Industrial profits are holding, and depreciation accounts are rising. The rate of increase in these two accounts together is greater than the rate of increase

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BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

SEMI-ANNUAL OPERATING RESULTS FOR FIRE & CASUALTY INSURANCE COMPANIES

Early reports of underwriting results for fire and casualty insurance companies during the first six months of 1962 reveal little change from those recorded in the first half of 1961. This is considered to be a disappointment by many analysts who anticipated significant improvement over last year's figures.

The industry's trend towards lower operating expenses is reflected in lower expense ratios for most companies compared with those of a year ago. However, this was often offset by an increase in the relation of losses to premiums earned. Many underwriters recorded sharp increases in premiums written, benefiting from the booming new car market. While there were no catastrophic losses of great magnitude to affect over-all results, fire and casualty company profits continue to be handicapped by steadily rising losses experienced in the major underwriting lines.

Gains in net investment income ranged from 5% to 15% for the majority of companies. These increases generally tended to offset the reported increases in underwriting losses, so that the majority of companies reported higher total operating income.

The sharp decline in the stock market wiped out the record unrealized appreciation scored by fire and casualty insurance companies in 1961. The decline in stock prices was the principal cause of the drop in policyholders' surplus of approximately 15% and 5% decline in assets during the first half of 1962. Despite the effects of the market drop, the industry continues to be in strong financial condition.

Preliminary Underwriting Results

	6 Mos. 1962		6 Mos. 1962	6 Mos. 1961
	Loss Ratio	Expense Ratio	Profit Margin	Profit Margin
Aetna Ins.	61.8%	36.9%	1.3%	— 0.4%
American Ins.	64.5	36.6	— 1.1	— 2.3
Continental Cas.	72.4	26.7	0.9	2.9
Continental Ins.	64.0	41.3	— 5.3	— 3.7
Fidelity & Deposit	27.5	56.4	16.1	15.2
Gov't. Employees	77.5	14.6	7.9	10.6
Great American	63.0	37.1	— 1.1	— 7.7
Hartford Steam Boiler	30.3	92.7	—23.0	15.4
Ins. Co. of N. A.	64.6	34.8	0.6	— 0.5
Maryland Cas.	61.2	35.8	3.0	— 1.6
Phoenix Ins.	61.3	40.3	— 1.6	— 4.4
Providence Wash'gton	61.2	38.7	0.1	— 0.6
St. Paul F. & M.	65.4	35.5	— 0.9	— 2.2
Springfield Ins.	64.5	39.7	— 4.2	— 6.2
U.S. F. & G.	62.2	39.8	— 2.0	2.9

* * * * *

U. S. F. & G. AND MERCHANTS FIRE ASSURANCE MERGER

On Aug. 15 the directors of United States Fidelity and Guaranty Co. and the Merchants Fire Assurance Corp. of New York approved an exchange offer, subject to the approval of stockholders, through which U. S. F. & G. would acquire control of Merchants Fire. The proposed rate of exchange would be nine-tenths of a share of U. S. F. & G. for each outstanding share of Merchants Fire. In addition to the approval of the stockholders of both companies, the exchange offer is subject to the approval of certain regulatory authorities, the meeting of certain other legal requirements and the acceptance of the offer by at least 80% of the shares of Merchants Fire. It is contemplated that the formal offering will be made in mid-October.

The merger, if effective, will join a major underwriter of casualty lines (U. S. F. & G.) with premiums written of $303.3 million in 1961 with a small fire underwriter with premium volume of $28 million last year. The stockholders of Merchants Fire will be asked to accept a reduction in dividend income and book value for their shares while gaining a sharp increase in earnings per share plus the over-all benefits of joining a strong underwriting organization with a proven record of underwriting and investment profitability.

* * * * *

NEW LIFE INSURANCE POLICY

Life Insurance Co. of North America, a wholly-owned subsidiary of the Insurance Co. of North America, has announced a new life insurance policy through which protection will be geared to the cost of living.

The new policy, which was announced by Edmund L. Zalinski, the company's Executive Vice-President, will carry an additional benefit beyond the original face amount, proportionate to the rate of rise in the consumer price index each year since the date of issue. If the cost of living should fall, the face value of the policy never declines below the original amount. The premium rate continues unchanged regardless of the change in benefits.

The Role of Financial Intermediaries in the 1960s

By Leon T. Kendall, *Economist, U. S. Savings & Loan League*

Research findings contrary to views generally held: (1) throw new light on the reasons for the remarkable growth of non-banking financial institutions; (2) reveal bulk of savings does not stem from the little savings accounts; (3) anticipates intense financing competition will "scramble" financial institutions traditional areas of activity and open up new areas; and (4) point to need for study of role and function of intermediaries for public policy purposes. Dr. Kendall contends intermediaries grew and thrived because they met consumer needs; sees in survey results future possible move by influential savers to invest directly rather than through financial intermediaries; and reports of real estate investment trusts which are essentially non-regulated savings and loan associations. He offers a preview as to what financing competition and squeeze on profits will resolve itself into, and predicts the ending of the "Golden Age" in the savings and loan business poses a choice of scrambling or consolidating. The latter might involve a shift from thrift and homeownership to thrift and family financing, purchasing of municipals, consumer loans for durable consumer goods, college education.

In order to provide guidelines as to the role of financial intermediaries in the 1960s, we shall examine three sets of propositions: (1) a theoretical explanation of the function and place of intermediaries in our financial system; (2) The position of the saver today and how his role is changing; and (3) The market forces working on financial institutions and the probable changes these forces will bring to the institutional structure.

Leon T. Kendall

There is a substantial theoretical gap in our understanding of financial institutions. If one reviews the literature on finance for even a decade, he finds the term "financial intermediaries" conspicuous by its absence. Intermediaries were considered at best in a sketchy, descriptive chapter toward the back of a standard money and banking text. Except for a few books describing the details of how intermediaries function, institutional developments were mentioned only in passing. During the last five years, however, we have seen a remarkable growth of interest in financial institutions. There are a number of reasons for this interest: The sheer magnitude of the asset holdings of life companies, savings and loans and others raised concern among students of economics, for here they thought was a potential source of destabilization in the credit picture. As intermediaries grew, commercial bank-oriented analysts, a group which includes most money and banking professors, were led to conclude that somehow these fringe institutions were making the commercial banking system less important. Some analysts concluded that the growth of intermediaries has lessened the impact of central bank action and consequently drew up policy recommendations extending monetary controls to these institutions.

It is interesting to note that the growing interest in intermediaries has been prompted by global concerns and has been focused in terms of monetary policy and stabilization goals. In works such as that of Gurley and Shaw, some quite basic questions have been by-passed: Why did the financial intermediary come out of the past to such tremendous size today? Why are they in existence? Why did they flower precisely when they did? And the way they did? By reading what little literature there is on the history of specific institutions, one gathers at the one extreme super-sweet references to an imaginary altruism, and at the other, a naive acceptance of the notion that financial institutions get big when everything else does.

Rose Because They Met Consumers' Needs

Let us probe a little more deeply, and here I am indebted to Professor Ross Robertson of Indiana University. Non-bank financial intermediaries are essentially *consumer-directed*. They render, with a few exceptions, some kind of service to the household unit. They serve as a go-between, linking household unit to demander of funds, which may be another household unit or a business. By way of contrast, commercial banks, although they are beginning to increase their consumer appeal, have their really important contact with other businesses rather than household units. Given this premise, until the consumer developed financial needs and desires and the capacity or capability to satisfy these needs, intermediaries could not exist or grow vigorously.

Intermediaries, like commercial banks, grow and thrive because they are profitable to someone. The concept that these institutions were promoted because the wise and good men of a community wanted to do something nice for people is in many respects a myth. Until profits existed, directly or indirectly, the managerial effort would not be made.

Let me quote a theorem developed by Professor Robertson: "The growth of non-monetary intermediaries is preceded and largely determined by an expansion of the money supply by the banking system; the non-monetary intermediaries serve the cause of total economic growth by dislodging idle bank balances and making them a part of the active money supply." Thus, to be profitable, a financial specialty shop must operate in an environment that includes:

(a) Homogeneity of the money supply. Savings and loan accounts have to be substitutes for demand deposits at an acceptable level.

(b) Large numbers of potential savers or customers have to be available.

(c) Intermediaries must be able to provide a ready supply of liabilities for sale, i.e., savings accounts, life insurance policies, etc.

(d) The environment should be of a type where we have a high rate of increase in real incomes.

Such a climate came into existence in our country following World War II and accelerated during the 1950s. It is this period that marks the real birth and maturing of the financial intermediary.

The Position of Savers Today and During the Years Ahead

Changing Income Patterns. The consumer is changing drastically as a customer for financial services. Let us examine what has been happening to the income characteristics of the American people using the 1960 income data. The number of consumer units reporting incomes of $6,000 or less is decreasing in both absolute and relative terms. Interestingly, the $4,000 to $6,000 group, after rising during the early postwar years, now is decreasing as well. As you move above $6,000, the number of families in each of the income brackets increases in absolute and relative terms. The largest relative gains occur among income units making $10,000 or more. There are almost four times as many families making between $10,000 and $15,000 today as was true in 1950, and three times as many receiving incomes of $15,000 or over. On a percentage basis, in 1950, 5% of our consumer units received $10,000 or more. Now this figure has risen to 17%. When we examine after-tax income, the gains are less striking, but the trend is still clear.

The income distribution of American families on a dollar basis shows the proportion of income dollars in the hands of higher income groups is rising, and the trend appears to be accelerating. In number, the $15,000-and-over group is three times as large as in 1950. In dollars, it now receives 22% of total income dollars versus 14% in 1950.

What of the future? If the trends emerging but not yet reported in income data hold, the American income distribution may be in for a two-way stretch.

(1) The increasing proportion of retired individuals in our population reporting relatively low incomes and the stubbornness of structural unemployment may work to increase the number and proportion of consumer units at the low end of our income distribution. At the very least, such factors will tend to slow the improvement at this end of our income distribution.

(2) We are going to see a considerably larger number of individuals moving into the higher income brackets where they have at their command sizable amounts of discretionary purchasing power and where their need for financial services will grow. Such funds may be saved or invested as well as spent. A whole new generation of individuals outside the 40-hour week category and capable of making sizable amounts of money seems to be growing up. These are the scientists, the engineers, the attorneys, the financial specialists, the college professors serving as business consultants, and others who can and do demand high compensation.

Furthermore, individuals in the higher income brackets, those making over $15,000 a year, have an even higher *effective income*. I will define effective income as money income plus those fringe benefits leading to higher living standards. We ought to study these emoluments, for they are no longer a minor element. Persons in the higher income brackets may be termed the "fringe benefit crowd," the tax avoidance group, for, because of their position, they have their automobiles, country clubs, business trips (which qualify as vacations) and many other items paid for by the firms and clients for whom they work, rather than out of their take-home pay. Thus, their effective standard of living may well run 20% higher than their reportable dollar income would indicate. In other words, their capacity to spend on a discretionary basis, or to save and invest is relatively greater for this reason than is the case for the middle - income categories.

New Findings From Savings Research. Keeping in mind this changing income pattern, let us turn to some specific facts regarding over-the-counter savers in this country. I am going to review quickly two research investigations sponsored by the United States Savings and Loan League during the last year probing our savings markets.

(1) Motivation Research

The first investigation was a motivation research study inquiring into the attitudes of modern Americans toward money and thrift, and the ability of savings and loan associations to satisfy these motivations. The research was conducted by the Institute for Motivational Research, under Dr. Ernest Dichter. Many, I am sure, view motivation research with considerable skepticism Concerning its ability to provide facts with measurable levels of statistical confidence, I agree with the skeptics. Motivation research is an art that depends on the prowess of the artist for its value. It is extremely valuable, however, in producing hypotheses not ascertainable through the statistical nose-counting type of investigations, and in this research effort such was our purpose. The two

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The State of TRADE and INDUSTRY

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

Most of the *underlying facts* behind President Kennedy's recent decision to forego immediate anti-recession tax reduction in favor of tax reform and tax reduction when Congress convenes in January are contained in the following Federal Reserve System's mid-August national summary of business conditions:

"Economic activity generally increased further in July. Industrial production, employment and personal income rose. Commodity prices changed little. Seasonally adjusted total bank credit decreased, although loans increased somewhat.

Industrial Production

"Industrial production rose one point in July to a new high of 119% of the 1957 average. Increases in output were widespread, with gains in final products and materials. [Ed. Note: The index of production was 118 for preceding May and June, and 112 for July, 1961.]

"Auto assemblies rose 10% following settlement of a strike in June and were slightly above the advanced May rate. Reported schedules for August indicate little change in output after allowance for a sharp reduction during the model changeover period. In July, output of other consumer goods was maintained at the record June level as declines in television and furniture were offset by moderate gains in consumer staples. In the equipment industries, there were further gains in output of industrial, commercial, and farm machinery as well as in freight and passenger equipment.

"Production of iron and steel in July was about unchanged from the June level, following a curtailment of one-fifth from April to June. Output of other durable materials, as well as most nondurable materials, advanced further.

Employment

"Seasonally adjusted employment in nonfarm establishments rose 125,000 in July to 55.6 million, following a similar increase in June. Gains in July were largest in the construction, retail trade, and the service industries, and these more than offset declines in transportation and public utilities and in some nondurable goods manufacturing industries. The workweek in manufacturing was off slightly further. The unemployment rate declined somewhat to 5.3% of the labor force.

Construction

"The value of new construction activity, which had increased in each of the four preceding months, was off slightly in July to a seasonally adjusted annual rate of $61.7 billion. Private construction expenditures were practically the same as in June, but public activity declined 5%.

Distribution

"Retail sales in July recovered from the decline in May and June. Total sales increased 2% with durable goods sales up 5% and nondurables up 1%. Sales of new domestic and imported autos rose to a seasonally adjusted annual rate of 7.4 million units. Department store sales improved and the Board's index advanced to 115% of the 1957-59 average from 111 in June.

Commodity Prices

Prices of steel scrap, which had declined by mid-year to the lowest level since 1954, have risen moderately. Prices of most other sensitive industrial materials have continued at June levels.

While meat supplies have changed little, prices of livestock and meats have risen more than seasonally since June. The average level of wholesale meat prices in early August was about 5% higher than in June or a year earlier. Prices of most other farm and food products have continued stable in recent weeks.

Bank Credit and Reserves

Total commercial bank credit, seasonally adjusted, declined in July following substantial growth earlier in the year. Holdings of U. S. Government securities dropped, while holdings of other securities continued to expand rapidly. Total loans increased slightly further, with business, consumer, and real estate loans continuing to show moderate growth. The money supply declined somewhat, while time deposits at commercial banks rose further. U. S. Government deposits were reduced.

Total reserves and required reserves of member banks rose further in July. Excess reserves also increased somewhat while member bank borrowings from the Federal Reserve were about unchanged. Reserves were absorbed principally through an increase in currency in circulation and an outflow of gold. They were supplied through an increase in float and a reduction in other Federal Reserve accounts.

Security Markets

Yields on Treasury obligations edged lower from mid-July through early August. The rate on three-month bills declined to 2.83% and the average yield on long-term bonds was slightly lower at about 4%.

Yields on both corporate and state and local government bonds increased moderately further. Common stock prices have changed little since mid-July.

Bank Clearings Rise 5.7% From 1961 Week's Volume

Bank clearings this week will show a decrease compared with a year ago. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Aug. 18, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 5.7% above those of the corresponding week last year. Our preliminary totals stand at $30,205,017,647 against $28,576,744,177 for the same week in 1961. Our comparative summary for some of the principal money centers follows:

Week End. Aug. 18—	1962 (000s Omitted)	1961 (000s Omitted)	%
New York	$16,270,024	$14,653,022	+11.0
Chicago	1,423,724	1,403,455	+ 1.4
Philadelphia	1,153,689	1,119,000	+ 3.1
Boston	855,138	827,486	+ 3.3
Kansas City	547,416	538,253	+ 1.7

Steel's Output Up 2.4% From Preceding Week and Down 16.9% From Last Year's Week

According to data compiled by the American Iron and Steel Institute, production for the week ended Aug. 18, 1962, was 1,616,000 tons (*86.7%), as against 1,578,000 tons (*84.7%) in the week ending Aug. 11.

Data for the latest week ended Aug. 18, 1962, shows a production decline of 16.9% compared to last year's week output of 1,944,000 tons (*104.4%).

Production this year through Aug. 18 amounted to 64,695,000 tons (*105.2%), or 11.4% above the Jan. 1-Aug. 19, 1961, period.

The Institute concludes with Index of Ingot Production by Districts for week ended Aug. 18, 1962, as follows:

	*Index of Ingot Production for Week Ended Aug. 18, 1962
North East Coast	90
Buffalo	78
Pittsburgh	77
Youngstown	79
Cleveland	86
Detroit	100
Chicago	95
Cincinnati	80
St. Louis	81
Southern	98
Western	91
Total	86.7

*Index of production based on average weekly production for 1957-1959.

Upgraded Auto Forecasts Good News to Steelmakers

Encouraged by excellent sales in July, automakers are upping their estimates of the number of cars they will build in this year's fourth quarter.

That is good news to steelmakers, said *Steel* magazine this week, because: (1) The automotive industry is the biggest consumer of finished steel (it received 21.6% of all shipments in June vs. 17.2% for warehouses and distributors and 12% for construction—the next highest market classifications). (2) Steel orders from the automakers were virtually nil last week, nearly all assembly plants being closed for model changeovers.

Optimists among the Detroit forecasters predict passenger car output will reach 1.9 million units in the fourth quarter. That would be the second largest of any fourth quarter in automotive history, said *Steel*.

The metalworking weekly reports that on Aug. 1 dealers had on hand an estimated 960,500 cars, or 47 days' supply. That is the lowest in terms of days' supply since 1957. By Oct. 1, when 1963 models start moving out to dealers, it is expected that only 200,000 of the 1962 models will remain in dealers' hands. Since that number is not unwieldy, there is a good chance that at least 1.8 million cars will be built in the fourth quarter, even if there is a mild recession, *Steel* said.

This week, Chrysler Corp. and American Motors Corp. will begin their 1963 model runs. Ford Motor Co. will begin building new cars by the end of this month, and General Motors Corp. will resume production after Labor Day.

General Motors will not start buying steel at a normal rate until it has liquidated the inventory surplus it accumulated during the first quarter in anticipation of a steel strike. Buying at GM's Pontiac Motor Division will not equal consumption until December, said E. M. Estes, Pontiac's General Manager.

Ingot Output Keeps Pace With Steel Product Demand

Orders for finished steel improved last week, *Steel* reported, noting that although slight, the gain was widespread. Ingot output is keeping pace with the pickup in demand for steel products. For the week ended Aug. 18, *Steel* estimated 1.6 million tons will be poured, up 1.4% from the preceding week's total. Operations are at the highest point since May.

Except for a slight pickup in exports, the scrap market was inactive last week. *Steel's* price composite on No. 1 heavy melting scrap, the key grade, held at $28 a gross ton for the third straight week.

Faltering August Steel Orders Jeopardize September Recovery Expectation

Only a surge of new orders in the last week of this month can prevent September from being

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Realism and Statesmanship Urged on Sav.-Loan Industry

By Harry S. Schwartz,* *Adviser to the Federal Home Loan Bank Board, Washington, D. C.*

Consultant to central bank for S. & L. Associations is troubled by the quality of the growth being pursued by thrift associations. He suggests they reexamine their aims and certain considerations arising from liquid savings outpacing profitable, sound outlets for investment, and reviews the relationship between income, liabilities, and asset-quality. Mr. Schwartz notes the similarities today to the 1920's when high interest rate competition continues while credit demand slackens and yields lag behind. He, also, comments on when savings do not produce investments automatically, the dilemma facing the savings industry, and how the economy has changed.

For most of the period since World War II we have been very much concerned with the rate of savings, particularly by consumers, and particularly in liquid form. The savings industry, of which you are a part, is the principal lodging place for liquid savings by consumers. This concern is not entirely new; it has been evident since the Industrial Revolution in England. There is a popular belief that savings produce investment; perhaps there is some justification for making this assumption. If we look at many developing societies we find that the lack of saving may be a bottleneck to moving ahead in developing an adequate level of investment. The crucial question, however, is, why is there a capital shortage? Usually this results in a society which is producing too few goods for the population, and perhaps, even for the purchasing power of the population. If the society already is consuming just barely enough to keep its population alive, the likelihood that the society will save much, without an increase in income, is slim.

Harry S. Schwartz

Savings, investment, and income are inextricably bound up with each other. It is frequently fruitless to argue that we would have more investment if we had more savings. In some cases there isn't any base for developing the savings. In other cases, if the society were to save more, the need for increasing capital would be reduced sharply because the product flowing from the capital would find no market.

This is perhaps too brief a summary of some points I would like to make about the economics of the savings industry, but this brief summary does highlight a critical question. After a long period of growth in any society, capital does become more adequate relative to consumption. If at the same time consumers try to save more in liquid form, then the banks, savings associations and other types of institutions may find themselves confronted with a series of difficult problems.

Increased saving means that people are abstaining from consumption. All's well if there is a rising demand for capital but this is not always the case if capital investment requires the spur of demand in order to grow. Then consumption must be fairly high in order to generate the profits that will make business men feel comfortable in expanding, and also to put the pressure on their production facilities which will make it necessary for them to expand. Consequently, efforts to save and investment in a growing society will sometimes clash with each other.

When Savings Balance Investment

Perhaps I ought to point out one more thing before proceeding. Total savings, whether in liquid, or any other form will usually come into balance with investment in any society. Investment tends to create its own savings partly by increasing income so that people have greater amounts of money to save, and partly because it is putting to work the intended savings of some other groups of society. If investments were not available to put these intended savings to work, somebody would be the loser. For example, if there is a builder who has built ten houses but buyers are staying out of the market and trying to save their money, your builder may end up losing his proverbial shirt, if not some saver's money which you have loaned him to finance the project. Consequently, there must be demand for the product in which savings are invested or else the product will lie idle. Producers of goods and capital equipment will be left with an inventory shrinking in value and the losses will offset the intended saving of others.

Because savings can occur in many forms we sometimes get confused about what constitutes savings. If we invest some of our income in a house, an industrial plant, or industrial equipment, we are saving and investing simultaneously. The person who saves and enters the stock market is also saving and investing simultaneously, provided he doesn't run into a period when the stock market is sinking. Of course, what it does demonstrate, however, is that when people desire goods, whether they be consumption or investment goods, they are less likely to save in liquid form than they are when the prospects are not so bright. The banks have usually had their best years, until recently, when there has been a recession. People fearful that the future might not be too bright, have put their money into the type of instrument that could readily be turned into cash.

Recession Encourages Savings

The tendency of people to increase the amount they save in banks or savings associations when the economy doesn't look particularly good is likely to create a burden for the savings industry. During most of the postwar period, this tendency didn't hurt very much; in fact it was a good thing. We had a tremendous backlog of housing demand. In periods of prosperity, the reduced flow of funds to commercial banks, and in some cases to insurance companies, with a rise in credit demand from business tended to make for a very tight mortgage market. Consequently when the economy became a little weak and prospects were not too good, the rush by savers into time accounts made money available for a ready outlet, the mortgage market. The intertwining of this series of events actually helped to stabilize the

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SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

This is the third in a series describing a specific type of investor. Subjects of earlier articles were I: "Young People Starting Out in Life," Aug. 9; and II: "Retired Investors," Aug. 16 issue.

III

Women Investors

The majority of women investors are more interested in income and conservative investments than non-dividend paying speculations. Sell a woman a stock that declines in market value and that pays her no dividend and—look out! No matter how attractive may be the prospects for the eventual enhancement possibilities of a security, it is advisable not to recommend its purchase to a woman investor unless it offers some return to her, in income. When the average woman holds a stock for years and it has declined in market value and still provides no income—this is difficult for her to understand.

Although there are always exceptions, it is better to leave the "growth stocks," that plow back earnings and pay meagre dividends, to your high bracket men investors. When the postman calls and brings one of your women clients a dividend check she thinks of you—and is pleased. In this connection, some very astute financial judgment has been exercised by a large grocery chain that caters to women shoppers. They pay their dividends monthly and the women shareholders have increased as well as the chain's customers. If you do sell non-income producing investments to a woman, be certain that she is well versed in investment procedure, or that she realizes she may be taking a little "flyer" for a turn with a small part of her capital. In other cases, it is possible that women investors can become iritated—not only at the investment, but also at the salesman who told her to buy it.

Be Patient

There are retired women investors. Many of them have inheritances that they received at various ages of life. They are naturally careful and cautious in their approach to investment. The second major group of women investors are career women. Teachers, business executives, professionals and high income bracket women who own and operate their own business. The third major group of women investors are a few professions that have wisely managed their capital for many years.

If there is one very necessary approach to the good-will and confidence of all women investors it is patience. Unless you have the ability to be a good listener, to explain carefully, and remember that in most cases you are dealing with a person who knows very little about securities, you cannot build confidence. The language of "Wall Street" should be avoided as much as possible. Most women are not versed in the semantics of investment. This will add to their confusion. Remember that the majority of women have become investors by necessity and not by choice. They read the papers. They talk with friends (who often know very little about what they should do) and sometimes they feel frustrated because of their supposed lack of knowledge. These are the reasons why they feel that they should find a specialist who not only knows a good investment when he sees one, but who can also advise them on what, when, and how to buy and sell securities. Be patient with this lack of experience, the indecisive approach, and the need for assistance, and you will go a long way in building a clientele of women investors.

Be Specific

If asked for an explanation, give a simplified answer. As noted before, avoid complicated investment terms whenever possible. Ask, "Is this clear to you? If not, let's go over it again." Don't overtalk and confine your explanations to familiar phrases.

For example, here is the way one salesman explains the quality of a mutual fund investment. "Mrs. Jones, there is one thing everyone desires from an investment and that is that it is as safe and as sound as it can be in this uncertain world. Here is an investment that has paid dividends ever since 1929, the year of the great stock market decline, all through the depression thirties, all through World War II, all through the Korean War and the reconstruction that came afterward. Here is the record, thirty three years of steady and regular dividends, through all kinds of stock markets, wars, and depressions. On the first of every month, four times every year, 132 dividend checks have been paid to the people who have held this investment. It never failed to pay. Don't you think this is a record that clearly shows what a fine investment can do for people? Can you understand why I think it is the type of investment that will give you as much "WORRY FREE" income as any investment I could suggest? Isn't this the kind of investment you want?"

Women, and men too, also need reassurance. Another salesman in a recent discussion with a woman client who was worried about the decline in her stocks, put it this way. "Mrs. Smith, I am sure that you remember why you decided to invest in these companies. Wasn't it because they were well established, in business for many years, and they supply essential services to millions of people? Markets go up and they go down —you know this I am sure. But as long as the companies in which you have your capital invested are sound, well managed, and paying you regular income, I am sure that you never will have to sell unless you or I think it advisable; either to take a profit if a stock appears to be overvalued; or if we can better income and security. Isn't that right?"

Always Be Respectful

Politeness, consideration for the feelings of others, are always valuable assets. Never make a personal call to see a woman prospect or client unless you first make a telephone call and find out if it is convenient. Women appreciate the courteous salesman who respects their confidence and treats them in a business-like manner, who is not condescending, and who is a gentleman at all times. You will receive many referrals from women clients if you have managed their accounts in an able manner, providing they feel that they can also recommend you as a man of integrity to their friends. Avoid luncheon interviews until a well established business relationship has been consummated. Invite women to your office if it is convenient to them. Many women would rather have a business conference at a salesman's office than any other place.

Sometimes Saturday mornings offer opportunities for making appointments. I found this out quite by accident when I asked a woman client if she could see me and she said "How about Saturday morning?" We arranged a breakfast conference about ten o'clock at a good restaurant and it worked out very well. I have sold several mutual fund orders using this same approach.

Also, never repeat anything told to you by a woman client. Many of them have friends and an innocent remark to you may come back to them. In all human contacts silence is golden—working with women investors it is particularly so. In fact, the investment business is based upon a confidential relationship between salesman and client and this should never be violated.

In conclusion, if you are fortunate to meet a competent and experienced woman investor your approach should be straight forward, respectful, and the same as you would show to any other investor. Never assume that because an investor is a woman that she may not have the mentality and the awareness to investment problems that many men possess. What she wants is service, ideas, and information that will save her time and help her achieve the best possible investment policy. She is a professional and you can only earn her good-will by meeting her on equal grounds, and by knowing YOUR BUSINESS.

Private Financing Arranged for Wabush Securities

Kuhn, Loeb & Co., New York City, has announced that it arranged to sell to a group of institutional investors in the United States and Canada, $130,000,000 Wabush Securities Corp., first mortgage and collateral trust bonds series A, due Jan. 2, 1991.

Wabush Securities is an organization formed by Wabush Iron Co. Ltd., Mannesmann Canadian Iron Ores Ltd., and Hoesch Iron Ores Ltd., to finance their share of a $235,000,000 iron ore project in the Newfoundland-Labrador region of Canada. Other participants in the joint venture are Steel Co. of Canada, Ltd., and Dominion Foundries & Steel, Ltd. Wabush Iron Co. Ltd., in turn, is owned by 10 U. S. Canadian and European steel concerns.

Initial production of the iron ore project is scheduled for 1965. It is expected to produce five million gross tons of iron ore concentrates annually, at the start.

Some $100,000,000 has already been invested in the project. This financing was provided by the participants and by short-term borrowing from a group of six U. S. and Canadian banks. This borrowing will be repaid from proceeds of the bond sale.

The project, at Wabush Lake, Labrador, will consist of harbor and dock facilities at Pointe Noire, a railroad connecting the area with the Quebec, North Shore and Labrador Ry., mining and processing facilities, and housing and servicing facilities for an estimated 1,000 employees.

L. L. Barroll With Varnedoe Chisholm

(Special to THE FINANCIAL CHRONICLE)

SAVANNAH, Ga. — Lawrence L. Barroll has become associated with Varnedoe, Chisholm & Co., Inc., 1 Bull Street, members of the Philadelphia-Baltimore Stock Exchange, as Manager of the municipal department. Mr. Barroll was formerly in the municipal department of Elkins, Morris, Stokes & Co., Philadelphia, and prior thereto was with First National City Bank of New York.

P. G. Verite & Associates

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Pierre G. Verite is engaging in a securities business from offices at 2410 Pillsbury Avenue under the firm name of Pierre G. Verite & Associates. He was formerly with the White Investment Co. of Minneapolis.

The Market . . . And You

BY WALLACE STREETE

Stocks continued, with minor interruptions, to work higher and, at least as far as the industrial average is concerned, undo much of the damage of the late May break.

In fact, just prior to the May 28 market upset, the industrial average had dropped to 611 without much commotion. After the sharp collapse, this indicator continued to decline until a low of 535 was posted. This week it succeeded in appearing above 612 again.

As in most market breaks, much more damage had been done earlier before the selling hit frantic proportions on that memorable May day. In fact, at 611 it was off no less than 123 points from the all-time peak.

So there were few willing to say flatly that the woes of the market are now ended and better times assured in the foreseeable future. Many of the veteran observers were on the record to the contrary. Their logic was that an upset of the proportions of the 1962 one would chill excess enthusiasm for a long time to come. The mirage of endless price gains that caused enthusiasm to feed on itself without regard to the underlying basics has vanished.

Patient Value-Searching in Order

So the best expectation was sound eventual realization of value and good market action where warranted as a company's fortunes obviously improved. And that didn't add up to any assault on the all-time peaks by any averages, or by any broad collection of assorted stocks, for a long time to come.

The hot debate was whether or not all the urgent selling had been cleared up. Since the low point was hit there has been nothing in the way of any attempt to re-test it, a maneuver that many old-timers consider essential to provide a strong base for the market.

The Market As Business Indicator

There was still lively argument over whether or not business is heading for the recession that the market seemed to indicate. It wouldn't be the first time the market was wrong in its forecasting ability since the 1946 break was supposed to have signaled a postwar recession which never arrived on schedule.

Technically, the market was showing a better tone than it has in a long while, particularly since upside progress had been achieved painstakingly. Short selling reached a peak not seen since 1958 when the short sellers, at least from the bare totals, are supposed to have taken a drubbing. And their buying of the specific issues to cover their short positions could bolster the market for some time to come.

Aerospace Prominence

Aerospace issues were prominent on at least activity both before and after it was announced that the government was pushing ahead with development of the Titan III which, present plans indicate, might give this country a chance to overtake the Russians in aerospace achievements.

Price action for even Martin Marietta, which will be prime contractors for the super rocket, wasn't excessive. Just before rumors of the new contract award were confirmed, a 374,000 block of this issue had been distributed by one house at a price of around 20. Through the rumor period and even after the announcement, Martin traded actively but only recovered to around 26 while a third of a million shares were changing hands.

What motivated the sale of the huge block, or the particular timing, isn't known. But from subsequent developments, it wasn't on the surface a particularly propitious sale although buyers have cause to be well satisfied.

Other companies which won a share in the Titan III work were also restrained, which included General Motors' AC Spark Plug division, United Aircraft's United Technology unit and General Tire's Aerojet General.

The interest in aerospace issues generated both by the Titan contract and the nearly-coincidental double orbit by Russian cosmonauts kept research departments busy unearthing the defense aspects of many other companies.

Litton, which has been viewed in market interest mostly as another electronic operation, is committed to systems and components that are important to the space age, while its Ingalls Shipbuilding subsidiary is definitely prominent as a builder of nuclear submarines. It has already delivered two and is working on five more. Of the dozen contracts for attack submarines awarded so far, this division has won the contracts for seven.

Not yet 10 years old, Litton Industries has piled up an impressive growth record both in sales, earnings and diversification, having absorbed some 30 companies in its short corporate life. The company's important work centers around guidance systems for the most advanced military aircraft, business machines and the fast-growing shipbuilding work. This in addition to its electronic work. The performance in the sales and earnings categories for its fiscal year just concluded was excellent —earnings up 46% on a 54% increase in sales.

United Aircraft has suffered recently from both high costs and large research outlays which promise both to continue and to keep the company from reporting any record-breaking results. But research and new developments have given it a firm hold in the aerospace field and some improvement in its profit picture has started to show. With only a small increase in sales, earnings for the first half of the year were exactly double those of a year ago, and the company projections are that this picture of doubled earnings should prevail when the full year's results are known.

Where, in growth situations, there is little in the way of yield to ponder, United Aircraft has a dividend record stretching back a quarter of a century without a break. At recent levels it offered a return well into the 4% bracket.

A Solid Aerospace Item

Lockheed, once so closely identified with military and commercial planes, is also solidly in the aerospace lineup through its concentration in recent years on missile and space projects and the electronics to go along with them. The company, like General Dynamics, had an upsetting experience with one of its planes a couple of years ago. But now that the losses from that incident are out of the way, would seem to be on its way to improving fortunes. Last year the earnings showed a good increase and present estimates indicate a considerable improvement from that level for this year's results. With the improved prospects, Lockheed automatically becomes a candidate for an increased dividend since the $1.20 payment was covered by more than twice last year and should be earned more than three times over this year.

Utilities Share Recovery

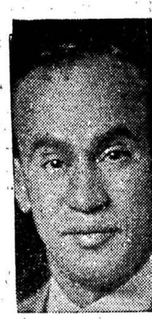
In their quiet way, utilities have been recovering from the selling of early this year just as impressively as the industrials. The section is, as it has been for long, the yield department, with some returns, like that in New England Electric System approaching the 5% line. The shares of NEES obviously haven't been overly popular with investors, hence the high yield. The company has issued additional shares frequently, in fact is planning to sell better than a quarter million more shares that were unsubscribed in a June offering. The income feature, consequently, is the main attraction in this case.

Canada Dry has shown little growth ability in the earnings figures, but here it screens a significant expansion by the company in its product lines. With promotion and advertising costs up substantially, the growth in sales was outweighed by a decline in per share earnings. Its yield is better than 4½%. Its followers believe that an upturn in earnings could come this year and, in time, mirror the healthy rise in sales to far better ability.

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

Greene Announces Expansion

Irving Allen Greene, senior partner of Greene & Company, 37 Wall Street, New York City, has announced the expansion of the firm's trading department with the installation of a direct private wire to Henry, Franc & Co. of St. Louis, Mo., members of the New York Stock Exchange.



Irving A. Greene

At the same time, Mr. Greene announced that Bernard Horn and A. Henry Fricke have joined Greene & Co. in the firm's Trading Department. Mr. Fricke formerly headed the New York investment firm of Henry Fricke Co.

Greene & Co. which also has a direct private wire system to Chicago, Los Angeles and San Francisco and a direct private telephone to Philadelphia, recently opened a department in New York to trade in the securities of 40 publicly held Small Business Investment Companies.

Medical Secs. Distributing Corp.

Medical Securities Distributing Corp. is engaging in a securities business from offices at 44 Wall Street, New York City, acting as principal distributor of Medical Securities Fund, Inc. Officers are Martin Kaye, President; Harry I. Greenfield, Treasurer; and D. M. Seinberg, Secretary. Mr. Kay and Mr. Greenfield were formerly with Fleetwood Securities Corp.

Harris, Upham Branch

KANSAS CITY, Mo.—Harris, Upham & Co. has opened a second office in Kansas City at 800 West 47th Street under the management of James R. Gasal.

Forms R. K. Machold Co.

SYRACUSE, N. Y.—Rainer K. Machold has formed R. K. Machold & Company Ltd. with offices in the Onondaga County Savings Bank Building, to engage in a securities business.

NEWS ABOUT BANKS AND BANKERS

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

The appointment of Philip Conway as Vice-President of the **First National City Bank, New York,** was announced by George S. Moore, President.

Mr. Conway, a former Assistant Vice-President, joined the bank in 1946. He is in the bank's national territorial organization and will be in charge of the district embracing Arkansas, Colorado, Kansas and Missouri.

* * *

After a 21-year absence **The First National City Bank, New York** will be in business again in Belgium. The Bank opened a branch Aug. 15 at 8, rue Cardinal Mercier, Brussels, Belgium.

Arthur L. Worthington will be Manager.

* * *

Edward A. Farley, Jr. has been made a Vice-President of the **Manufacturers Hanover Trust Company, New York.** Mr. Farley will be in charge of the Bank's Time-Life Building branch after Thomas H. Bennett, officer in charge, leaves in September to become President of **First National Bank and Trust Company, Ithaca, N. Y.**

Mr. Farley joined the Bank in March, 1951. He was named an Assistant Manager in 1956, Assistant Secretary in 1958 and Assistant Vice-President in 1959.

* * *

Paul E. Quandt and Eugene D. Dixon have been made Vice-Presidents of the **Irving Trust Co., New York.** Both men are with the Bank's branch office division.

* * *

Reginald J. Leadbeater has been elected a Vice-President of the **Commercial Bank of North America, New York.**

* * *

Sir Cyril Hawker succeeded Sir Edmund Hall-Patch as Chairman of **The Standard Bank, Limited, New York,** on Aug. 20. Sir Edmund Hall-Patch will remain on the Board.

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Lincoln Rochester Trust Company, Rochester, N. Y. received approval from the New York State Banking Department to increase its capital stock from $10,957,000 consisting of 547,850 shares of the par value of $20 each, to $11,176,140 consisting of 558,807 shares of the same par value.

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Herbert H. Herzog, Secretary of the Board and Divisional Vice-President of the **Provident Tradesmens Bank and Trust Company, Philadelphia, Pa.,** died suddenly Aug. 16. He was 60 years old.

Mr. Herzog began a banking career, with the **Oak Lane Trust Company.** He joined the old **Land Titel Bank and Trust Company** in 1936. He was made a Vice-President of Land Title in 1944, elected to Secretary of the Board of Provident Tradesmens in 1960.

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The appointment of Carl B. Brunner to the Presidency of the new **District of Columbia National Bank, Washington, D. C.,** was voted unanimously by its Board. Mr. Brunner has also been named a member of the bank's Board of Directors.

Mr. Brunner was formerly a Vice-President of the **Chase Manhattan Bank, New York.**

He will assume his new position at once, in preparation for opening this fall. Construction of the bank's quarters in the 1812K Building is progressing in advance of schedule.

American Fletcher Bank & Trust Co., Indianapolis, Ind., elected Jack E. Reich a Director.

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Lawndale National Bank, Chicago, Ill., elected Harold N. Swirksy Vice-President and head of the instalment credit department.

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John G. Topp has been named a Vice-President of the **First Wisconsin National Bank, of Milwaukee, Wis.** A. Paul Jones was promoted to Assistant Vice-President and Kenneth C. Boorse and Howard Solverson were elected Assistant Cashiers.

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Comptroller of the Currency James J. Saxon Aug. 7 granted preliminary approval to organize a new national Bank in Fort Myers, Fla. Carrying an initial capital structure of $600,000, the new Bank will be operated under the title **"Edison National Bank in Fort Myers."** The proposed location of the Bank is 3100-3114 Cleveland Avenue. Proposed officers of the Bank include A. W. D. Harris, Chairman of the Board; and Joe L. Norris, Cashier.

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Texas Bank & Trust Co., Dallas, Texas, elected Thomas E. Jones and Hugh K. Frederick, Jr., Vice-Presidents.

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Vice-President Robert T. Shinkle has been appointed Senior Trust Officer in charge of administration of trust activities of **Bank of America, San Francisco, Calif.,** it was announced Aug. 21 by Clark Beise, President.

Mr. Shinkle, whose appointment was approved Aug. 21 by the bank's Board of Directors, was also named Secertary of the General Trust Committee.

Mr. Shinkle will work closely with Executive Vice-President Samuel B. Stewart Chief Executive Officer for all trust activities, and Board Chairman Jesse W. Tapp, Chairman of the General Trust Committee.

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Elliott McAllister, Chairman of the Board of **The Bank of California, San Francisco, Calif.** Aug. 14 announced several advancements at the senior management level of the Bank.

T. Robert Faragher, Vice-President and Manager of The Bank of California's Tacoma, Wash. office and Robert H. Bolman, Vice President and Manager of the Bank's Oakland office, have been appointed Senior Vice-Presidents.

They will be attached to the Head Office in San Francisco.

Also advanced to Senior Vice-President were Leland H. Johnson and Thomas L. McQuaid, Vice-President and Manager respectively of The Bank of California's Portland, Oregon and Seattle, Wash. offices, where they will continue in their present capacities.

Carter L. Larsen, Assistant Vice-President (Head Office) succeeds Bolman as Vice-President and Manager of Oakland Office. At Tacoma Office, Vice-President Howard O. Scott moves up to Vice-President and Manager, with Gordon Satterthwaite, Assistant Vice-President becoming Vice-President.

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Bank of London & South America, Ltd., London England, named Colin O. Shearer Director, with responsibility for the bank's affairs in Chile, Argentina, Paraguay and Uruguay.

THE SECURITY I LIKE BEST...

Continued from page 2

American Factors subsidiary, may exceed $50,000,000.

Other projects include a residential development in the Pearl Harbor area, whose over-all cost may exceed $400,000,000; a completed subdivision west of Pearl Harbor in which 160 homes were sold; four large subdivisions in Honolulu and Windward Oahu; three subdivisions totaling 300 homes, a 30-acre light industrial park, and an 11½ acre shopping center planned by a subsidiary on the Island of Kauai; and subdivisions in both the Hilo and Kona areas of the Island of Hawaii.

American Factors also operates internationally. Through American Factors Associates, its more than a century of sugar production experience, and the skills of its highly-trained technicians, are made available to the sugar industry throughout the world. A partnership of American Factors, the Dillingham Corp., and J. H. Pomeroy & Co. formed Sugar International in 1960 to design, construct, and operate sugar industries in any part of the world. In partnership with Chase International Investment Corp. (Chase Manhattan Bank) and others, and under contract with the Australian Government, American Factors is developing 1,400,000 acres in Western Australia. Jointly with the Standard Fruit Co. and Stokely-Van Camp, and with the cooperation of the government of that country, American Factors is test-planting pineapple in three locations in Honduras. And last year, American Factors and its subsidiaries purchased control of two sugar companies in Uruguay, a country which produces only one-third of its sugar requirements.

At the end of 1961, capitalization consisted of $6,800,000 of 5% notes due 1973, $7,500,000 of convertible notes due 1974, and 1,264,876 common shares. Through the conversion of $6,000,000 of notes in July of this year, the issuance of $20,000,000 of 20-year 5% notes in August, and the redemption of the notes due 1973 and the balance of those due 1974, the company's capitalization now consists of $20,000,000 of notes due 1982, and 1,518,403 common shares.

On a consolidated basis, with fee lands carried at cost, the year-end stockholders' equity was indicated at $47.52 per share. On the basis of estimated current values for the company's land and leases, the per share figure would have been about $72. After adjustment for the recent capital changes, the respective equity figures per share would be about $41 and $62.

Due to the disastrous sugar strike of 1958, per share earnings declined from $1.84 in 1957 to 28 cents, then rose steadily to 53 cents in 1959, $1.09 in 1960, and $2.27 last year. Including capital gains, the per share earnings for the past five years were, respectively, $2.17, 77 cents, $1.39, $1.91, and $2.73. These earnings figures have been computed on a consolidated basis, and on the basis of the shares outstanding at each year-end, adjusted for the two-for-one split in 1960. The company has operated profitably in each of the past 45 years.

Dividends have been paid without interruption for more than 65 years. During the past five years, the per-share payment has risen each year from 40 cents to the current $1 rate. Dividends are paid quarterly, MJSD.

With its highly-diversified operations geared to every important phase of the growing Hawaiian economy, American Factors enjoys the strength inherent in a wide diversification of income sources, and strong growth potentials. At current market levels, its shares offer exceptional asset values, attractive earnings values, and satisfactory yield, in a security of obvious high quality.

New Methods of Generating Electricity on the Horizon

Edison Electric Institute Task Force says new techniques may be in practical use within next decade.

Some unconventional methods of generating electricity may be in practical use within the next 10 years. So believes a special task force of the Edison Electric Institute, trade association of American investor-owned electric utility companies.

The Task Force on Advance Projects notes that "impressive progress" has been made in the past three years—1959 to 1962—in the development of techniques for converting heat, chemical and nuclear energy directly into electricity. Direct conversion would result in increased efficiency in power production.

The task force is composed of electric utility company engineering executives, under the chairmanship of H. A. Wagner, Assistant Vice-President of The Detroit Edison Company. Its main objective is to keep Institute members up-to-date on the development of direct energy conversion methods and related subjects.

Research and development of these so-called "exotic" power sources are being conducted currently by utilities, equipment manufacturers, and independent research organizations in the United States and Europe. For example, an experimental laboratory device has successfully made use of the principle of magnetohydradynamics (MHD). In this process, a stream of ionized gas is passed through a magnetic field to produce electricity. The conventional turbine generator would not be needed, except to utilize exhaust heat to increase cycle efficiency.

Other unconventional power sources are being studied, making use of advances in chemistry and physics. Among them: fuel cells, which transform chemical energy directly into electricity, the thermionic device and the thermoelectric generator, both of which convert heat directly into electric energy, and thermonuclear reaction (fusion), in which the fusing together of nuclei of atoms results in the release of energy.

What are future prospects for these new techniques? According to the EEI task force:

Fuel cells. While the high temperature fuel cell holds promise of economic application for central power station service, the use of fuel cells in the near future would seem to be restricted to certain specialized applications: military or space projects, battery-substitutes in electrically driven vehicles, and the like. Both here and abroad, a large number of organizations are studying the possible application of fuel cells for the direct generation of DC power.

Thermionic devices. The first nuclear fuel subassemblies incorporating thermionic conversion devices with capacities of 100 kilowatts or greater may be operative by 1966. Because of technical stumbling blocks, large-scale generation of power using thermionics does not appear feasible until the 1970's, at least. At that time, a thermionic-topped nuclear-system plant may possibly operate at an over-all efficiency of 50% or better. By contrast, the best of today's coal-burning power plants operate at about 40% efficiency—twice the efficiency of an automobile engine. While some formidable thermionic problems remain to be solved, their solution may be accelerated as a result of U. S. Atomic Energy Commission nuclear-thermionic research.

Magnetohydrodynamics. As a long-range possibility, the MHD concept appears best suited for large-scale electric power generation, especially when used in conjunction with high temperature nuclear reactors. Although substantial progress has been made recently, MHD is far from ready for commercial use.

Thermo electricity. It appears that it will not be in large-scale generation where thermoelectricity will have economic application. Small specialty refrigeration applications are now being marketed, and the thermoelectric heating-cooling panel may provide office building and residential year-round air conditioning in the near future. For small quantities of power in remote areas, for military applications, or where only unskilled labor is available, the thermo-electric generator may have special application.

Fusion. Significant progress toward sustained thermonuclear reactions (fusion) is being made through experimentation employing several methods, the most promising of which is the "pinch" technique, in which a magnetic field compresses the nuclei of atoms, achieving extremely high temperatures. However, fusion technology has not yet reached the 1942 level of **fission** technology. Barring an unforeseen breakthrough, practical application of fusion for power generation would seem not to be available in the near future.

Members of the EEI Task Force on Advance Projects are:

H. A. Wagner (Chairman), The Detroit Edison Company, Detroit, Mich.

Walter B. Fisk, Consolidated Edison Company of New York, Inc., New York City, N. Y.

John G. Miller, Metropolitan Edison Company, Reading, Pa.

W. G. Meese, The Detroit Edison Company, Detroit, Mich.

Roger J. Coe, Yankee Atomic Electric Company, Boston, Mass.

J. M. McReynolds, Houston Lighting & Power Company, Houston, Texas.

W. L. Chadwick, Southern California Edison Company, Los Angeles, Calif.

R. M. Hutcheson, Virginia Electric and Power Company, Richmond, Va.

Andressen to Admit Partner

BIRMINGHAM, Ala.—As of Sept. 1 Lyndon L. Pearson will become a partner in the New York Stock Exchange firm of Andresen & Co. Mr. Pearson is president of Davis, Pearson & Perkins, Inc.

COMMENTARY...

BY M. R. LEFKOE

Observers of the economic scene today are confronted by a strange paradox: American businessmen, whom they normally would expect to be fighting *against* government controls, are, in many cases, *actively seeking* additional economic regulations. In fact, these requests are even referred to by government officials in defending their growing encroachment on American industry. This paradox is easily resolved, however, by examining the motives of those businessmen who request government intervention.

The businessmen fall into two essential categories. The first type are those who cannot — or are afraid to—compete in a free market. These businessmen are unwilling to put their products or services up for sale and to let the consumer be the final judge as to which firms will fail and which will succeed. These are the men who shirk the responsibility of competing freely and who plead for government assistance and protection from competition. In a free economy they would fail.

These businessmen deserve the totalitarian state their demands for controls will ultimately lead to. Their cries for help cannot serve as justifications for anything or anybody; they are nothing more than the pleas of men who are unable to survive, freely offering value for value. Thus, they are anxious to employ government force to give them an unfair advantage over their competitors.

Victims of Circumstances

The second category of businessmen — by far the majority — request government help for a far different reason. They are willing to offer the consumer their wares in a free market. However, they are forced to operate under the burden of oppressive laws and regulations. In asking for government aid they are grasping for any form of relief which will enable them to save their businesses from undeserved destruction. In a free economy they would succeed.

These businessmen see no way out of their predicament other than soliciting additional government assistance. Their motives are honest; nevertheless, they cannot be held completely blameless since their requests for help will also necessarily lead to a fully controlled society. They are justified in seeking relief, but they have made the drastic error of advocating more controls instead of fighting for the repeal of the laws and regulations which are destroying them.

A Case in Point

The problems faced by executives in the textile industry provide an excellent example of the dilemma faced by these honest but misguided businessmen and explain why many of them feel required to solicit government help.

Essentially, their problem consists of foreign imports which, in many instances, are sold in the United States at prices far below their own costs. If this situation were solely the result of more efficient management on the part of foreign companies, domestic textile manufacturers would have to face the alternative of either lowering their own costs or going into another business. Such, however, is not the case.

American textile companies are at a competitive disadvantage with foreign firms through no fault of their own. Their inability to compete is caused and necessitated by government intervention. That they have been able to survive at all is a tribute to their ingenuity and productive ability.

There are many types of government controls which affect the textile industry indirectly and whose effects are not always readily perceivable. The antitrust laws are an illustration of this type of intervention. These laws are designed to deliberately destroy a company's desire to improve its methods of producing and marketing old products and kill its initiative to develop new products. However, in the case of the textile industry, it is not necessary to refer to relatively intangible examples of government interference in order to demonstrate the chaos caused by government controls.

Textile firms find it all but impossible to compete with foreign manufacturers for several very explicit reasons: Higher labor costs, higher raw material costs, and an ever narrowing advantage in the use of more efficient machinery. Let us examine each of these three problems in turn.

One would expect wages to be higher in America than in most foreign countries since it has a higher standard of living brought about by a more fully industrialized economy. However, labor unions in the United States have not raised wages through a process of free collective bargaining; they have been aided and abetted by the government. They have been given monopoly powers as a result of discriminatory labor laws and thus have been able to coerce employers into granting unjustifiable and uneconomic wage increases. Furthermore, the National Labor Relations Board has enabled them to effectively destroy management's ability to cut costs by using labor-saving machines. The end result is a situation in which domestic textile firms now have labor costs several hundred percent higher than their foreign competitors.

Cotton Subsidy to Foreigners

The higher raw material costs are a direct result of what might generously be called the government's program to aid farmers. The chain of events is as follows: Through a system of allotments and price supports, the government increases the domestic price for cotton by agreeing to purchase cotton at a price several cents above that which would have resulted on a free market. This procedure results in the accumulation of large government holdings of cotton. Then in an attempt to reduce its large surplus, the government sells the cotton to exporters at a price lower than its own cost. By selling at a loss, the government enables exporters to resell the cotton in world markets —the international price being lower than the government-inflated domestic price.

Thus, foreign textile companies are able to purchase cotton in world markets at a price lower than is paid by American firms. In effect, they are subsidized by the United States Government. The insanity reaches its height when one realizes that the money used by the government to reduce the raw material costs of foreign textile companies comes from the taxes paid by the American companies with which they compete.

There was a time when American firms were able to offset a great deal of their higher labor costs and raw material costs through the use of more modern and efficient machinery. This advantage has also been systematically destroyed by the government.

The procedure employed has been two-fold: The government first increased taxes on the profits of American firms, thus preventing them from accumulating the capital needed to purchase new machinery. Then, it sent the tax money collected to foreign countries so that they could subsidize their own businessmen and help them set up manufacturing facilities. The results of this enlightened foreign policy is a situation whereby foreign companies have accumulated machinery which is equal to, and in many cases better than, the machinery used in the United States.

Core of the Problem

That some form of action is required by American textile executives is obvious; for them to believe that higher tariffs and import quotas will solve their dilemma is the height of folly. Because it is the government which has created their problems through intervention, businessmen in every industry must fight to keep the government out of all economic affairs.

The job will be more difficult. It is unquestionably harder to effect the repeal of hundreds of old laws than it is to get one new law passed. But this is not the real alternative. Businessmen will never be able to extricate themselves from the disasters resulting from government controls if they request more government controls.

There is only one fundamental alternative: A statist society where all businessmen hold their jobs and act at the sufferance of the rulers or a free society where the government is guided by the principle of *laissez-faire*. Businessmen had better consider this alternative seriously and realize that there is no other. Their time is running out.

The Alliance for Progress vs. the Marshall Plan

Continued from page 11

capital (roads, port and transportation facilities, communications, power, etc.) and the underdevelopment of the capital goods industries and the manufacture of semi-processed commodities. The third chief obstacle slowing the process of change is the current acute shortage in the field of social investment. Finally, the fragmentation of the Latin American market into a multitude of national markets which are virtually isolated from one another represents, as a result of limitations on the volume of demand, another impediment to the development process; in fact, full-scale development of steel and capital goods industries and the vertical integration of the Latin American economy can hardly be conceived outside the framework of a regional common market. It is accordingly imperative *that the region make a gigantic effort to increase its overhead capital, develop its basic industries, augment its social investments and strengthen regional economic integration.*

Free Economic Forces Are Not Enough

(a) Development programming, mobilization of domestic resources and foreign cooperation: It is internationally recognized today and expressly accepted in the Alliance for Progress and the Charter of Punta del Este that the free play of economic forces is not enough to provide an adequate and rapid solution to these bottlenecks in our economic structure. The Alliance and the Charter have provided a specific tool for this situation, namely, the planning of economic and social development. It is stated as an essential requirement that each of our countries prepare well-balanced programs of economic and social development which define and set short, medium and long-term goals and specify the amount of domestic and foreign resources needed to reach them.

Actually, one of the fields on which the new inter-American policy has concentrated with greatest urgency and vigor is a joint cooperative effort with our countries to help them in formulating their development programs. A case in point is the creation of the Committee of Nine Experts provided for in the Charter of Punta del Este, whose purpose is to evaluate the programs prepared by our countries with a view to facilitating the channeling of foreign resources for their implementation. In addition, the newly-established Institute for Development Planning makes it possible to train Latin American experts in planning problems and will collaborate with our countries in adopting the institutional and administrative reforms required for planning and formulating specific development programs. Mention should also be made of the task undertaken by the Inter-American Bank in furnishing technical assistance to Latin America to strengthen national planning mechanisms and to advise and train our countries in the formulation and implementation of high-priority economic and social projects. The Economic Commission for Latin America and the Organization of American States have for several years been furnishing technical assistance in some of these fields. Other international agencies, such as the International Bank for Reconstruction and Development and United States agencies, have also been contributing for some time to the technical training of Latin Americans in development problems and, in the spirit of the new inter-American policy, their activities are increasing.

U. S. A. Must Promote Development

In addition to recognizing the need for planning economic and social development, the new inter-American policy has accepted some other basic concepts responsive to the specific problems of our countries. In the first place, it is expressly recognized that most of the effort to promote the economic and social development of Latin America should come from our own countries. This is, moreover, the only possible solution since there is no historical precedent for believing that any community has ever progressed by means other than those derived from its own ability and determination to improve its lot. Furthermore, Latin America has traditionally contributed most of the effort required for its economic growth. Thus, in the last decade, almost 90% of all capital accumulation in our countries was from Latin American sources and the remainder from foreign sources. The objectives of the Alliance for Progress in this field are to increase the pace of internal efforts, to channel them more effectively into top-priority development activities and, at the same time, to increase the flow of foreign resources to supplement national efforts.

This point is the basis for another fundamental principle, the need for foreign cooperation in Latin American growth. This cooperation plays a basic role, not only because it enables our countries to obtain foreign investment resources that they could not easily obtain with their own potential, but *also because it ensures an inflow of technical and scientific knowledge vital to any developing community.* Foreign aid also makes it possible to finance with foreign exchange part of the local costs for specific projects which, by their very nature, could not easily be covered by funds obtained in Latin America's domestic markets.

In Punta del Este it was predicted that during the sixties, the decade of the Alliance for Progress, the flow of foreign resources to Latin America would reach the amount of $20 billion, that is, an annual average of $2 billion. It should be noted that the Inter-American Bank has become a key tool in channeling foreign resources toward Latin American development. From the time of its first operation, approved in February, 1961, to June 15, 1962, it financed 105 economic and social development projects for a total amount of US$ 443.5 million. During the same period, the Bank provided more than US$ 8 million for technical assistance purposes.

Furthermore, the Bank's investments in the countries of this region have served to mobilize substantial amounts of local resources. As I indicated during the last meeting of the Board of Governors of the IDB, the total cost of the projects financed by the Bank amounted, as of April 15, 1962, to over US$ 1 billion, 56% of which is being financed by local resources, 41% by IDB loans, and the remaining 4% from other foreign sources. Thus, the Bank's resources are truly "seed capital," which assists in channeling domestic resources into high-priority projects.

During that same period, the Bank has contributed nearly 30% of all foreign resources obtained from international lending agencies and the United States Government for financing specific projects and imports of goods and services in Latin America.

I would like to point out that the Bank, which was created prior to the conception of the Alliance for Progress and the Charter of Punta del Este, incorporates within its own charter the basic principle of the new inter-American approach, that is, it represents a joint venture of United States and Latin American capital to solve mutual hemispheric problems.

Stress Needed For Social Investment

(b) Social investment: I would like to mention some other basic concepts of the Alliance for Progress. I refer to the need for undertaking, concurrently with economic development projects, social investments that will provide a rapid solution to vital problems that can no longer be ignored. Unquestionably, problems in such fields as housing, water suppply and sewerage, education and public health are so urgent that they cannot await the normal course of economic development in Latin America. We must proceed immediately with specific measures in those fields within the framework of inter-American cooperation in order to back up the efforts our countries are already making with their own resources. In this connection I would like to note the importance of the Inter-American Bank's operations with the Social Progress Trust Fund, which it administers for the United States Government. From June 19, 1961, when the Agreement was signed by the United States Government and the Bank, to June 15, 1962, 36 loans totaling US$ 223.7 million have been approved. These loans were distributed as follows:

for housing US$ 100.3 million; water supply and sewerage, US$ 95.1 million; agricultural development, US$ 22.9 million, and education and advanced training, US$ 5.4 million.

The mere existence of a source of foreign financing for social projects, lacking until the creation of the Social Development Fund, has had a remarkable impact on the process of preparation and execution of activities of this kind. Projects for housing, sanitation, education and rural development, have come to the Bank in ever-increasing numbers and quality, and a stage has been reached where the greatest limitation on financing activities of this kind is not the lack of eligible projects or the Bank's ability to analyze them properly, but a shortage of available funds. This is another example of how foreign cooperation in the development of the basic social aspects of our communities results in an upsurge of such activities.

I do not wish to close this brief reference to the role of foreign aid and the significance of social investment without stressing that, in our experience, loans for both types of projects, economic and social, have necessitated institutional and administrative reforms in various autonomous agencies and governmental departments; the Bank's technical assistance has frequently been requested for this purpose. In other cases, new development institutions have been established, and coherent housing and sanitation policies have been adopted. Thus, foreign cooperation has made it possible to establish or realign governmental instruments and policies with a view to improving the preparation and execution of development policies.

Stabilizing Basic Commodity Prices

(c) Stabilization of basic commodity exports: The problem of unstable prices and export volumes for Latin American products on the world market is also receiving preferential attention. In this connection two basic aspects should be emphasized: first, long-term trends in the production and world trade of basic commodities; and, second, short-term instability.

With respect to the first of these, it should be noted that the very dynamics of economic development continually decreases the relative importance of world production and export of foodstuffs and raw materials in comparison with total world production and exports. Fundamentally, this trend is based on the fact that as income levels rise, demand is centered mainly on the consumption of industrial products and of services and, to a lesser degree, on the consumption of basic commodities. The figures for the last few decades clearly reflect this trend: between 1928 and 1955-57, world output of *manufactured goods increased by 146%,* while the production of *basic commodities,* excluding petroleum, *rose by 45%.* On the other hand, exports of manufactured goods increased *by 103%* during the same period, while exports of basic commodities, again excluding petroleum, rose by only 14%. Obviously, this long-term trend in the production and trade of basic commodities leaves only one possible course open to Latin America: the diversification of its economic structure and the creation of new sources of employment in highly productive areas of industry and services. This is the guiding principle behind our current national policies and inter-American cooperation aimed at assisting Latin America to diversify its economic structure and industrialize.

The second aspect of the problem refers to the marked short-term instability of prices and export volumes for the basic commodities sold on the world market by Latin America. These fluctuations are particularly acute and make for such uncertainty and instability in the economic development of our countries that it is extremely difficult to prepare and execute effective economic and social development programs. This instability has an adverse effect on foreign exchange reserves, income levels, tax revenues, and capital formation and it is evident that an attempt should be made to stabilize basic exports in order to lay the foundation for effective economic development policies. In this field, the Latin American countries and the inter-American system as a whole are working specifically toward the adoption of measures for short-term stabilization of the chief export products, such as coffee, wool, tin, etc. Another objective is for the industrialized countries, which constitute the principal markets for Latin American exports, to eliminate obstacles to the entry of these commodities into their markets; in this area, too, Latin America and the United States are cooperating to assure adequate participation of our products in both the United States market and the expanding markets of Western Europe.

Cooperative agreements concerning the stabilization of basic commodities are, consequently, one of the vital aspects of the Alliance for Progress.

Two Basic Regional Economic Areas

(d) Regional economic integration: Lastly, another basic criterion incorporated in the new inter-American policy is that the Latin American countries should continue the process of regional economic integration. As you know, there are currently two basic regional integration schemes. One is the Central American Treaty for Economic Integration, including El Salvador, Guatemala, Honduras and Nicaragua; and the other the Latin American Free Trade Association, including Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru and Uruguay.

The advanced stake of development the United States has achieved can be partly attributed to a highly important factor in economic and social development: the existence of a vast market area enabling the country to utilize its available resources to the fullest and creating an adequate demand for the output of today's great enterprises. The rapid economic progress of Western Europe and the advances in European integration are another example of the same principle. Undoubtedly, many Latin American problems can only be solved within the framework of a broad and expanding regional market. Existing regional organizations are fulfilling the time table established for integration; Central America has already established a regional Bank for Economic Integration to furnish part of the financing for activities contributing to the integration process. Furthermore, at the recent Buenos Aires Meeting of the Inter - American Development Bank, a resolution was approved calling for the study and preparation of specific proposals on the financing of experts by the Latin American countries. All these activities, which will undoubtedly grow and increase in scope, are specific manifestations of an irreversible process by which the Latin American countries are integrating their reciprocal economic interests.

Further Considerations

In summing up my remarks, I should like to advance certain ideas concerning action to be taken in the years to come in order to ensure fulfillment of the ideals and objectives embodied in the Alliance.

In the first place, it is imperative to mobilize public opinion through the national leaders of every American country, and thus acquaint our peoples with the principles and objectives we are pursuing. We must go resolutely forward along the lines of political and economic integration, strengthening existing institutions and creating such other new ones as may be necessary for coordinating our countries' national interests and policies on all levels of our collective existence. The recent experience of Europe is enlightening and I believe we must give serious thought to the possibility of establishing institutions such as a Latin American parliament and executive bodies designed to carry out economic integration in specific sectors of our economy, as Europe has done with the Coal and Steel Community. The principle of "hemispheric nationalism," affirming the presence of Latin America as an independent and progressive force on the international level, must be consolidated. We Latin Americans are eager to play a positive role in the basic struggle of our times, the struggle to attain freedom and welfare and to establish these principles in a peaceful world.

Other regions, such as the Middle East, similarly united by strong historical and cultural bonds, are seeking these same goals. The destiny of peoples united by common tradition cannot, it seems, be fulfilled except through a close integration of their mutual interests. In Africa, notwithstanding its deep-seated cultural, political and historical divisions, the same search for means of regional cooperation is apparent.

The machinery of inter-American cooperation must be strengthened, with regard to both its operative efficiency and the amount of resources channeled through it for financing of the region's economic and social development.

We must proceed with the basic structural transformations needed in our countries on the economic, social and political levels. Our people, under the relentless spur of historical events, are the prime movers for change and progress. The resolute backing of the inter-American community is a *sine qua non* for national and popular political movements if the inevitable transformation of our countries is to proceed along lines of democracy and respect for personal freedom. In the United States, on the other hand, we must convey to the people the idea that the Alliance is a true cooperative effort of all the Americas that entails reciprocal responsibilities and benefits. Indiscriminate criticism of Latin America in this country should be replaced by a clearer understanding of our problems, if we are really going to create a spirit of solidarity and common purpose within the hemisphere.

Technological Revolution Needed

In the second place, to provide a solid footing for the technological revolution that Latin America needs in all phases of its economic and social structure, we must expand our current efforts to train our national force and raise its cultural and technical levels. According to a number of estimates, the total number of Latin American technicians and professionals at the present time is 50,000 persons. This is equivalent to 0.24 professional experts for every 1,000 persons. By comparison, the United States has a technical force of about 1,100,000, which is equivalent to six professional experts per 1,000 persons. Thus, the ratio of technical manpower per 1,000 persons for the United States with respect to Latin America is about 25, while the ratio of per capita gross national product is about seven. This indicates that demand for technical personnel increases faster than per capita income, and that an adequate supply of such workers is not only the product of every development program, but also a prerequisite for initiating such programs. Accordingly, if Latin America is to attain the growth rates set in the Charter of Punta del Este, the number of professional experts should be raised to 110,000 by 1970, which represents an increase of 120% over present levels. To achieve our states development targets we must, therefore, make a massive effort in the technical training field.

Thirdly, we must strengthen international agreements that will permit stabilization of the income received by Latin America from exports of its primary commodities and, at the same time, provide outlets for our countries' new lines of manufactures, especially in the industrial field, in the markets of the United States and other highly developed countries in Western Europe and elsewhere.

Let us not forget, in conclusion, that the task of conquering poverty is a complex one that is, in the words of President Kennedy, "as difficult as the conquest of outer space." Allow me to reiterate my conviction that the new policies embodied in the Alliance for Progress and the Charter of Punta del Este will ensure the success of our efforts and the attainment of our objectives.

*From a talk by Mr. Herrera at the Colloquium on Latin America presented by the Summer School and the Latin American Studies Program of Georgetown University.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

In spite of the somewhat better feeling which seems to be growing towards the capital and money markets, there is no tendency yet noticeable among investors to lengthen maturities even though the temporary postponement of the income tax cut has had favorable implications on both of these markets. Because there are just about as many uncertainties in the financial picture today as there have been in the immediate past the demand for short-term liquid Government securities is as sizable as it has been. In addition, there seems to be an enlarging interest around for selected intermediate-term issues, with the recently issued 4% of 1969 gaining followers. Switches are being made between various securities in this group for the purpose of not only increasing income but also of shortening maturities. It is reported that commitments in intermediate-term obligations for foreign accounts have been increasing.

Interest Rates on Plateau?

The opinion appears to be gaining strength, that interest rates have gone about as far on the upside as they are likely to go for the foreseeable future. It seems as though the postponement of a tax reduction until some time in 1963 is mainly responsible for the approach which not a few money and capital market specialists are now taking towards the near and long-term sectors of the Government market and other fixed income markets. This is purely a short-term viewpoint since President Kennedy has stated that he will recommend that there be a reduction in income taxes in 1963 to be retroactive to Jan. 1, with the trend of the business pattern to be the determining factor as to whether or not he will ask for a tax cut before that time.

If there is to be a sluggish economy in the next few months—and signs indicate no real pull out from this trend in the near-term future—it is believed that less time will be spent on tax reform since it will be more important to get taxes lowered so that a stimulus will be given to the ailing business situation. Therefore, it seems to be predictable that taxes will be lowered some time during 1963, quite likely during the first half of next year. This probably means that the revenues which the Treasury will get during the coming year (1963) will be reduced so that the deficit of the Government will be larger, unless there is a cut in expenses which is not looked for at this time.

Prospective Treasury Borrowing

Accordingly, based on the present thinking, it appears as though the Government for at least the balance of 1962 will only have to finance the ordinary deficit that will result from the indicated excess of expenditures over income now being predicted in the neighborhood of five billions of dollars. This is the indicated deficit without giving any consideration as to how large it will be when taxes are cut during 1963.

It is evident that a deficit of five billions of dollars, which would be somewhat under that reported in the 1961-62 fiscal year, could be handled in the usual way, namely through the use of near-term and intermediate-term Government obligations. A deficit of this size would probably not have inflationary implications so that sales of Government bonds to the ultimate investor would not be as imperative in this case as it would be if the deicit were to be 10 billions of dollars or more as seemed likely when the quickie tax cut was in the hot stages for a while.

No Long Treasury Issues Likely

Because the Treasury is now expected to be raising somewhat smaller amounts of new cash during the balance of the year, in addition to taking care of maturing obligations, it is very likely that the long end of the bond market will not be getting competition from the Government for either new money raising or refunding purposes. The capital market for the time being should continue as it has been in the past to be pretty much of a haven for the new issues of corporate and tax-exempt bonds.

Accordingly, a breathing spell seems to be in the offing as far as the capital market and new issues of long Government bonds are concerned. This appears to be the important reason for the better tone which has been in evidence in Treasury and non-Federal bonds. However, this might be only a temporary respite from what could turn out to be a period of heavy long-term Treasury bond offerings, higher interest rates and not so readily available credit.

The 4½% due 1987-92 which was only a small part of the combined August refunding and new money raising operation of the Treasury continues to attract more invesotrs as prices of this bond improve. They were originally available at 101 to yield 4.19%.

J. R. Lauzon Opens

FAR HILLS, N. J.—Joseph R. Lauzon is engaging in a securities business from offices on Route 202 under the firm name of J. R. Lauzon & Co.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Colorado Interstate Gas Company

Colorado Interstate Gas, with annual revenues of over $70 million, is the leading natural gas pipeline operator in the Rocky Mountain area. It operates a pipeline network of 3,618 miles from the Texas Panhandle and the Hugoton (Kansas) gas fields to Denver; there is also an extension through Wyoming connecting with El Paso Natural Gas at Green River. The company sells gas at wholesale to Public Service of Colorado for distribution in Colorado and Cheyenne, Wyoming. Gas is also delivered from the field system to Natural Gas Pipeline Company of America for resale in the Chicago area, and to Amarillo Oil Company for distribution in the Amarillo section of Texas. Sales of gas are also made to other transmission companies under short-term contracts.

Supplementing its pipeline system the company has in operation 16 compressor stations, four natural gasoline recovery plants, several dehydration and treating plants and numerous measuring and regulation stations. The system has a delivery capacity of 788,000,000 cf per day. Of the 1961 sales volume of 324,856,752 Mcf, regular transmission sales provided 57%, regular field sales 22% and short-term special sales 21%. The company owns or controls under purchase contracts, some 7.2 trillion cf of gas located in Texas, Oklahoma, Kansas, Colorado and Wyoming. Some 418 net productive gas wells are located on the company's acreage in the West Panhandle field, and 55 net productive gas wells and 11 net productive oil and gas wells are located in the Keyes Field in Oklahoma and the Fort Morgan Field in Colorado. The company produces about 38% of its own gas needs and purchases gas from El Paso near Green River, Wyo.

The company has substantial non-regulated interests. It now owns 95% of the shares of Colorado Oil & Gas Corp., having acquired substantial additional stock from minority interests earlier this year by an exchange offer (57% had been owned earlier). Referring to this acquisition, President Mueller stated: "Colorado Oil, as a sizable company with varied interests including manufacturing, obviously constitutes a more rapid means of expansion into non-regulated fields than would have been possible if we began fresh." Already the principal supplier of helium to the Bureau of Mines of the Department of Interior, Colorado Interstate plans a major expansion of its helium-producing facilities in Texas and Kansas.

The company is anxious to obtain an adequate outlet for its huge gas reserves of over seven trillion cf. Moreover, due to the very rapid industrial growth of Colorado (three times the national rate in recent years) new and expanded facilities are needed. Hence, the company, jointly with El Paso Natural Gas, is sponsoring the so-called Rock Springs Project, a $166 million expansion program. Colorado Interstate proposes to spend $93 million in replacing old transmission facilities, increasing its delivery capacity in the Rocky Mountain region, and making additional gas available to Southern California markets.

This project has however encountered serious opposition and long drawn out hearings have been held before the California Commission and the Federal Power Commission. While the increasing needs of Northern California are now being taken care of by the new pipeline from Canada, largely financed and built by Pacific Gas & Electric, Southern California Edison will soon need additional supplies of gas to meet growing fuel requirements. Tennessee Gas Transmission has proposed (jointly with Mexican interests) building a line from Texas through Mexico to Southern California, known as the Pemex Project. It might also be possible to bring additional supplies of gas from Canada. Thus there is somewhat of a three-cornered effort to take care of the future needs of Southern California (although the principal struggle has been between Pemex and Rock Springs).

Regarding the project President Mueller stated, in a talk before the New York Society of Security Analysts: "I say that because the Rock Springs project is vitally important. It is vitally important to Colorado and Wyoming because it will provide that area with a needed major expansion of facilities at no increase in rates. It is equally important to California because it will provide additional gas for the Southern California market at rates less than those of any other project certificated to serve that state in recent years. And it is important to the states in the Northwest because it will help avoid an otherwise certain rate increase to the gas consumers in that area."

While Colorado Interstate's pipeline rates are subject to regulation by the Federal Power Commission they are reported "completely settled" at the present time with no revenues subject to refund and no rate increase applications pending. Also, the company's rates are reported to be among the lowest in the U. S.

While the company's earnings per share showed little change in the years 1952-54, in later years they have increased steadily to $2.08 last year and about $2.75 for the 12 months ended June 30, 1962. The latter figure includes for the first time the full equity interest in Colorado Oil and its subsidiaries. The stock pays only $1.25 so that an increase in the dividend rate would seem likely. At the recent Over-the-Counter price around 40 the stock yields 3.2% and sells at only 14.5 times recent earnings. The 1962 range has approximated 50-34.

Some of the Critical Needs For the 1960's Labor Force

Continued from page 12

clined by 4% over the decade while the state's service-producing industries increased their work force by about 10%. The high relative importance in Pennsylvania of those industry sectors which have increased least rapidly in recent decades presents a particular challenge here in terms of retraining of large numbers of workers in the labor force of the state.

Occupational Patterns

During the period of the last decade and a half many factors have had an unsettling effect upon the nation's work force, including major shifts in consumer demand for goods and services and depletion of natural resources. In recent years, the development and wider application of automatic machinery and equipment, especially in the production of goods, has had an impact on workers in every state.

One effect of automation and changing technology is to make certain skills obsolescent. New job openings very often demand skills different from those which displaced workers have. While it is often impossible to determine whether a displaced worker has lost his job because of automation, because of changing consumer preference or from some other reason, the condition presents a real challenge to the educational community in terms of providing the young people now within its scope with skills that it is anticipated the economy will require and with the versatility to adjust to new occupational demands, as well as to provide vocational training and retraining for the worker whose skill has become obsolescent.

Whatever the cause for changes in the occupational structure of the nation, it is clear that the patterns of occupational change during the decade of the 1960's, hold many implications for persons in the educational community. It is important for people in education to understand the patterns of occupational growth and development in this nation and the projections for the years ahead.

Changes in industries, which are the suppliers of jobs, have been accompanied by changes in the nature of occupations and the numbers of people employed in them. These changes have been going on for many decades in every major occupational group. Some groups of occupations have been growing rapidly; others have been rising or falling from one decade to the next without consistent patterns.

The professional and other white collar occupations have grown fastest over the past 50 years, and this pattern is expected to continue into the decade of the 60's. During the period from 1960 to 1970, our studies indicate an increase of better than 40% in employment in the professional and technical occupations.

Considerable variation is anticipated among specific occupational categories in this group. Employment growth in the scientific and technical occupations is expected to be at a rate of about twice as fast as the overall 40% increase, while some of the more traditional professions, such as the ministry, medicine, and the law, are growing at a less rapid rate.

In general, the projections for the decade of the 60's indicate that the fastest occupational growth will occur in those job categories requiring the greatest degree of education and training. Among the manual occupations, the need for skilled craftsmen will increase, but, and this is extremely significant in pinpointing the economic displaced persons of the 1960's, job categories in the unskilled group is not expected to increase at all in the face of about a 20% growth anticipated in the total labor force.

This is one of the major challenges to the educational community, and to the nation, of the decade of the 60's. It is evident that the occupationally unskilled person is becoming increasingly a "displaced" person in the labor force of the 1960's.

Education and Employment

Of course, shifts in the occupational and industrial pattern of employment are nothing unusual in a dynamic economy. They appear to have been occurring throughout our history, in periods of prosperity and depression alike. The particular occupational and industrial shifts of the postwar years, however, appear to have been more difficult to effect smoothly for a number of reasons. As we have seen, many of the occupations that have been expanding in recent years (professional and technical, administrative and the higher clerical jobs) require education, skill or training not possessed by the workers (frequently unskilled or semiskilled) who were disemployed in industries not expanding as rapidly as the economy as a whole or which, like mining, were actually contracting. As an example, within the manufacturing sector, the unskilled and semiskilled occupations have been hit hardest by recessions and have grown least in periods of expansion, while the white-collar technical, administrative, clerical and sales jobs not generally available to those laid off, have grown at a rate half again as fast.

An underlying factor in almost all phases of unemployment appears to be the extent of education possessed by workers. This is dramatically illustrated by studies made of those with varying degrees of schooling. Unemployment is much higher among those with the least education. Among the unemployed in 1959, the unemployment rate for college graduates was about 1½%; for those with some college education, about 2½%; for high school graduates, about 4½%; for those with less than a high school degree, about 8½%, and for those with only a grade school education, about 12%. This high correlation between education and unemployment is not directly due to the education itself, but mostly to the fact that the occupations requiring higher education have less unemployment. These figures emphasize the importance of youngsters obtaining as much education as they can.

It seems quite clear that there is a strong relationship between the kinds of jobs people hold and their education as well as the incidence of unemployment to be anticipated. These trends which, we have been discussing, point to a particular area of concern both to the educator and to the general community. I refer to the school dropouts. On the basis of anticipated trends, it is expected that of the 26 million young persons entering the work force of the 1960's, some 7½ million of them will lack a high school education. In view of what we have noted in terms of the relationship between education and employment, it is clear that these 7½ million youngsters face a rough path down the road to job placement.

When these young people look for work, many of them will meet serious difficulties. Young workers usually have higher unemployment rates than experienced workers. Even during the 1950's when job opportunities for young people were, on the whole, favorable, and when their numbers were comparatively low because of the low birth rates of the 1930's, unemployment rates for this age group remained higher than for older workers. In April 1962, for example, the unemployment rate of young men aged 14-19 who were in the civilian labor force was 13.5%. Comparable rates of workers over 25 ran from 4.2 to 5.0%. This pattern has varied but little during periods of recession and periods of improved economic activity. Whatever the current employment situation may be, young people who are just starting to earn a living are likely to have more difficulty than their elders.

Many factors contribute to this difficulty. Obviously, lack of work experience is one. Employers may prefer to hire people who have already acquired work discipline. More important, however, young people in this age group frequently cannot offer a specific skill in the job market, or they have not stayed in school long enough to acquire an acceptable amount of basic education. This is especially true of the high school dropouts.

While the task of absorbing this vast stream of young people pouring into the work force in the decade of the 1960's is a difficult one at best, it is complicated indeed for the high school dropout.

Even today the unemployment rate for the high school dropout runs about four times as high as the rate for persons with some college education and twice as high as the rate for high school graduates. Certainly in the years ahead, as the demand for skills increases and the demand for unskilled workers declines, it is to be anticipated that the untrained, unskilled dropout will find the going especially difficult in the labor force of the space age.

The high school dropout will find things even more difficult, job-wise, because of the kind of competition he will face in terms of educational attainment among his contemporaries. On the whole, these young workers will have more education than those who started working during the 1950's. About 70% of them will be at least high school graduates and 26% will have some college education, whereas only 60% of the young people who entered the work force in the 1950's were high school graduates and only 22% had some college education.

Not only is the youngster with a higher level of educational attainment less likely to be exposed to spells of unemployment but over a lifetime of earnings, it is anticipated that the difference between an elementary school graduate and a high school graduate can amount to about $66,000. Four years or more of college can mean better than $150,000 more in lifetime earnings compared with a high school graduate.

Women Workers

The increasing participation in women in the world of work represents a real challenge to the educator. Traditional thinking in terms of the educational preparation of young women is undergoing considerable change. No longer is the stereotype concept of the young girl at work in the office or factory, hopefully looking forward to the day of her marriage and retirement from the work force, an accurate picture. An educational system which prepares the young woman simply for her role as homemaker, important as that is to the family and the nation, is not realistic in terms of what may be expected in the way of her participation in the work force over a full lifetime.

During the past 50 years, this nation has witnessed a four-fold increase of womanpower in the nation's work force. Since 1940 women have just about doubled their numbers in the nation's labor force. The average working woman of today is not a young woman looking forward to marriage and homemaking but rather a woman of 41 years of age with a good likelihood of having a husband and family. We find that woman's participation in the work force is greatest in the age group 45-54.

Nine out of every 10 women will be gainfully employed during some part of their lives. Typically, a woman today is going to work 25 years if she is married and 40 years if she is single. The married woman is likely to participate in the labor force before and after the periods of marriage and family formation.

Since by 1970 there will be about 30 million women workers in this nation, 6 million more than in 1960, and 1 out of every 3 workers will be a woman, it would be short-sighted indeed for the educational system to ignore this vital manpower resource. Occupational and vocational planning for women must play an increasingly important role in the school.

Older Workers

Another group which, as we have seen, is growing in importance in the nation's work force and which it is anticipated, will experience some difficulty as a result of the general skill upgrading of the work force, is the so-called "older" worker group.

The number of older workers is steadily increasing. The number of workers over 45 years of age grew by 6 million in the decade of the 1950's and will increase by more than 5½ million in the 1960's. By 1975 almost another 2 million will be added.

This expansion of the older worker group is occurring despite the leveling off in the employment of men over age 65. The expanding Old-Age and Survivors Insurance program, coupled with rapid extensions of private and government pensions, is resulting in the earlier retirement of aged workers. There is also a steady growth in the number of both men and women workers in the 20 years prior to 65. This is partly due to larger numbers of persons surviving in those age groups, but it is also due to the gradually increasing participation of women in work outside the home.

Older workers present a special set of problems to the community and to guidance and placement agencies. Our studies have shown that the productivity of older workers compares favorably with that of other age groups. Not that all older workers are excellent. If they weren't good workers in their 30's, why should we expect them to be in their 60's? There are good, bad, and indifferent workers at all ages.

On the job in a stable situation the older worker is a real asset to industry but once he becomes displaced from a job situation, his problems really begin to develop.

Once out of work, the older worker encounters special difficulties in finding a job. Such a worker in a distressed area may not find any jobs available in his own industry. The older worker (and for this purpose almost any worker, man or woman, over age 40, must be counted in this class) encounters many handicaps and obstacles which are peculiar to this age group.

For example, if he is in a distressed area and his industry is on the decline, he finds it extremely difficult to move away. He has built up a structure of seniority and pension rights, vacations and sick benefits. In many cases he has developed a specialized skill which is not readily transferable to another employer's operations. All of his vested interests in the job lead the unemployed worker to hang on as long as possible before leaving the area.

In addition to an investment in his job, the worker usually has an investment in a home, and all the intangible social ties to the community. Owning a home is perhaps the most formidable barrier to moving out of a labor surplus area. Most houses are purchased when times are good and house prices are high. Prices of houses are down when an area is depressed, and indeed, selling is often difficult at any price. Under these conditions, selling a house could mean a loss of several thousand dollars, representing a lifetime debt for most workers. Moreover, the unemployed worker presumably would be moving to a growing, prosperous community, where house prices probably would be far higher than in his home town. When one adds to this potential loss the ordinary costs of moving, it is easy to see that leaving a community cannot be undertaken casually.

But let us look at another side of the picture. Suppose the older worker is employed in a prosperous community, but at a skill which has become displaced by technological advancement. What are his chances of acquiring another job in a new line of work?

The problem he encounters is that the occupations which are declining are those requiring less education and less skill. We have seen that the demand for unskilled workers in industry is not growing and that there is in process a pronounced and continued decline in the relative demand for manual workers, unskilled workers, plant workers, etc., and, conversely, a rapidly rising demand for workers in the service groups, offices and the professional and technical job areas.

But these expanding occupations nearly all require more than average education. But older workers often do not have the schooling which is necessary. Indeed in Pennsylvania, as for the country as a whole, about two out of every five persons 25 years of age and over have never gone beyond elementary school level. In March 1959, persons in the labor force between the ages of 25 and 45 had completed, on the average, more than 12 years of school. The age group 45-54 had completed only 10.8 years on the average; the group 55-64 barely 8.9 years, and the group 65 years and over only 8.6 years. In other words, any older worker coming from the heavy manufacturing industries may be short on the education required in the expanding job fields.

Thus, the challenge of the 60's with regard to older workers is the question of whether they can readily acquire the education and training they need to compete in the job world or whether they continue to swell the rolls of the long term unemployed. Today, workers over 45 account for almost 40% of those unemployed 27 weeks or more.

It is this challenge that the Manpower Development and Training Act is intended to meet. One of the major goals of this Act is to provide for adequate occupational development and maximum utilization of the nation's workers. To achieve these goals, broad and diversified training programs are to be set up to qualify for employment persons who could not reasonably be expected to secure full-time jobs without such training. Training is to be conducted both in the schools and in facilities provided by those cooperating in on-the-job training programs.

The employment and manpower problems of workers whose skills are made obsolete by the advancement of technology and limitations of their own educational attainment are often beyond the capability of individual industries or local communities to correct. The Manpower Development and Training Act is intended to provide a far-reaching training program to prepare for jobs individual workers who could not reasonably be expected to secure full time employment without such training. Among these are the long-term unemployed, those who have been displaced by technological developments, young people just entering the labor market, and those who are under-employed because of insufficient skills.

The development of curriculum to meet these needs represents a major challenge to the educational community of this nation.

Conclusions and Implications

We are now almost one-quarter of the way through this decade, which at the outset was termed hopefully "The Soaring Sixties." In the area of worker displacement, however, we have developed some very difficult problems. We have noted that labor displacement has been occurring most rapidly among workers at the lowest skill levels and among those whose skill is no longer in demand and not easily transferable.

It is clear that multitudes of opportunities will open up for job seekers during the years ahead. The ability of workers to embrace these opportunities will, however, depend to an important extent on their education and training. The job world of the future obviously calls for people who have a marketable skill. The day of the, "I can do anything" applicant is definitely past. In these days of increasing complexity of jobs and of professional specialization, no one, whether young or old, will be able to offer such versatility in the job market. The unskilled, untrained worker is high on the list of "Displaced" persons of the 1960's.

Since the fastest growing occupations also call for the most education or specialized training, it becomes obvious that a worker's chances for a steady, well-paying job in many areas of our economy will be substantially less if he does not have at least a high school e d u c a t i o n. For many "growth" jobs, in professional and scientific and technical fields, especially, he must have considerably more.

The need for educational upgrading of the work force will not be confined to the professions alone. As new, automated equipment is introduced on a wider scale in offices, banks, insurance companies, and government operations, the skill requirements for clerical and other office jobs will rise also. The demand of employers for better trained personnel to operate complicated and expensive machinery is already apparent.

Education and training play a very important role in bringing together and meshing the occupational demands of the future with the resources available to meet them. This, of course, is one of the traditional jobs of education. As John W. Gardner, President of the Carnegie Foundation, has said: "Education is a primary means of achieving the aims which the American people have set for themselves." The task for the decade ahead is difficult but holds great promise for the welfare of the nation.

For education the decade of the 60's includes some major problems of a quantitative and qualitative nature. Not only will the numbers with whom the educational institutions have to cope increase, but so will the demand for quality of curriculum geared to the higher training and skill requirements of the world of work of the 1960's. These considerations underscore the critical importance of guidance and counselling of young people in their career planning as part of the educational process.

In conclusion, I want to refer to a regular and continuing part of the Bureau of Labor Statistics' research and informational program in the field of occupational outlook. It is clear that our schools have a job to do in making youngsters aware of the changing manpower structure. A principal reference source for basic and up-to-date information on occupational outlook is the *Occupational Outlook Handbook.* The fifth edition, issued at the end of 1961, sells for $4.50 and provides information on some 650 job categories and 30 individual industries.

The *Handbook* contains the best estimates we can make as to which industries will develop, which will decline, which will remain steady over the present decade, what occupations will offer the fastest growing as well as the numerically greatest job opportunities, and what kind of training, education and experience will be needed to get these jobs.

Since the jobs they get and the work they do will to a very considerable extent affect the very nature of their entire lives, what better investment in their future can we make than to provide these youngsters with access to the Occupational Outlook Handbook and with the help of their teachers and counsellors to guide them toward an intelligent understanding of the world of work.

*An address by Mr. Bienstock before the Pennsylvania State School Directors Association 8th annual summer conference, Indiana State College, Indiana, Pa.

NSTA NOTES

NATIONAL SECURITY TRADERS ASSOCIATION

The National Security Traders Association has announced the following schedule for special trains going to the Association's Twenty-Ninth Annual Convention in Boca Raton, Fla., Nov. 4-8:

GOING

FROM THE WEST

FRIDAY, NOVEMBER 2, 1962—
8:35 a.m. Leave Chicago, Pennsylvania Railroad.
Lunch on train.
4:10 p.m. Leave Louisville, Louisville & Nashville RR.
6:32 p.m. Leave Nashville, Louisville & Nashville RR.
Dinner on train.
10:32 p.m. Leave Birmingham, Louisville & Nashville RR.

SATURDAY, NOVEMBER 3, 1962—
12:35 a.m. Leave Montgomery, Atlantic Coast Line Railroad.
9:55 a.m. Leave Jacksonville, Florida East Coast Railway.
Breakfast and Lunch on train.
4:09 p.m. Arrive Boca Raton, Florida East Coast Railway.

FROM THE EAST

FRIDAY, NOVEMBER 2, 1962—
3:50 p.m. Leave New York, Pennsylvania Railroad.
5:31 p.m. Leave Philadelphia (30th St.), Pennsylvania Railroad.
7:01 p.m. Leave Baltimore, Pennsylvania Railroad.
8:20 p.m. Leave Washington, R., F. & Potomac Railroad.
Dinner on train.
10:40 p.m. Leave Richmond, Atlantic Coast Line Railroad.

SATURDAY, NOVEMBER 3, 1962—
9:55 a.m. Leave Jacksonville, Florida East Coast Railway.
Breakfast and Lunch on train.
4:09 p.m. Arrive Boca Raton, Florida East Coast Railway.

RETURNING

TO THE EAST

FRIDAY, NOVEMBER 9 *and* SATURDAY, NOVEMBER 10, 1962—
10:08 a.m. Leave Boca Raton, Florida East Coast Railway.
5:00 p.m. Leave Jacksonville, Atlantic Coast Line Railroad.

SATURDAY, NOVEMBER 10 *and* SUNDAY, NOV. 11, 1962—
3:45 a.m. Arrive Richmond, Atlantic Coast Line Railroad.
6:10 a.m. Arrive Washington, R., F. & Potomac Railroad.
7:26 a.m. Arrive Baltimore, Pennsylvania Railroad.
9:02 a.m. Arrive Philadelphia (30th St.), Pennsylvania Railroad.
10:45 a.m. Arrive New York, Pennsylvania Railroad.

TO THE WEST

FRIDAY, NOVEMBER 9, 1962—
12:24 p.m. Leave Boca Raton, Florida East Coast Railway.
7:10 p.m. Leave Jacksonville, Atlantic Coast Line Railroad.

SATURDAY, NOVEMBER 10, 1962—
3:50 a.m. Arrive Birmingham, Central of Georgia Railroad.
3:10 p.m. Arrive St. Louis, Illinois Central Railroad.
6:15 p.m. Arrive Chicago, Illinois Central Railroad.

SATURDAY, NOVEMBER 10, 1962—
12:24 p.m. Leave Boca Raton, Florida East Coast Railway.
7:10 p.m. Leave Jacksonville, Atlantic Coast Line Railroad.

SUNDAY, NOVEMBER 11, 1962—
2:00 a.m. Arrive Montgomery, Atlantic Coast Line Railroad.
3:55 a.m. Arrive Birmingham, Louisville & Nashville Railroad.
8:05 a.m. Arrive Nashville Louisville & Nashville Railroad.
12:40 p.m. Arrive Louisville, Louisville & Nashville Railroad.
6:15 p.m. Arrive Chicago, Pennsylvania Railroad.

Special Pullman Cars will leave Chicago on Friday morning, November 2 and from New York and Philadelphia, Friday afternoon for those en route to the 29th Annual Convention of the National Security Traders Association Inc.

The Pullmans from the East and West will be consolidated at Jacksonville on Saturday morning and will arrive in Boca Raton that afternoon.

RETURNING

Special Pullmans will leave Boca Raton Friday morning November 9 and Saturday, November 10 for both Chicago and New York.

For Reservations and Additional Information Communicate With:

Joseph C. Cabble
Burns Bros. & Denton, Inc.
New York, N. Y.
Casper Rogers
Casper Rogers & Co.
New York, N. Y.

James B. McFarland
Stroud & Co. Inc.
Philadelphia, Penna.
Edward H. Welch
Sincere & Company
Chicago, Ill.

Adequate Investing for Public Retirement Systems

Continued from page 9

a pension payable for 10 years certain and continuing for life-time. The result for average participants and new participants are as follows:

TABLE IV

Sample California County

Estimated Accumulations, and Pensions at Age 65
Ten Years Certain and Continuing, Based on Accumulations
At the Rates Shown

	Age	Years to Age 65	Average County Contribution	2%	Age 65 Monthly Pension	4%	Age 65 Monthly Pension
Average Partcipant	41	24	$795.83	$24,694	$148.16	$32,347	$194.08
Safety	35	25	1,468.47	47,976	287.85	63,602	381.61
New Participant	32	33	680.78	32,019	192.11	46,877	281.26
Safety	27	30	1,252.97	51,846	311.08	73,083	438.49

To the average participant, accumulations at a 4% rate, assuming level contributions, would produce a pension of about 31% more than from a 2% accumulation rate.

Third conclusion: *Greater accumulations mean larger initial benefits at retirement.*

Performance and Benefits After Retirement

Retirement—for how long? The size of the pension benefit is important. Equally important is its purchasing power, not only initially but through the assumed 15 retirement years. This fact has even entered the thinking of the greatest advocate of fixed dollar guarantees, the insurance companies. We quote from a Statement by Carrol M. Shanks, President, Prudential Insurance Company of America, Submitted to The Assembly Business Affairs Committee, New Jersey State Legislature, May 2, 1958. "Those who retired on a fixed dollar annuity in 1940 have taken a 51% cut in the purchasing power of their fixed dollar benefits. Those who retired in 1950, have taken a 16% cut. What's more, this sharp contraction in the purchasing power of our retired population occurred at a time when the standard of living of the rest of the population rose sharply.

"*The plight of our pensioners has* of course not been confined to the last two decades. The person who retired in 1920 on the basis of a traditional retirement fund accumulated over a thirty-year working life, saw the purchasing power of his annuity fund cut in half, even before his first year of retirement. During the years of his retirement, he experienced a further sharp deterioration in his ability to buy."

Is this rise in cost of living a temporary condition? According to the U. S. Department of Labor, the United States has averaged about 3% in annual loss of purchasing power since 1890. This rise has applied to the following time periods:

TABLE V

Length of Period in Years	% of Periods During Which Annual Loss of Purchasing Power Occurred
10	80%
15	82
20	90
25	97
30	100

In other words during 97% of all 25-year periods since 1890 there has been an annual inflation in cost of living.

How may pension benefits keep pace with inflation? Many solutions have been tried, both in private industry and public retirement systems. These include (a) "temporary" cost of living supplements; (b) liberalizing the benefits formula so as to produce larger cash benefits such an additional $25 per month per retiree; (c) periodic up-dating, such as reviewing and increasing benefit payments every five years; (d) change from career pay to final pay as a basis for determining benefits; (e) variable annuities, in which pension benefits increase and decrease as security values go up or down.

Let's look at the relationship between the common stock prices and cost of living. Here is a table showing increases in common stock prices during all consecutive periods since 1890. The market prices of some common stock averages have increased each year, on average, for the past 25 years.

TABLE VI

Length of Period	Percentage of Periods During Which Common Stocks Rose Each Year
10	73%
15	82
20	82
25	87
30	95

In other words, although there are obviously risks involved in common stock investing, particularly during shorter periods, during 87% of all 25 year periods since 1890 there has been an annual increase in common stock prices.

Is there a correlation between cost of living and common stock prices? Let's look at these Department of Commerce figures:

TABLE VII

AVERAGE BY DECADES OF COMMON STOCK PRICE INDEX AND COST OF LIVING INDEX (Taking the Ten-Year Period 1880-89 as the base and calling the Average in That Year 100)

	Common Stock Price Index	Cost of Living Index
1880-1889	100.0%	100.0%
1890-1899	92.1	95.2
1900-1909	150.0	110.2
1910-1919	162.4	147.4
1920-1929	225.6	224.7
1930-1939	208.5	181.4
1940-1949	231.9	239.4
1950-1958	542.3	342.8

Common stock prices have thus generally kept pace with change of living costs although they have sometimes declined while living prices were rising. The common stock prices show in Tables VI and VII were in a period of generally rising stock prices which fluctuate in value and vary in respect to dividends. Of course, these figures represent past results and are not intended as a representation of results which would be obtained from a common stock investment made today.

In order to profit from the possible correlation between common stock prices and purchasing power, the variable annuity or equity annuity concept has been increasingly popular both in private and public pension plans.

Explains Variable Annuity Concept

What is an equity annuity?

An equity annuity is a payment system calculated in units instead of dollars. The units represent a share in the market value of a fund, usually invested in mutual funds or common stocks. Because the units represent a share in market values, the unit owners —the employees—will share in the investment gains and advantages as well as the risks and disadvantages of common stock investment.

Few retirement plans attempt to base a pension upon equity units alone. The major systems using this principle, such as TIAA, CREF, or the State of Wisconsin, emphasize a balanced program in which the equity annuity is combined with a guaranteed fixed dollar annuity within a single pension program. In theory, when market values increase, the value of the equity annuity is likely to increase. Conversely, when market values decrease and the equity values go down, the fixed dollars provided by the guaranteed section will support purchasing power.

What has been the experience of public retirement systems using this principle?

Mr. Ray L. Lilywhite, Executive Secretary, State Teachers Retirement Board of the State of Wisconsin, reports as follows:

"The following figures present an example of the effect of the variable annuity increases on a $100 per month variable annuity and a $100 per month fixed annuity beginning on July 1, 1958:

Annuity Year	Fixed Annuity	—Monthly Annuity— Increase from Higher Values	Variable Annuity	Total
1958-59...	$100	...	$100.00	$200.00
1959-60...	100	7.25% =	107.25	207.25
1960-61...	100	3.4 % =	110.90	210.90
1961-62...	100	13.0 % =	125.32	225.32

Thus, the variable portion of the annuity has been increased so that it is now paying $125.32 per month compared to $100 per month three years ago. This has provided a considerably greater increase on the variable portion and, in fact, on the total annuity than the increase in cost of living during this three-year period.

The variable annuity program permits the Wisconsin teacher to have one-half of his required deposits invested in equity type investments, primarily common stocks and to have these investments supervised and managed by a group of investment experts in the State Investment Board. Upon retirement, part of the annuity payment is the conventional type —a fixed dollar amount—for a specified period or for life and the other part will be a variable annuity in which the amount varies each year according to the market value of the equity investments, the realized income, and the mortality experience.

The variable annuity program has two main purposes: (1) to permit the teacher to share more fully in the expanding economy of the country through the profits of business and industry (common stock dividends and capital gains); and (2) to attempt to provide for the annuitant a stable income in terms of purchasing power and, thereby, protect against the hazards of inflation. The above figures demonstrate how, for the first three years, these purposes are being adequately accomplished.

That equities are "socially acceptable" for pension funds is illustrated not only by College Retirement Equities Fund (CREF) but by the conservative Federal Reserve System whose pension fund is now 20% in equities on a cost basis. Furthermore, variable annuities are now available for the employees of some Federal and State agencies, e.g. Tennessee Valley Authority.

We have emphasized the relationship between common stock prices and purchasing power. This indicates the need for common stock investment to have the opportunity for an increase in benefits after retirement to protect purchasing power. However, some students recommend the use of common stocks for a different reason, namely, the rapid technological progress in American industry. The bond holder or the owner of a fixed income annuity is excluded, in the main, from participating in the benefits of technological progress but the stockholder may achieve some gains.

Investment performance before retirement may, as we noted, either reduce contributions or increase benefits. We can now add a fourth conclusion: *that continuing better performance after retirement, under variable payments, means larger continued benefits.*

Investment Lessons From Private Pension Funds

Public retirement systems have much in common with private pension plans installed by service type industries, such as banking, finance, insurance, private charities and social agencies. The percentage of compensation contributed by the employing county or state compares favorably with that contributed by the comparable private employer.

Both types of programs have basic similarities which affect investment policy. These include (1) new money being continuously received which normally will exceed current disbursements. This reduces the need for current liquidity and allows emphasis upon long range investments; (2) Because both systems are long range and permanent in character, an investment policy may be directed toward obtaining long range objectives, with de-emphasis upon temporary market trends, such as short term movements in the prices of bond and stocks; (3) The amount of the employer contribution is reasonably stable, which allows application of dollar cost averaging if this principle is otherwise appropriate; (4) There is no real necessity for the separation of principal and interest. Only the sum total of interest, dividends and capital appreciation, is important.

There are, of course, some differences between the two types of programs. Public retirement systems are more likely to base pension upon final compensation, to give favorable treatment to certain types of employees traditionally recipients of early retirement, to require employee contributions, to conduct the self administration duties internally, and to be circumscribed by investment restrictions. Let's look at some typical investment practices for private pension funds:

TABLE VIII

Investment Practices of Private Pension Funds

(000,000 omitted)

ASSETS OF CORPORATE PENSION FUNDS	Year End 1955 — Book Value Amount	%	Market Value Amount	%	Year End 1960 — Book Value Amount	%	Market Value Amount	%
Cash and Deposits	$343	2.4	$343	2.1	$0.4	1	$0.4	1
U. S. Government Securities	2,536	17.8	2,492	15.7	2.0	7	2.0	6
Corporate Bonds	7.225	50.8	7,085	44.6	14.1	49	13.2	41
Preferred Stock	510	3.6	523	3.3	0.7	3	0.6	2
Common Stock & Mutual Funds	2,958	20.8	4,795	30.2	9.5	33	14.0	44
Mortgages	146	1.0	146	0.9	0.8	3	0.8	2
Other Assets	511	3.6	511	3.2	1.2	4	1.2	4
Total	$14,230	100.0	$15,895	100.0	$28.7	100	$32.2	100

SOURCE: Securities and Exchange Commission, Statistical Releases, 1961.

Two striking conclusions are apparent from the above figures. First, only common stocks and mutual funds have increased percentagewise during the five year period. Out of seven possible categories only one — common stock and mutual funds—increased percentagewise based upon either book value or market value. Second, the entire increase in market value in both 1955 and 1960 is contained in the common stock and mutual fund section. During this period of generally rising common stock prices, there would have been no appreciation but for the common stock and mutual funds.

We should observe parenthetically that the book value and the market value of the common stocks and mutual funds increased about 300% during the five year period as the result of market appreciation and new investments. This is not a startling rate of increase. Actually, the retirement plan ownership of mutual fund shares with which I am personally familiar has increased at an even higher rate.

The attitude of a representative major corporation, General Electric, might be interesting. Writing in a 1961 issue of the "Employee Benefit Plan Review," Company Treasurer, John D. Lockton, commented as follows:

"The long-term objective in investing the General Electric's pension trust is to substantially increase investment in common stocks, which now represent 31% of its portfolio at cost, and 45% at market value. We have not thought it advisable to use any fixed percentage, either for our year-by-year operations or for our eventual goal. We believe it will bring us better results in the long run to vary our purchases according to the relative attractiveness of the two types of investment at any given time.

"At present, with the stock market high and yields on fixed obligations at their highest level in 25 years, a relatively large proportion of our investment money is being channeled into fixed obligations. We are merely maintaining the level of our common stocks by investing 31% of our new money in this category. In other years, when they have been more attractive, we have not hesitated to invest as much as 100% of our new money in common stocks. As a result, our common stock holdings today are higher than the average corporate pension fund."

It looks like liberalized pension investing is a firm trend with private plans.

We established earlier that improved investment performance could serve to produce greater initial benefits at retirement and greater continuing benefits after retirement. In the great majority of private pension funds only the former concept is pertinent. In other words, private pension funds customarily produce fixed benefits often determined by union negotiations. The effect of improved investment performance is, therefore, to reduce the cost of the fixed benefit, or secondarily to have reserve accumulations to assist in increasing benefits if required. Rarely is the performance related to increased or variable benefits after retirement.

Fifth Conclusion: *The use of common stocks and mutual funds in private pension plans is increasingly popular.*

Public retirement systems might benefit from the experience of private industry. Some public retirement systems of course have owned mutual fund shares in large amounts for many years. A recent report of the State Employees Retirement Fund for the State of Rhode Island showed about $2,200,000 in mutual funds. Both the State Employees Retirement System and the State Teachers Plans in New Hampshire have reported ownership of mutual funds shares. In the State of Pennsylvania alone, there are a score of public retirement systems owning mutual fund shares.

The specific experience in an eastern retirement system with fixed dollar and balanced mutual fund investing might be interesting. On Jan. 1, 1952, $400,000 was invested in a balanced mutual fund and all distributions were reinvested during the succeeding ten years. The period represented was one of generally rising common stock prices. The results shown should not be considered as a representation of the dividend income or capital gain or loss that may be realized from an investment in the Fund made today.

I	II	III	IV	V	VI	VII	VIII	IX
	—COST OF SHARES—			—VALUE OF SHARES—				
	Annual Income Dividends Reinvested	Cumulative Cost of Shs. Purch. Thru Income Reinvestmt.	Total Cost (Includes Reinvested Dividends)	Shares Initially Acquired	Shares Accepted as Capital Gains Distributions (Cumulative)	Sub-Total	Shares Purchased Through Reinvestment of Income	Total Value
1952....	$15,819	$15,819	$415,819	$406,127	$10,115	$416,242	$16,138	$432,380
1953....	16,816	32,635	432,635	388,621	19,488	408,109	32,432	440,541
1954....	18,337	50,972	450,972	478,483	38,660	517,143	59,910	577,134
1955....	20,669	71,641	471,641	517,773	63,072	580,845	85,951	666,796
1956....	22,565	94,206	494,206	505,325	84,836	590,161	105,679	695,840
1957....	24,970	119,176	519,176	449,696	99,084	548,780	117,155	665,935
1958....	26,279	145,455	545,455	539,947	146,330	686,277	169,239	855,516
1959....	28,698	174,153	574,153	550,450	179,627	730,077	201,222	931,299
1960....	31,330	205,483	605,483	540,335	209,837	750,172	229,316	979,488
1961....	33,528	239,011	639,011	604,133	270,890	875,023	290,120	1,165,143

Total cost figures represent the initial cost of $400,000 (including a sales charge of 2¼% as described in the prospectus) plus the cumulative amount of income dividends reinvested without sales charges. No adjustment has been made for any income taxes payable by shareholders on capital gains distributions and dividends reinvested in shares because the investor is tax exempt. The dollar amounts of capital gains distributions accepted in shares annually from 1952 through 1961 were: $10,007, $9,818, $14,273, $21,125, $23,084, $23,628, $26,612, $30,279, $32,352, $36,745, Total: $227,923.

The fixed dollar investment of $400,000 was worth $537,600 ten years later including $137,600 in reinvested interest. Such a holding, of course, has fewer market risks than with a mutual fund, but on the other hand, as mentioned earlier, the inflationary risks are somewhat greater.

It is the opportunity for this type of favorable performance which we seek. We are restrained from seeking it in California and some other states because of legislative prohibitions. A decreasing number of states still restrict the investment powers of public retirement systems. It is important to get these restraints in perspective in the light of other developments in this general field. These developments relate to Federal law and regulations, private pension investment and State legislation in respect to investment by other types of trustees.

Federal statutes and regulations do not prevent investment in common stock and mutual funds. In general, the only Federal prohibitions relate to dealings which would make a pension trust subservient to the private needs of an employer. In other words, a company which has set up a pension trust may not use it as a controlled creature for purposes of sale, purchase or loan.

Investments by private pension funds are governed by the trust instrument which is entered into by the employer and the trustee. The investment powers are restricted only by the agreement of the parties.

Most state legislatures have now liberalized the "prudent man" rules so that, where investment powers are lacking in a trust instrument, the trustee may invest in a variety of securities including preferred stock, common stock or mutual funds. A large majority of the various states now allow private trustees under these circumstances to purchase common stock or mutual funds without percentage limitations.

Only the public retirement system has lagged behind. Even here, however, there is a favorable trend as shown by the following:

TABLE IX

INVESTMENT LIBERALIZATION TRENDS IN STATE LEGISLATION
PUBLIC RETIREMENT SYSTEMS

	Corporate Bonds	Preferred Stocks	Common Stocks or Mutual Funds
Number of States Allowing Investment Up to 1951....	14	8	8
Legalizing Investment, 1951-1961....................	22	16	15
Total Permitting as of October, 1961..............	36	24	23

SOURCE: Utah State Survey, September, 1961.

Suggested Legislative Provision

What form of legislation would be most helpful? In general, the greatest need is for sufficient liberalization to allow an area within which competent investment managers would have the opportunity to produce improved performance. Space does not allow a detailed discussion of legislative refinements. However, several points should be considered:

(1) The legislation should not exclude any specific type of investment which could have any possible value, such as bonds (Canadian, industrial, railroad equipment, charitable and possibly municipal); preferred stock; common stock; mutual funds; real estate mortgages and possibly real estate or leaseholds.

(2) Percentage limitations, if any, might correspond to those in the Federal legislation in respect to investment companies, under which no more than a certain percentage of the security issued by one entity could be purchased. For example, a specific fund could not own more than 10% of the securities of a particular issuer nor have more than 10% of its funds invested in such issue.

(3) If an administrative structure is considered necessary, that administration responsibility should rest with those whose full time job is its execution. Administration should not be under the control of officials, however capable, who because of the demands of pressing and full time duties can supply only casual and part-time interest.

Suggested Investment Objectives

Without liberalizing legislation, effective investment performance will be difficult or impossible. With liberalization of legislation, what should the outlook be? What should be regarded as adequate investment performance? I suggest two objectives: first, procuring a reasonable current return, from whatever securities are included — bonds, preferreds, commons, or mutual funds; second, to the degree that commons or mutual funds are used, that they represent corporations whose earnings will grow at a rate comparable with the growth rate of the national economy. In other words, the yardstick for adequate investment performance should be reasonable current return **plus** the opportunity to share in the growth of our country.

With Calif. Investors

VAN NUYS, Calif. — Joseph J. Kudzia is now associated with California Investors, 14401 Sylvan Street. He was formerly with Leo G. McLaughlin Co.

Calif. Inv. Appoints

SANTA BARBARA, California—Charles D. Price has been appointed manager of the local office of California Investors, 1114 State Street. He was formerly with Eastman Dillon, Union Securities & Co.

Chicago Mun. Club Field Day

CHICAGO, Ill. — The Municipal Bond Club of Chicago will hold its Silver Anniversary Field Day Sept. 13 and 14. Registrations, cocktail party and dinner will be held at McCormick Place, Sept. 13, to be followed by the field day Sept. 14 at the Elmhurst Country Club. Tariff for guests is fifty dollars; for non-resident members, twenty dollars, and active and associate members, ten dollars.

Members of the Field Day Committees are: General Chairman: Paul Stephens, Paine, Webber, Jackson & Curtis. Vice Chairman: James G. Brophy, William Blair & Co.

Arrangements committee: Robert Hawley, Harris Trust & Savings Bank, Chairman; Thomas Shockey, Julien Collins & Company; William Magoun, Bacon, Whipple & Co.; Robert Schaller, Sid Duncan, Ira Haupt & Co.; Sam Stallard, Eastman Dillon, Union Securities & Co., and Terence Carey, Goodbody & Co.

Entertainment: Thomas Kevin, Glore, Forgan & Co., Chairman; George R. Smith, Glore, Forgan & Co., and Lee Nelson.

Transportation: Peter McCabe, Hornblower & Weeks, Chairman.

Special: P. A. Bergquist, First National Bank of Chicago, Chairman; W. S. Morrison, Jr., Harris Trust & Savings Bank; Charles Lundfelt, McCormick & Co., and Allan Blair, Allan Blair & Company.

Sports: W. A. Noonan, Jr., Continental Illinois National Bank & Trust Co., Chairman; Clay Brown, Northern Trust Company, golf; Walter Hintz, McDougal & Condon, baseball; Thomas Leafstrand, Blyth & Co., Inc., tennis; and James Gallagher, Reynolds & Co., horse-shoes.

Prizes: J. K. Clauson, Goldman, Sachs & Co., Chairman; Walter E. Knowles, First Boston Corporation; and Richard Erley, White-Phillips & Co.

Reservations should be made as soon as possible with R. C. Hawley, Chairman of the arrangements committee.

Gift Trust for Skidmore College

The class of 1962 of Skidmore College has announced the presentation of a Gift Trust Fund to their Alma Mater. The fund was established through the investment services of Wood, Walker & Co., 63 Wall Street, New York City, members of the New York Stock Exchange. The objective of the recent graduates is to be able, by adding to their initial investment during coming years, to donate more than $25,000 to Skidmore in 1987 at their 25th Class Reunion.

Benjamin R. Bookless of Wood, Walker & Co.'s Pittsfield, Mass. offfice designed the gift trust especially for colleges and institutions seeking enhancement of capital values. Mr. Bookless has received nationwide publicity for his work in establishing similar college and university Gift Fund portfolios.

A unique feature of the trust gift appealing to college administrators is that such a donation does not compete with other fund raising activities of a college's alumni association.

With Irving Lundborg

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Orlando R. Jenkins has become associated with Irving J. Lundborg & Co., 310 Sansome Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Jenkins was formerly with Blyth & Co., Inc. and William R. Staats & Co.

As We See It

Continued from page 1

ord is not to be scoffed at. In point of fact considering all the handicaps that have been imposed by meddling politicians, it is really quite a remarkable showing. When the effect of price changes have been eliminated the total output of goods and services—the much cited GNP — rose from $282.3 billion (1954 dollars) in 1947 to $447.9 billion in 1961. This is an increase of nearly 60%. Our population rose during the same period at less than half that rate. Even with all the defects of this overall single figure, the conclusion is inescapable that we have been making progress during these postwar years. We can not, we must not get the impression that we are somehow so lagging in our economic efforts that an abandonment of our traditional system of free enterprise is indicated or advisable.

Currently produced goods available to the consumer have evidently been substantially and fairly steadily expanding, since we find such expenditures by consumers rose from $195.6 billion in 1947 to $304.3 billion in 1961 — and further advances are taking place in this year of our Lord, 1962. All this, too, is after effect of price changes have been eliminated. On the same basis nonfarm residential construction rose during the period from $9.6 billion to $18.2 billion, and despite all the calamity howling there has been relatively little year-to-year fluctation in the rate of increase. Such other elements as producers durable equipment and nonresidential construction have been well maintained, although such products as these are normally subject to more year-to-year fluctuation. We are certain that in any previous normal time we should regard this record as nothing to be ashamed of and nothing to suggest the necessity for radical changes in our economic and social systems.

Flies in the Ointment

Of course, there are flies in the ointment. The fact is, though, that the aspects of this period of our economic history which should give us concern and which do give us concern are not of the sort that would be eliminated or even ameliorated by any of the nostrums now being brought to the front. As a matter of fact, we could count upon it that such programs as these would make the situation worse rather than better. The cast of government operations in the overall figures quoted has grown quite disturbingly. We find annual purchases of goods and services by government in all its forms increased from 1947 to 1961 when they should have declined, and there is nothing in the facts to suggest that it is presently going to decline. As a matter of fact, the programs that the President is now so vehemently suggesting would inevitably increase government spending and hence the role of government spending in the national accounts. And, in passing, it may be observed that it is not only the Federal Government but also the local units which have been so reckless with their expenditures during these years. They find the opportunity to issue tax exempt bonds well worth exploiting in times of this sort.

Then, too, the total of production in this country during that period was maintained if not increased in substantial part by the output of our farms, where useless production has become a regular way of life. This unfortunate situation is, of course, a direct responsibility of the Federal Government, and that responsibility runs through Democratic and Republican administrations since the rise of the New Deal — and to some extent even before that. It means that waste of human resources — about the loss of which through unemployment we hear so much from the politicians these days—is enormous in agriculture, and has been for decades without visible improvement in the outlook. This is another fact which must be borne in mind and which must in one degree or another detract from the record we have been able to make since the end of the war.

Other Adverse Factors

There are, of course, a number of other directions in which events have been anything but encouraging. For one thing there is no indication that the political powers that be have any intention of taking steps to rectify the artificially distorted flow of income to the various factors of production. The net effect, among many others, of this state of affairs is to render it less and less attractive to the more able and particularly the more wealthy to undertake the kinds of production activity upon which the long-term good of us all depends. Possibly, the most glaring illustration of this warped income distribution is found in the excessively progressive income tax schedules, but there are other more subtle ways in which somewhat the same effect is in one degree or another produced. All this, too, instead of being improved by what the Administration would have us do, would aggravate it.

Future SBIC Prospects

Continued from page 3

important we try to get the entire movement back on the right track.

I think you will be interested in taking a look at the market setting as of now.

As is known, the D-J industrial averages have declined from 725 down to a low of 550 in a very short period. The big decline in individual securities has occurred in the glamour stocks—an area in which many SBICs are heavily concentrated.

In the next few months you're going to read a lot of learned opinions (and a few that are not so learned) as to why the market declined. I'm not going to add my bit because it would be just so much additional verbiage. Suffice it to say, there has been a return to fundamentals with stockholders and the investing public looking for something of value in hand. This might mean a high-grade security with a good dividend and growth record, or high-grade securities which are available at excessively depressed prices. Now growth stocks have not ceased to exist. Certainly, the electronics and airlines industries and any one of many others remain very strong growth industries.

Their prospects, I would say, are excellent for further growth over the foreseeable future, but the important thing is (even though business may not have changed, or even improved) the public evaluation of these businesses has changed and it has changed markedly. I think it has changed for some time to come. The road back can be a pretty long one; we now appraise growth with a much colder eye, we may be willing to pay for some of the future but for very little of the hereafter.

The SBIC markets are only too well known and I won't dwell on them at any length. SBICs just got there before anyone else; May 29 was merely the climax of a long deterioration which began at the beginning of the year. SBICs, generally speaking, during the past two years have been under pressure at year-end because of tax selling. Normally there is some sort of discount over the original offering price, and a great many people take advantage of the tax provision to write the whole loss off against income.

"Hot Deal" Vehicles

In prior years there was a recovery after the first of the year, because once the market had been depressed because of tax selling, buying came back into the market after year-end. The market gradually worked up, and in 1961, for example, by mid-year the SBIC securities of the publicly held companies were at all-time highs. The decline which has persisted to the present set in. The reason stems in part from the fact that SBICs were distributed as "hot deal" vehicles, because of their heavy concentrations in electronics. If you will cast your minds back to the offerings of 1960, you will recall prospectus after prospectus where electronics was the principal in the area of investment. Now, again, I have no quarrel with the electronics industry, but too many people were led to expect too much too soon. There was a brief flurry, but when electronic stocks passed their peak, the SBICs suffered proportionately with the decline in the market for the underlying securities.

Now we have reached a point where the SBIC market seems to be on a bottom. The great problem, of course, with the SBIC market is lack of buyers. Under these circumstances there can be nothing other than a declining market. Now the question: Are SBICs a good buy now? I think they are, especially so for high tax bracket investors. An SBIC security can be attractive to a high tax bracket individual because of the very substantial gain potential he can look forward to, at least over the next two or three years.

Just as a case in point, I might cite the rough parallel of insurance stocks. Three or four years ago the insurance companies lost favor because of changes in their tax status. As a result, markets remained in the doldrums for nearly three years. Then investors generally discovered that values continue to build up in the insurance business. New insurance was put on the books in increasing volume; equity was building up; the values were there. Suddenly the insurance stocks became popular once more and immediately moved to new high levels, and by and large have held that ground since.

Why SBIC Shares Are Attractive To High Bracket Taxpayers

Why should an SBIC be attractive to high bracket investors now? One good reason: Many of them are selling at 50% discount from book value, others are selling less than the value of the government bonds in portfolio. In the past month there has been a 25% decline in values with SBICs down to 69% of book value as of May 31, as opposed to 88% on April 30. There of course has been a similar decline in value in the underlying portfolio companies, so the publicly held securities of SBICs have been beaten off in the market to a point where they are going to prove attractive to someone. I think it will be the high bracket investor.

Now, high bracket investors are unlikely to make such investments unless they are in a position to secure good information on the operation of an SBIC. They want to know exactly what's going on with the portfolio companies, what the possibilities are, and where the potential is coming from. The SBICs are in a position to supply this information and I think they should. This is in addition to information about management and their activities. What investors want to know is what SBICs are doing for and with portfolio companies in order to make them grow. I think here you will have the right kind of propaganda piece, and I am using "propaganda" in its best possible sense. This too will help prepare for the renaissance of the underwriting business which will ultimately come.

There will be one important difference: The resurgence in the underwriting business will come first to the quality companies, to the established companies, and to essential service companies such as the utilities. The speculative, marginal, the new, the untried, will follow considerably later down the ladder.

This gets back to the problem that I have cited before; public confidence has been shaken. It will take time for the wounds to heal, and the wounds, believe me, are substantial. For example, securities that decline from a high of 60 to a low of four, or from a high of 70 to a low of eight, or from a high of 650 to a low of 350, hurts, and I don't care whose dollars they are. It takes a long time for this lesson to be unlearned.

Another factor which will make a difference is the fact that there are a lot of inexperienced investors in the market. They invested for many reasons but found out the market was not a one-way street. It is their confidence, among others, in the real benefits to be found in security ownership that we must build.

Problems of SBICs

The SBICs from an operating point of view, have some very serious problems from the standpoint of developing good underwriting prospects in their portfolio companies. One of these is the high cost warrants or the high cost conversions on loans made during the 1961 market period. Another problem is the unfortunate industry concentrations in glamor, science, and electronic stocks; the third is the problem of high operating costs in a relatively dry period, because the prospects for public financing either of the SBIC itself or the portfolio companies are not very bright for the immediate future. This will change gradually, but the change I think will be on the basis of performance.

As is known, SBIC offerings will embrace relatively new and speculative companies. The public and the investment banking industry are not very anxious to pay must for futures, particularly when it is possible to buy well established securities with long records of earnings, dividends and successful operation, at what I consider to be genuine bargain prices. I think there is unlikely to be any significant portfolio underwriting from SBICs for this year and possibly for the first part of next year. I think it will gradually begin to develop on performance, which will take time.

Opportunities for SBICs

Now as to the problem of what you do about helping each other to change this picture? Before I get into that, there is one bright spot. The general absence of interest in underwritings of all kinds offers the SBIC an opportunity, if you have money to loan. As you well know, there are a great many companies that have been planning to go public. At the present their prospects of a public offering are dim, but they will need the money. These are prime possibilities for SBICs, especially because they are more seasoned companies. These offer the prospect of earlier public offerings than some of the companies where you are starting from scratch.

In this regard, an item in *The Wall Street Journal* recently indicated that A. J. Armstrong, a west coast finance company, moved right into the vacuum saying, "We have earmarked $20 million for companies whose financing has been withdrawn or postponed, and who need the money now."

This is a good approach. There are a great many companies who do need money and have no other place to go. The point is: They can come to an SBIC as easily as to Armstrong. I think it is just a question of making your services available.

Similarly, a column in the *Chicago Sun Times* about two weeks ago touched on the SBICs very favorably and pointed out this was an important time for SBICs to become aggressive. There are a lot of companies searching for some way to raise the capital they had planned to raise in the public market. This situation is likely to persist for the balance of the year, and probably part of 1963. I think it represents a real opportunity.

Advice on Portfolio Companies

Getting back to the original question: What do we do to combat the problems I mentioned earlier? I think, No. 1, the biggest thing is an aggressive program for grooming and developing portfolio companies. This is going to be the basis on which markets will ultimately recover. Now, I don't mean "force feeding," there is nothing to be gained by trying to rush an immature company to the marketplace. If you do, your first effort may be your last and I'm sure that's not your intention.

In setting up such a program of development, utilize the financial, administration, and manufacturing skills available on SBIC boards and staffs to beef up the advice and counsel given portfolio companies, even to the point of active management if necessary. In other words, get the traveling watchdogs out on the road, not for just a 24-hour social call, but to stay for a week if needed to find out what is going on. If management is weak, then change it, and if they need ideas, if they need suggestions, get them; this is the key, for I am sure the ability to make them into strong, growing units is the future of the whole SBIC movement.

I have made comments at other meetings as to personnel in the SBIC. You have a lot of talent, a lot of people on your boards who have had experience in a great many areas. Many of them have time to spare. It is vital, in my opinion, that you get these people with manufacturing, administrative and financial experience active in the affairs of your portfolio companies. These are the three areas in which your portfolio companies need the most help. This is your job, and as I said before, you have people who are available to you, either on a part time or a full time basis, in addition to your own staff. I would certainly use them to the maximum potential.

As to too heavy industry concentrations, I think it is possible to do some upgrading over a period of time, either through mergers, consolidations, or trades. One particular area which should be explored is the possibility of selling off, say, an electronic company to a more established company with seasoned stock, which an SBIC can take into its portfolio and which I think would offer the prospect of some offset to any loss it might take on high priced warrants. Such a move will also serve the general purpose of upgrading the list.

The Merger Route

Electronics companies can also be merged with other electronics companies to make stronger units and speed up the growth process. It may also be possible to make some consolidations within one's own portfolio combining other product lines which fit, again all for the purpose of making a larger or stronger unit and a better unit. This will not only improve the ultimate prospects for this company but again may help the SBIC work out of its warrant position. As to high warrant prices (maybe I'm over-emphasizing; perhaps it isn't as much a problem as I think it is) it is difficult for me to see markets returning to their 1961 levels very soon. Some of the companies in which SBICs have high warrant prices may need additional capital; this is characteristic of a growing company. This is a good opportunity to retrade the original warrant price to more realistic levels. Also, in a merger it may be possible to reset loans; in the process of doing so it is possible to scale warrant prices, again placing the portfolio on a more favorable basis.

All of this means a great deal of hand-holding; it means a lot more personal contact, a lot more administration. It must be more than getting monthly reports or phoning every two or three months to find out how things are. The SBICs' job is creating stock values; this is not a question of casual good fortune, but one of hard work and imagination and a lot of activity in the management of portfolio companies.

Other Possible Income Sources

There are other things to do. SBICs are well aware of what their problems are going to be for the next year or so. When you look at income from your present portfolio in relation to expenses, it sometimes proves to be a little worrisome. The SBIC will be dependent, eventually, on the distribution or sale of portfolio companies as a source of new capital for future loans this isn't going to be possible for a while. However, there are other areas that can be exploited for maintaining or increasing current income, as well as possible capital for loans. These are: Management, which the SBIC may supply on a fee basis to companies; private placements for companies which you cannot finance yourself; and consultant activities. There are some SEC problems here, which I appreciate, but I don't think these are insuperable. The important thing is to keep your talent together and still make some operating profit. Gearing your operation to your income is elementary; developing new sources of income to maintain your present organizations more advanced and more difficult, but possible.

Some companies don't have the talent, time, or money to do all of these things. However, others are in a position to explore these means of creating a flow of new income as well as capital for loan purposes.

I have not tried to be pessimistic, but rather realistic about when the problems are. I am sure many have already thought of them, but I would like to emphasize from an outsider's point of view that they are important in analyzing and assessing the SBIC movement. To me, this is the way you perform your way back. This is the way you earn your way into the public offering market—through the aggressive, conservative, and solid development of your portfolio companies. At first, it's going to be difficult to get an audience. The present attitude of the public and the investment industry is apathetic.

The Underwriting Procedure

Now for underwritings. I will set forth a little about the mechanics.

I'm sure all are well aware of what goes on in an underwriting account. I won't go into the details, but will outline some of the considerations that are important from the SBIC point of view and mine.

The first thing an underwriter will look at is the two sides of a coin: Quality—is this worth doing? Do I want to be identified with it? And then saleability. If it has sufficient quality, will the market accept this security? Is this industry a popular industry? Those are the two sides of the coin; quality first, then saleability.

Once this point is reached we look at the growth rate, record of sales and earnings, the dividends, company prospects, qualification of management, and again, the appeal of the industry. I'm not suggesting that we sell stocks simply because they're easy to sell, but there are some industries with more appeal than others.

After syndication and the organization of a dealer group comes pricing. Here the underwriter is trying to walk a tightrope between the issuer and the public. You want to offer your clients a security at an attractive price, which is also fair and favorable to the issuer.

The next part of the process is the distribution. The last and most important element is the aftermarket. The issuer and the underwriter are not interested in seeing securities decline. They will, of course, fluctuate as market's change, but to offer a security which immediately declines is not considered good. It indicates bad pricing, over-aggressive selling, or bad placement. The underwriter has a responsibility (and I think every reputable underwriter feels it) to follow their offerings and make markets in them. We are going to live with these offerings a long time. We cannot avoid this responsibility. The company has a similar responsibility, too, in making information available to its shareholders and to the general public, as well as the investment industry. This information is in the form of quarterly reports, press releases, annual reports, and the like.

I will close with a couple of do's and don't's on underwriting.

(1) Don't try to "force-feed" a company into the market too soon. This is important for a good reception on an initial offering, makes later financing easier and more attractive. The SBICs are going to have a continuing flow of new issues for the marketplaces over the next 10 years. It is very important to get started off on the right foot. Successful offerings are not merely those which go to a premium, but those which have records to sustain markets and from the ownership of which the public benefits.

(2) The next item is the right underwriter; by this I'm not suggesting there is a difference in quality, but there is a difference in capability. A small underwriter may be a fine firm, but he can't do the same distribution job as a major underwriter with substantial sales distribution. This is what the SBIC needs in the sale of new securities—someone, if things go badly, who can step in and pick up the ball to redistribute the stock if necessary.

(3) Don't pick the wrong method. The wrong method may be a "best efforts" offering. The issuer may find it difficult to secure an underwriter for his next offering, particularly if the "best effort" offering was only moderately successful. "Best efforts" offerings take a lot of time, may be costly, and may not be successful. It would be far better in my mind to wait a year, give your company a chance to mature a little more, and offer it on an underwritten basis.

(4) Don't become enamored with low-priced securities. Underwriters may react unfavorably to low-priced securities.

These are not hard and fast rules, but these are things that you should be aware of. The penalty may be great difficulty in doing future deals, and a higher cost.

I want to say that I have not intended, and I certainly hope that none of you have inferred, that I am criticizing the SBICs or any individual company; I am not. I have the greatest confidence; I think the SBIC movement is a very important investment media, and I am extremely anxious to see the entire industry get started once again in the right direction.

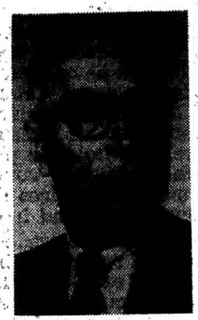
I think some of these things will help. It is a job for all of us. With any kind of luck at all, and some respectable markets, I think it is possible to do it.

*An address by Mr. Snyder before the Midyear Meeting of the National Association of Small Business Investment Companies, Fort Worth, Texas.

ASE Elects Members of Board

Edwin Posner

John A. Ludlow



C. H. Cunningham

Norwood Norfleet

James E. Thomson

Hugh D. Carter

Forrester A. Clark

Leo B. Babich

Edward Rotan

Edwin Posner, Andrews, Posner & Rothschild, Chairman; and new members of the Board elected for first time: Charles H. Cunningham, J. R. Williston & Beane; Norwood Norfleet, Reynolds & Co.; James E. Thomson, Merrill Lynch, Pierce Fenner & Smith Incorporated; Hugh D. Carter, Jr., Courts & Co.; Forrester A. Clark, H. C. Wainwright & Co.; Leo Babich, Hill Richards & Co.; and Edward Rotan, Rotan, Mosle & Co.

Edwin Posner, of Andrews, Posner & Rothschild, was re-elected Board Chairman of the American Stock Exchange and 27 other board posts were filled at a special election held August 7. Mr. Posner and 26 of those elected to the board had been nominated by the retiring ASE nominating committee, and one, John A. Ludlow, a commission broker, had been nominated by independent petition.

Also elected was a seven-man nominating committee, of which six had been named by the retiring nominating committee and one, Arthur B. Behal, an independent commission broker, by independent petition.

The new board will take office on Sept. 4, 1962, when, under provisions of a recently approved general amendment of the Exchange constitution, the board will become a policy-making body while the staff, under President-elect Edwin D. Etherington, will assume direct responsibility for administration and operation of the Exchange.

Mr. Posner, an exchange member since 1921, and a stock specialist, has a background of 23 years as a Governor of the American Stock Exchange. He was Vice-President of the marketplace in 1932 and 1933, Vice-Chairman in 1942, 1943 and 1944 and Chairman of the Board and President in 1945 and 1946. Mr. Posner was elected President pro-tem on Jan. 22, 1962 and became Chairman on Feb. 13, 1962. He was elected Aug. 7 to serve as Chairman until the annual election in February, 1963.

The reorganized board was elected as follows:

(1) Twelve regular members who have their principal places of business in or within 100 miles of New York City, at least ten of whom spend a substantial part of their time on the ASE trading floor and at least six of whom are with firms which do a public business and do not perform specialist functions. Those elected were:

To serve until the annual election in February, 1963—

Vanderpoel Adriance, Jr., stock specialist, Adriance & Finn.

Charles H. Cunningham, commission broker, J. R. Williston & Beane.

Norwood Norfleet, commission broker, Reynolds & Co.

Edwin P. Wheeler, stock specialist, at John V. Dunne & Co.

To serve until the annual election in February, 1964—

Harold F. Driscoll, independent commission broker.

John A. Ludlow, commission broker, J. A. Ludlow & Co. (nominated by independent petition).

William F. Neubert, commission broker, Cowen & Co.

John C. Turner, stock specialist, at Carreau & Co.

To serve until the annual election in February, 1965—

Robert S. Frank, stock specialist, at Ernst & Co.

Edward W. Kraebel, commission broker, Mabon & Co., and present ASE Board Vice-Chm.

Norman M. Leff, stock specialist, at Andrews, Posner & Rothschild.

William C. Willis, Jr., commission broker, Bache & Co.

(2) Ten regular or nonregular members of the exchange who are principally engaged in office functions in or within 100 miles of New York City and who are with firms which do a public business and which do not perform specialist functions. Those elected were:

To serve until the annual election in February, 1963—

August Huber, regular member, Spencer Trask & Co.

Henry Parish, 2nd, nonregular member, Carl M. Loeb, Rhoades & Co.

Louis J. Puglies, nonregular member, Filor, Bullard & Smyth.

John D. Warren, nonregular member, G. H. Walker & Co.

To serve until the annual election in February, 1964—

Phillip W. Brown, regular member, Smith, Barney & Co.

Howard B. Dean, nonregular member, Harris, Upham & Co.

Solomon Litt, nonregular member, Asiel & Co.

To serve until the annual election in February, 1965—

Emil J. Hausmann, nonregular member, Baker, Weeks & Co.

W. Allen Taylor, nonregular member, E. F. Hutton & Co.

James E. Thomson, nonregular member, Merrill Lynch, Pierce, Fenner & Smith Inc.

(3) Five regular or nonregular members of the Exchange who are principally engaged in office functions more than 100 miles from New York City and who are with firms which do a public business and do not perform specialist functions. Those elected were:

To serve until the annual election in February, 1963—

Forrester A. Clark, nonregular member, H. C. Wainwright & Co. (Boston).

To serve until the annual election in February, 1964—

Hugh D. Carter, Jr., nonregular member, Courts & Co. (Atlanta).

Robert Podesta, nonregular member, Cruttenden, Podesta & Miller (Chicago).

To serve until the annual election in February, 1965—

Leo B. Babich, nonregular member, Hill Richards & Co. (Los Angeles).

Edward Rotan, nonregular member, Rotan, Mosle & Co. (Houston).

Seven were elected to the board for the first time. They are:

Charles H. Cunningham, Norwood Norfleet, James E. Thomson, Hugh D. Carter, Jr., Forrester A. Clark, Leo Babich and Edward Rotan.

The newly elected nominating committee will serve until the annual election in February, 1963 and will name candidates for that election.

The newly elected nominating committee includes:

(1) Four regular members of the Exchange, of whom not more than two are either stock specialists themselves or are with firms which perform specialist functions. Those elected were:

Arthur B. Behal, independent commission broker, at J. R. Timmins & Co. (nominated by independent petition).

George W. Linne, commission broker, Gregory & Sons.

L. Sylvester May, stock specialist, May, Borg & Co.

Francis R. Santangelo, stock specialists, L. D. Babcock & Co.

(2) Three nonregular members who are with firms which do a public business and do not perform specialist functions. Those elected were:

J. Howard Carlson, Carl M. Loeb, Rhoades & Co.

H. Stanley Krusen, Shearson, Hammill & Co.

Harold A. Rousselot, Francis I. du Pont & Co.

The Exchange members also elected five Trustees of the Gratuity Fund:

To serve until the annual election in February, 1963 —

Timothy J. Reardon, Andrews, Posner & Rothschild.

Robert J. Smith, Sexton & Smith.

To serve until the annual election in February, 1964 —

Clarence Bettman, Milton E. Reiner & Co.

Charles M. Finn, Adriance & Finn.

To serve until the annual election in February, 1965—

John A. Ludlow, J. A. Ludlow & Co.

The members of the nominating committee which submitted the original slate include: Hugo G. Florio, Chairman, Milton E. Reiner & Co.; James A. Russell, Vice-Chairman, Van Alstyne, Noel & Co.; Samuel A. Brown, at Halden & Co.; John Heck; William J. MacKenzie, Jr., Burnham & Co.; Arthur Neumark, H. Hentz & Co., and Macrae Sykes, Shields & Co.

Form Balanced Inv.

CHICAGO, Ill.—Balanced Investments, Inc. has been formed with offices at 600 South Michigan Avenue to engage in a securities business. Officers are George J. McArdle, President; Victor F. Mesco, Vice-President; Irene Fitzgerald, Secretary; and Doris McArdle, Treasurer. Mr. McArdle was formerly with Financial Industrial Funds and Alm, Kane & Rogers.

J. C. Brady Opens

MASSAPEQUA, N. Y.—John C. Brady is conducting a securities business from offices at 256 North Michigan Avenue under the firm name of J. C. Brady Associates.

Joins Barth Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert G. Lucas has joined the staff of J. Barth & Co., 404 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges. He was formerly with Dean Witter & Co.

Loewi & Co. Appoints

MILWAUKEE, Wis. — Loewi & Co. Incorporated, 225 Broadway, members of the New York Stock Exchange, have announced the addition of a group of newly registered representatives to the staff, and at the same time reviewed the accomplishments of their training program now in its 18th year.

J. Victor Loewi, President, said 64 registered graduates from the firm's training course now serve in the home office and state branches. Averaging about four graduates a year, the program also has produced 12 of the 19 present officers and department managers of the firm.

Latest to complete training and New York Stock Exchange requirements are Joseph E. Hoffman, II, 11050 N. River Road, Mequon; Armon E. Kamesar, and Robert L. Poggel. Mr. Hoffman and Mr. Kamesar will be located in Loewi's main office, Mr. Poggel at the North Shore office.

The company has also promoted Dennis J. Ernst to assistant in the trading department and appointed Thomas F. Kasun, to the Mayfair office effective Sept. 1. Mr. Kasun is a former underwriter with Insurance Company of North America.

Atlas Corp. Arranges for Bank Financing

The company has announced that it had sold privately to a banking group comprising Manufacturers Hanover Trust Co., New York, Crocker - Anglo National Bank, San Francisco, and the First Security Bank of Utah, N. A., Salt Lake City, $23,500,000 of 5½% instalment promissory notes due June 30, 1966. Kuhn, Loeb & Co., Inc., New York City, assisted in the financing.

Proceeds were used for the purchase of outstanding stock of Uranium Reduction Co., and Utex Exploration Co., merged into the company, and the discharge of bank indebtedness of Atlas and Titeflex, Inc., also merged. The balance of the proceeds were used for the redemption of all outstanding stock of Hidden Splendor Mining Co., and the retirement of outstanding 6% gold debentures, series A, due Jan. 1, 1963 issued by Wasatch Corp., a predecessor concern.

In Hospital Drive

Douglas T. Yates, of the investment banking firm of Dempsey-Tegeler & Co., Inc., has been named vice chairman of the Hospital Trustees Division of the 1962 United Hospital Fund campaign. Frederick D. Forsch, Kuhn, Loeb & Co., chairman of the Division, made the announcement.

Reserve's Credit Policy— Past, Present and Future

Continued from page 1

fairly large decline in the number of long-time unemployed.

Retail and Auto Pickup

Among other information on July, retail sales rose briskly, with new domestic auto sales and department store sales both making a strong showing. Private construction activity, seasonally adjusted, held its advanced level. The Board's index of industrial production gained almost a full point, advancing to a new record high approximately one - fifth above the 1957 level.[1]

Preliminary indications from production schedules and weekly sales reports suggest that the general improvement of the economy carried forward in early August.

The information on consumers' purchase plans obtained in July by the survey conducted for the Board each quarter by the Census Bureau gave two important indications. First, consumer buying plans had not been adversely affected over-all by the recent stock market decline and the mixed economic tendencies shown for June. Second, as you may recall from earlier testimony by a member of our staff, the data show some strengthening of consumer purchase plans since early this year, especially for household durable goods.

Consumers are in a good financial position. Their incomes rose further in July to a new record high, and so did their savings. The payments on debt that consumers are obligated to make each month have risen less rapidly than their incomes. Furthermore, defaults on instalment credit have declined sharply over the past 18 months to levels at or close to the lows for recent years.

Business concerns' retained earnings and depreciation allowances in recent months have also been large, in many instances considerably in excess of current needs for replacement and expansion. This form of saving has been used in providing an additional flow of funds into credit markets and into extensions of trade credit as well. Meanwhile, business demand for bank loans has been less vigorous than in this stage of previous upswings. Banks, therefore, have sought other outlets for their funds and have increased other loans and investments, especially their holdings of state and local securities and real estate loans. Demand deposits have changed little so far this year, while time and savings deposits grew very rapidly in the first quarter and then continued to expand substantially but at a lesser rate.

Over the first half of the year, short-term interest rates fluctuated within a narrow range around a 2¾% level. Since late June, the level has been a little higher, with the range on three-month Treasury bills running between 2.80 and 3%. Yields on longer term U. S. Government, state and local government, and corporate issues meanwhile declined through midspring and subsequently moved moderately upward, but they remain below the earlier highs for the year. Throughout the year, mortgage yields have moved downward.

Decline in Long-Term Interest Rate

The decline that has taken place in long-term interest rates has reflected in large part the increased availability of funds in long-term sectors of the market, as the rapid increase in time and savings deposits at commercial banks was accompanied by continued large inflows of funds to mutual savings banks and savings and loan associations. Demand for long-term funds in recent months has been generally moderate.

My comments would be incomplete if I neglected to mention the persistent problem of restoring balance in our international accounts. The problem of domestic expansion is interrelated with our international problems and all of them must be thought about at the same time.

The United States has been making progress in reducing its over-all deficit in international transactions. The deficit came down from nearly $4 billion in 1960 to about $2½ billion last year, and to an annual rate of just under $1½ billion in the first half of 1962. Even so, we have no grounds for complacency. We must move further towards international balance next year, and we must also achieve and maintain equilibrium in the accounts in future years.

U. S. foreign trade has developed in an encouraging way this year. Total exports have been rising, with exports to Western European countries especially strong. While imports also have risen, they have not spurted ahead as they did in the preceding period of cyclical expansion and so have remained lower in relation to the gross national product. Both our export and our import performances would indicate that we have been competing effectively in international trade, and international price trends support this interpretation. The level of wholesale prices has been stable in this country for some time, while prices in industrial countries abroad have risen.

The merchandise trade surplus, at an annual rate of $5 billion in the first half of 1962, is large but not large enough to match our large net payments for aid, for military expenditures, and for net private U. S. lending and investment abroad. And it would probably be unrealistic to expect the whole of the remaining adjustment to come through yet further expansion of the trade surplus. That is why the government has been working, both from the procurement side and through negotiations with our allies abroad, to reduce the balance-of-payments burden of our foreign aid and military programs. That is why we have had to pay close attention to the possible effects that monetary and credit policies may have on international movements of capital.

Taken together, domestic economic and balance-of-payments developments have posed a problem for monetary policy, but in my judgment that problem has not yet constituted as clearcut a dilemma as some observers suggest. While it has been necessary to formulate policy in the light both of the credit needs of the domestic economy and the potential effects on international capital movements, up to the present time it has not been a matter of choosing between domestic and international goals.

Dangers of Credit Flood

With the rare exception of an internal liquidity crisis, such as that experienced in the early 1930's, it is never helpful to sound recovery or economic expansion to flood credit markets with redundant funds. When resources are not fully employed, credit should be readily available to meet the legitimate needs of commerce, industry and agriculture—as it is now—but no constructive purpose is served by expanding the credit stream to the point where it overflows its banks. So far, we have been able to pursue policies which have not interfered with the ready, availability of credit in the domestic markets at rates generally about even with those prevailing in early 1961, and in some critical areas substantially lower.

Fortunately, we have been free from inflation and the expectation of imminent inflation. This has made possible a more liberal policy with respect to reserve availability, a greater growth in bank credit, and less upward movement of interest rates than in any other recovery and expansion in recent history. In the last 12 months alone, we have added almost a billion dollars to bank reserves, bank credit has expanded by $17 billion, and high-grade long-term corporate bonds and state and municipal securities are about one-quarter of one percentage point below their year-ago levels.

At the same time, we have generally maintained short-term rate relationships with other major financial markets such as to avoid encouraging outflows of short-term funds. The fact that we have done and are continuing to do this, as we strive to improve our basic balance-of-payments situation, is bound to strengthen confidence in the dollar at home and abroad. In any judgment, this enhanced confidence is essential if we are to solve our balance-of-payments problem and promote domestic prosperity.

This leads me to the matter of deficit financing. It now seems most likely that we shall experience some deficit in our budget for fiscal 1963. That deficit would, of course, be increased if taxes are reduced during the current fiscal year.

Must Borrow From Real Savings

I have stated quite explicitly my belief that such deficits as we may experience, whether they are due to a shortfall of receipts under the existing tax structure, an increase in expenditures, or a reduction in tax rates, should be met by borrowing from the real savings of businesses and individuals, not through the creation of money through the banking system.

This does not mean that we will experience less easy conditions in credit markets. What happens will depend on many things — most importantly on the rate of activity in the economy: credit conditions may be tighter, or easier, or the same.

It is also helpful to recognize that in the American banking system there is an important distinction between total bank credit **expansion** and that portion of it which can be traced to the **creation** of money and credit. The loans and investments of commercial banks in the United States can grow in two ways: one, through people placing more savings in banks in the form of time and savings deposits; or two, through the creation of demand deposits. Hence, bank credit can expand substantially without any significant money creation, as it has done in some periods. Alternatively, growth in bank assets can be—as at times it has been—associated almost entirely with money creation.

Analysis of these processes would be simpler if we had an institutional structure in this country in which the money creation function was entirely separate from what is called the savings intermediary function — the collection of small savings and their investment for the benefit of depositors, of shareholders and of policyholders—but that is not the case. To the extent that individuals place their savings with banks and that banks, in turn, invest these savings in government securities, the deficit which led to the issuance of the securities is being financed by real savings just as surely as if the individuals had purchased savings bonds in the first instance.

Moreover, a certain amount of money creation to meet the legitimate needs of a growing economy is a necessary and normay function of the banking system, and it is expected reserves will be provided for expansion to meet such needs. Some part of the normal growth in banks' assets which accompanies this money supply expansion must, as a simple matter of banking prudence, take the form of additions to the secondary reserves of the banking system, which consist largely of government securities. Additions to banks' holdings of government securities due to additional flows of savings through this particular intermediary or to normal growth in the money supply do not represent the financing of government deficits with bank-created or "printing press" money. Such additions are not inflationary and do not pose any threat to the soundness of the dollar.

What would be damaging to the strength of the dollar would be the deliberate expansion of the credit base, above and beyond the needs of the economy, in order to provide a ready market for the government's borrowing. This was done in the United States during World War II, and in other countries both at that time and during the economic chaos that followed. It is still being done in some unfortunate countries today. The results have invariably been bad, and have ranged from damaging, as they were here, to nearly disastrous, as they have been in some other countries. The process of withdrawal and correction is always painful and difficult.

The only sure safeguard against the financing of deficits through bank credit creation lies in careful control over the process by which bank credit and money are created. As I have said, the Federal Reserve is determined to provide, on the one hand, the reserves needed to support the necessary and healthy expansion of bank credit and money required to meet the needs of a growing economy, and on the other, not to again become entangled in the vicious circle of financing government deficits with bank credit created solely for that purpose.

Economic Situation Today

In closing, let me summarize as specifically as I can my view with respect to the economic situation today.

All in all, the performance of the economy has been disappointing in that it thus far has failed to reach the goals set for it by some and predicted for it by others. Yet the economy has withstood some rather severe shocks — last fall an auto strike, this year a major steel inventory adjustment and the sharpest stock market break since the 1930's—and still it has moved forward. On the one side, it has not achieved the levels of manpower or physical resource utilization we would all like to see; on the other, the latest data do not, in our judgment, confirm that we have reached or passed a turning point in the cycle at this time. The most likely possibility in the period immediately ahead seems to be for a continuation of mixed movements in the more sensitive indicators and some further growth in the broad aggregate measures of economic activities.

Now a final word, about monetary policy and credit conditions. The one factor over which the Federal Reserve has anything like complete control is the volume of reserves available to the banking system. In my judgment we have supplied — and are now supplying — all the resrves the banking system requires to meet the American economy's needs for credit today and to foster its further economic progress.

[1] The figure was 119% of the 1957 average of 100.—Editor.

*A statement by Mr. Martin before the Joint Economic Committee of Congress, Washington, D. C., Aug. 16, 1962.

M. Spiegelstein Opens

LONG BEACH, N. Y.—Max Spiegelstein is engaging in a securities business from offices at 535 East Penn Street.

Gallagher-Roach Branch

DOVER, Ohio — Gallagher-Roach and Co., Inc., has opened a branch office at 114 Rausch Court under the management of Eugene F. Rausch.

Opens Branch Office

TOLEDO, Ohio—Gallagher-Roach and Co., Inc., has opened a branch office at 520 Madison Avenue under the management of Lester Hiob.

Opens New Branch

VAN WERT, Ohio—Gallagher-Roach and Co., Inc. has opened a branch office in the Conant Building under the management of Charles Boroff.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON & STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Aug. 18	1,616,000	1,578,000	1,398,000	1,944,000
Index of production based on average weekly production for 1957-1959	Aug. 18	86.7	84.7	75.0	104.5
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Aug. 18	55.5	54.0	48.0	66.5
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 10	7,260,710	7,238,610	7,229,910	6,990,660
Crude runs to stills—daily average (bbls.)	Aug. 10	8,546,000	8,462,000	8,591,000	8,437,000
Gasoline output (bbls.)	Aug. 10	30,535,000	31,005,000	31,200,000	30,061,000
Kerosene output (bbls.)	Aug. 10	3,024,000	2,971,000	2,751,000	2,595,000
Distillate fuel oil output (bbls.)	Aug. 10	13,888,000	13,462,000	13,248,000	13,726,000
Residual fuel oil output (bbls.)	Aug. 10	5,176,000	5,438,000	6,010,000	5,469,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished gasoline (bbl.) at	Aug. 10	180,906,000	182,258,000	184,480,000	178,913,000
Kerosene (bbls.) at	Aug. 10	34,065,000	33,366,000	30,948,000	32,123,000
Distillate fuel oil (bbls.) at	Aug. 10	145,411,000	140,414,000	127,972,000	137,927,000
Residual fuel oil (bbls.) at	Aug. 10	52,075,000	50,717,000	48,005,000	50,005,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 11	565,881	568,424	497,660	591,062
Revenue freight received from connections (no. of cars)	Aug. 11	478,334	483,728	417,174	483,784
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 16	$538,400,000	$412,000,000	$506,800,000	$479,000,000
Private construction	Aug. 16	222,600,000	179,700,000	235,700,000	253,200,000
Public construction	Aug. 16	315,800,000	232,300,000	271,100,000	225,800,000
State and municipal	Aug. 16	282,100,000	210,500,000	239,800,000	194,800,000
Federal	Aug. 16	33,700,000	21,800,000	31,300,000	31,000,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 11	8,215,000	*8,275,000	2,025,000	8,214,000
Pennsylvania anthracite (tons)	Aug. 11	315,000	305,000	85,000	312,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Aug. 11	100	*99	96	94
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 18	16,838,000	17,159,000	16,759,000	15,665,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 16	285	306	286	366
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 13	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Aug. 13	$66.44	$66.44	$66.44	$66.44
Scrap steel (per gross ton)	Aug. 13	$27.50	$27.50	$25.83	$37.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 15	30.600c	30.600c	30.600c	30.600c
Export refinery at	Aug. 15	28.650c	28.625c	28.525c	28.075c
Lead (New York) at	Aug. 15	9.500c	9.500c	9.500c	11.000c
Lead (St. Louis) at	Aug. 15	9.300c	9.300c	9.300c	10.800c
‡Zinc (delivered) at	Aug. 15	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	Aug. 15	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	Aug. 15	24.000c	24.000c	24.000c	26.000c
Straits tin (New York) at	Aug. 15	108.375c	108.375c	113.375c	119.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 21	88.58	88.27	87.96	86.31
Average corporate	Aug. 21	86.91	86.78	87.05	85.72
Aaa	Aug. 21	91.05	90.77	91.05	89.78
Aa	Aug. 21	89.09	88.95	88.95	87.72
A	Aug. 21	86.65	86.65	86.78	84.81
Baa	Aug. 21	81.54	81.42	81.78	80.93
Railroad Group	Aug. 21	83.40	83.40	83.66	83.28
Public Utilities Group	Aug. 21	88.81	88.67	89.09	86.38
Industrials Group	Aug. 21	88.81	88.54	88.54	87.45
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 21	3.87	3.91	3.94	4.05
Average corporate	Aug. 21	4.64	4.65	4.63	4.73
Aaa	Aug. 21	4.34	4.36	4.34	4.43
Aa	Aug. 21	4.48	4.49	4.49	4.58
A	Aug. 21	4.66	4.66	4.65	4.80
Baa	Aug. 21	5.06	5.07	5.04	5.11
Railroad Group	Aug. 21	4.91	4.91	4.89	4.92
Public Utilities Group	Aug. 21	4.50	4.51	4.48	4.68
Industrials Group	Aug. 21	4.50	4.52	4.52	4.60
MOODY'S COMMODITY INDEX	Aug. 21	371.5	369.2	367.5	377.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 11	346,263	414,999	243,439	333,959
Production (tons)	Aug. 11	362,201	366,338	243,508	332,332
Percentage of activity	Aug. 11	98	98	71	94
Unfilled orders (tons) at end of period	Aug. 11	524,704	542,041	506,033	518,944
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Aug. 17	114.24	113.26	116.01	114.46
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	July 27	1,961,560	2,361,920	4,142,970	2,636,440
Short sales	July 27	541,800	625,360	939,180	508,100
Other sales	July 27	1,285,360	1,548,950	3,290,550	2,280,610
Total sales	July 27	1,827,160	2,174,310	4,229,730	2,788,710
Other transactions initiated off the floor—					
Total purchases	July 27	309,820	401,670	682,500	246,500
Short sales	July 27	90,000	86,700	140,800	25,200
Other sales	July 27	206,550	337,620	502,200	253,100
Total sales	July 27	296,550	424,320	643,000	278,300
Other transactions initiated on the floor—					
Total purchases	July 27	614,281	701,708	1,168,400	892,738
Short sales	July 27	96,140	101,850	225,980	153,140
Other sales	July 27	603,676	662,765	1,011,667	957,094
Total sales	July 27	699,816	764,615	1,237,647	1,110,234
Total round-lot transactions for account of members—					
Total purchases	July 27	2,885,661	3,465,298	5,993,870	3,775,678
Short sales	July 27	727,940	813,910	1,305,960	686,440
Other sales	July 27	2,095,586	2,549,335	4,804,417	3,490,804
Total sales	July 27	2,823,526	3,363,245	6,110,377	4,177,244
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	July 27	1,189,302	1,412,870	2,361,514	1,942,780
Dollar value	July 27	$55,565,900	$69,608,891	$107,232,327	$99,854,436
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	July 27	1,117,814	1,251,230	2,003,386	1,650,227
Customers' short sales	July 27	40,160	65,558	119,886	12,302
Customers' other sales	July 27	1,077,654	1,185,672	1,883,500	1,637,925
Dollar value	July 27	$52,962,030	$63,195,971	$99,991,713	$83,931,142
Round-lot sales by dealers—					
Number of shares—Total sales	July 27	331,900	339,160	537,490	436,910
Short sales	July 27	------	------	------	------
Other sales	July 27	331,900	339,160	537,490	436,910
Round-lot purchases by dealers—Number of shares	July 27	433,930	529,670	878,380	730,760
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	July 27	1,124,240	1,361,080	2,218,400	878,090
Other sales	July 27	13,304,380	15,223,580	24,802,200	17,225,830
Total sales	July 27	14,428,620	16,584,660	27,020,600	18,103,920
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	Aug. 14	100.6	*100.6	100.7	a
Farm products	Aug. 14	97.6	*97.6	96.4	a
Processed foods	Aug. 14	101.5	101.5	100.7	a
Meats	Aug. 14	99.7	*100.0	97.5	a
All commodities other than farm and foods	Aug. 14	100.8	*100.8	100.7	a

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound. a Not available.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—			
For month of June:			
Total gas sales (M therms)	6,472,600	7,642,600	6,292,000
Natural gas sales (M therms)	6,366,100	7,491,700	6,174,900
Manufact'd & mixed gas sales (M therms)	106,500	150,900	117,100
AMERICAN RAILWAY CAR INSTITUTE—			
Month of July:			
Orders of new freight cars	3,127	3,411	2,452
New freight cars delivered	3,181	3,911	1,229
Backlog of cars on order and undelivered (end of month)	13,192	13,274	10,644
BANK DEBITS — BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of July (000's omitted)	$279,700,000	*$291,800,000	$247,700,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of July 31:			
Imports	$484,898,000	$472,814,000	$414,951,000
Exports	704,735,000	751,011,000	925,778,000
Domestic shipments	23,150,000	24,783,000	22,914,000
Domestic warehouse credits	69,491,000	91,817,000	163,051,000
Dollar exchange	142,920,000	144,690,000	45,229,000
Based on goods stored and shipped between foreign countries	881,007,000	857,128,000	728,914,000
Total	$2,306,201,000	$2,342,243,000	$2,300,837,000
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of July: (000's omitted)	$994,800	$2,086,200	$935,700
COAL EXPORTS (BUREAU OF MINES)—			
Month of June:			
U. S. exports of Pennsylvania anthracite (net tons)	158,934	118,541	159,112
To North and Central America (net tons)	105,706	62,968	134,756
To Europe (net tons)	52,708	53,417	18,715
To South America (net tons)	------	168	4,513
To Asia (net tons)	520	1,988	1,128
COMMERCIAL PAPER OUTSTANDING — FEDERAL RESERVE BOARD OF NEW YORK—As of July 31 (000's omitted)	$2,002,000	$1,878,000	$1,534,000
COPPER INSTITUTE—For month of July:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	110,615	*114,925	100,995
Refined (tons of 2,000 pounds)	149,767	159,062	128,447
Delivered to fabricators— In U. S. A. (tons of 2,000 pounds)	105,391	138,555	113,444
Refined copper stocks at end of period (tons of 2,000 pounds)	100,517	69,838	82,843
COTTON GINNING (DEPT. OF COMMERCE):			
Aug. 1, running bales	287,346	------	227,680
COTTON PRODUCTION (DEPT. OF COMMERCE) (500-lb. gross bales) as of Aug. 1	15,102,000	------	14,317,954
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of July:			
Weekly earnings—			
All manufacturing	$96.56	$97.27	$93.20
Durable goods	104.45	105.47	100.35
Nondurable goods	86.98	87.02	84.16
Hours—			
All manufacturing	40.4	40.7	40.0
Durable goods	40.8	41.2	40.3
Nondurable goods	39.9	40.1	39.7
Hourly earnings—			
All manufacturing	$2.39	$2.39	$2.33
Durable goods	2.56	2.56	2.49
Nondurable goods	2.18	2.17	2.12
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1957 Average = 100 — Month of July:			
Seasonally adjusted	119	118	112
Unadjusted	113	*119	106
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. AUTOMOBILE MANUFACTURERS' ASSN.—Month of July:			
Total number of vehicles	692,553	671,415	------
Number of passenger cars	589,649	562,888	------
Number of trucks and motor coaches	102,904	108,527	------
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of July	£62,080,000	£144,085,000	£108,929,000
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of July:			
Net sales	$61,901,000	$8,718,000	------
Net purchases	------	------	$25,585,900

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

NOTE — Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

ABC Business Forms, Inc.
July 27, 1962 ("Reg. A") 51,500 common. **Price**—$3.50. **Business**—Manufacture, design and development of business forms. **Proceeds**—For debt repayment and working capital. **Office**—3500 N. W. 71st St., Miami. **Underwriter**—Givens & Co., Inc., Miami.

A. L. S. Steel Corp.
March 29, 1962 filed 100,000 common. **Price**—$4.50. **Business**—Sale of processed flat rolled strip steel. **Proceeds**—For debt repayment, equipment, and working capital. **Office**—126—02 Northern Blvd., Corona, N. Y. **Underwriter**—Bernard L. Madoff, N. Y.

Abbott Realty Fund, Inc.
June 29, 1962 filed 380,000 class A common. **Price**—$10. **Business**—Real estate ownership and management. **Proceeds**—For debt repayment and general corporate purposes. **Office**—292 Madison Ave., N. Y. **Underwriters**—Morris Cohon & Co. and Street & Co., Inc., N. Y.

Accurate Instrument Co. Inc.
April 24, 1962 ("Reg. A") 80,000 common. **Price**—$2.50. **Business**—Manufacture of electronic test instruments and component parts. **Proceeds**—For new products, debt repayment and other corporate purposes. **Office**—2435 White Plains Rd., N. Y. **Underwriter**—To be named.

Accurate Parts Inc.
March 30, 1962 filed 100,000 common. **Price** — By amendment (max. $13). **Business** — Rebuilding and sale of starter drive devices for automobiles. **Proceeds** — For selling stockholders. **Office**—1313 S. Jay St., Kokomo, Ind. **Underwriters**—McDonnell & Co., N. Y. and Raffensperger, Hughes & Co., Indianapolis.

• Admiral Automotive Products, Inc.
Jan. 11, 1962 filed 50,000 common. **Price**—$5. **Business**—A warehouse distributor of automobile equipment accessories and supplies. **Proceeds** — For expansion and working capital. **Office**—3294 Steinway St., Astoria, N. Y. **Underwriter**—Christopher & Co., Inc., N. Y. **Note**—This registration has become effective. **Offering**—Imminent.

Admiral Benbow Inn, Inc.
July 11, 1962 ("Reg. A") $300,000 of 6% convertible debentures. **Price**—At par. **Business**—Operation of restaurants, motels and hotels. **Proceeds**—For general corporate purposes. **Office**—29 S. Bellevue Blvd., Memphis. **Underwriter**—James N. Reddoch & Co., Memphis.

Advance Mortgage Corp.
April 27, 1962 filed 200,000 common. **Price**—By amendment. **Business**—The making and servicing of real estate first mortgage loans. **Proceeds**—For debt repayment. **Office**—First National Bank Bldg., Detroit. **Underwriter**—Shields & Co., N. Y.

Aerial Control Geotronics
May 28, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Application of electronic and air photography developments in the field of geodetic surveying and regional mapping. **Proceeds**—For debt repayment, equipment and working capital. **Office**—2412 S. Garfield Ave., Monterey Park, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco.

Agency Tile Industries, Inc.
July 27, 1962 ("Reg. A") 110,000 common. **Price**—$2.50. **Business**—Importing, marketing and distribution of ceramic tiles. **Proceeds**—For debt repayment, new products, sales promotion and working capital. **Office**—256 Fifth Ave., N. Y. **Underwriters**—Leib, Skoot & Co., Inc., Clifton, N. J., and Price Investing Co., N. Y.

Air Master Corp.
May 26, 1961 filed 180,000 common, of which 90,000 will be sold for company and 90,000 for stockholders. **Price**—By amendment. **Business** — Manufacture of aluminum storm windows and doors, and other aluminum products. **Proceeds**—For working capital, and other corporate purposes. **Office**—20th Street and Allegheny Avenue, Philadelphia, Pa. **Underwriter** — Clayton Securities Corp., Boston. **Note**—This offering has been postponed.

Air Reduction Co., Inc. (8/29)
April 27, 1962 filed $44,546,300 of conv. subord. debentures due 1987 to be offered for subscription by stockholders on the basis of $100 of debentures for each 10 shares held. **Price**—By amendment. **Business**—Production of oxygen, acetylene and other gases, welding tools and related equipment. **Proceeds**—For debt repayment and expansion. **Office**—150 E. 42nd St., New York. **Underwriters** — Kidder, Peabody & Co. and Dean Witter & Co., New York.

Alaska Pacific Lumber Co.
Nov. 17, 1961 filed 250,000 common. **Price** — $5.75. **Business**—A lumber company. **Proceeds**—For construction and working capital. **Office**—614 Equitable Bldg., Portland, Ore. **Underwriter**—Dempsey-Tegeler & Co., Inc., St. Louis. **Note**—This registration was temporarily postponed.

Alcolac Chemical Corp.
March 23, 1962 filed 50,000 common. **Price**—By amendment (max. $6). **Business**—Manufacture of specialty chemical products. **Proceeds**—For general corporate purposes. **Office**—3440 Fairfield Rd., Baltimore. **Underwriter**—Robert Garrett & Sons, Baltimore. **Offering**—Indefinitely postponed.

Allegheny Aluminum Industries, Inc.
Dec. 21, 1961 filed 100,000 common. **Price**—$4.25. **Business**—Manufacture of aluminum and fiberglass awnings and aluminum combination storm-screen windows and doors. **Proceeds** — For an acquisition, debt repayment and general corporate purposes. **Office**—5007 Lytle St., Pittsburgh, Pa. **Underwriter**—First Madison Corp., N. Y.

Allied Doll & Toy Corp.
Feb. 27, 1962 filed 133,333 common. **Price**—$3. **Business**—Manufacture and sale of dolls. **Proceeds**—For equipment, advertising, and working capital. **Office** — 4116 First Ave., Brooklyn, N. Y. **Underwriter** — Theodore Arrin & Co., Inc., N. Y.

Allied Graphic Arts, Inc.
Mar. 27, 1962 filed 180,000 common, of which 60,000 will be sold for the company and 120,000 for a stockholder. **Price**—By amendment. **Business**—Publication of mass circulation catalogues (for department stores and mail order firms), a semi-annual magazine and stamp collectors' books. **Proceeds**—For debt repayment and working capital. **Office**—551 Fifth Ave., N. Y. **Underwriter**—Bache & Co., N. Y. **Offering**—Indefinitely postponed.

All-State Properties, Inc.
April 24, 1962 filed $5,000,000 of conv. subord. debentures due 1977. **Price**—At par. **Business**—Company and subsidiaries conduct a general real estate business with emphasis on land development and home construction in Fla., Md., N. Y., and Ky. **Proceeds**—For repayment of debt. **Office**—230 Park Ave., N. Y. **Underwriters**—Bear, Stearns & Co., and Allen & Co., N. Y.

Alsco Electronics, Inc. (9/4-7)
March 28, 1962 ("Reg. A") 100,000 class A common. **Price** — $3. **Business** — Wholesaling and distributing of electronic parts, kits, components, etc. **Proceeds** — For inventory and working capital. **Office**—2520 N. Broad St., Philadelphia. **Underwriters**—Albert Teller & Co., Inc., and H. A. Riecke & Co., Inc., Philadelphia.

Amerel Mining Co. Ltd.
July 31, 1961 filed 400,000 common shares. **Price**—50¢. **Business**—The company is engaged in exploration, development and mining. **Proceeds**—For diamond drilling, construction, exploration and general corporate expenses. **Office** — 80 Richmond St., W., Toronto. **Underwriter**—E. A. Manning, Ltd., Toronto.

American Bolt & Screw Mfg. Corp.
Dec. 15, 1961 filed 150,000 common. **Price**—By amendment. **Business**—Manufacture of standard and special industrial aircraft and missile fasteners. **Proceeds** — For debt repayment, equipment and other corporate purposes. **Office** — Lawson Blvd., Oceanside, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., N. Y. **Offering**—Expected in September.

American Fidelity Corp.
June 4, 1962 filed 500,000 common. **Price**—$11. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—423 E. Market St., Indianapolis. **Underwriters**—Reynolds & Co., Inc., N. Y., and Cruttenden, Podesta & Miller, Chicago.

• American Flag & Banner Co. of New Jersey (9/27-28)
May 1, 1962 filed 100,000 common. **Price**—$3.25. **Business**—Production of flags, banners and accessories. **Proceeds**—For taxes, debt repayment and working capital. **Office**—1000 Main Ave., Clifton, N. J. **Underwriter**—K-Pac Securities Corp., N. Y.

American Gas Co. (9/17-21)
March 26, 1962 filed 548,532 common to be offered for subscription by stockholders on the basis of 3.6 new shares for each share held. **Price**—By amendment (max. $5). **Business**—Transportation, distribution and sale of gas. **Proceeds**—For debt repayment and expansion. **Office**—546 S. 24th Ave., Omaha. **Underwriter**—Cruttenden, Podesta & Miller, Chicago.

American Kosher Provisions, Inc.
June 25, 1962 filed 130,000 common. **Price**—$5. **Business**—Manufacture and sale of a variety of kosher and non-kosher meat and meat products. **Proceeds** — For debt repayment, expansion and working capital. **Office**—39 Norman Ave., Brooklyn, N. Y. **Underwriter**—Willard Securities, Inc., N. Y.

American Laboratories, Inc.
Feb. 28, 1962 filed 200,000 common. **Price**—By amendment (max. $6). **Business**—Operation of hospitals and medical laboratories. **Proceeds**—For debt repayment and working capital. **Office**—660 S. Bonnie Brae, Los Angeles. **Underwriter** — California Investors, Los Angeles. **Offering**—Indefinitely postponed.

American Mortgage Investors
Feb. 8, 1962 filed 1,300,000 shares of beneficial interest. **Price**—$15. **Business** — A newly-formed business trust which plans to invest in first mortgages. **Proceeds**—For investment. **Office**—305 S. County Rd., Palm Beach, Fla. **Underwriter**—Hayden, Stone & Co., N. Y. **Note**—This company was formerly named American First Mortgage Investors.

American Options Corp.
April 11, 1962 ("Reg. A") 60,000 common. **Price**—$5. **Business**—Company plans to sell "puts and calls" and may act as a broker-dealer. **Proceeds**—For general corporate purposes. **Office**—120 Broadway, N. Y. **Underwriter**—Provost Securities, Inc., N. Y.

American Pacific Fund, Inc.
July 9, 1962 filed 94,500 common. **Price**—Net asset value. **Business**—An open-end management company specializing in life, health, casualty and accident insurance. **Proceeds**—For investment. **Office**—1523 Kalakaua Ave., Honolulu. **Underwriter**—American Pacific Management Corp. (same address).

American Phoenix Corp.
Jan. 24, 1962 filed 315,000 class A shares. **Price**—$10. **Business**—General real estate. **Proceeds**—For corporate purposes. **Office**—320 Park Ave., N. Y. **Underwriter**—Interamerica Securities Corp., N. Y.

American Plan Corp.
March 30, 1962 filed $2,480,000 of convertible debentures due 1982 and 248,000 common shares (of which 218,000 will be sold for the company and 30,000 for stockholders). The securities will be offered in units of one $10 debenture and one share. **Price**—By amendment (max. $22.50 per unit). **Business**—Production and servicing of physical damage insurance on automobiles, trucks and mobile homes. **Proceeds**—To purchase American Fidelity Fire Insurance Co. **Office**—American Plan Bldg., Westbury, N. Y. **Underwriter**—Bear, Stearns & Co., N. Y.

American Safety Table Co., Inc.
May 23, 1962 filed $100,000 common. **Price**—By amendment (max. $7). **Business**—Design, manufacture and marketing of equipment used in the sewing industry. **Proceeds**—For expansion, debt repayment and working capital. **Address**—Mohnton, Pa. **Underwriter**—Reuben Rose & Co., Inc., N. Y.

American Southwest Realty Trust
Feb. 12, 1962 filed 1,000,000 common. **Price**—$11. **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—800 Hartford Bldg., Dallas. **Underwriters**—Kidder, Peabody & Co., N. Y. and Rauscher, Pierce & Co., Inc., Dallas. **Offering**—Temporarily postponed.

American Strategic Minerals Corp.
July 9, 1962 filed 400,000 common. **Price**—By amendment (max. $3). **Business**—Company plans to explore for strategic minerals. **Proceeds**—For debt repayment, exploration and working capital. **Office** — 527 Failing Bldg., Portland, Ore. **Underwriter**—To be named.

Ames Department Stores, Inc.
April 27, 1962 filed 100,000 common. **Price**—$3. **Business**—Operation of self-service discount department stores. **Proceeds**—For debt repayment, expansion and working capital. **Office**—Mill St., Southbridge, Mass. **Underwriters**—Meller & Co., and Kahn & Peck, Cohn & Co., N. Y.

Ampoules, Inc.
March 28, 1962 filed 5,900 common. **Price**—At-the-market. **Business**—Design and development of sterile disposable hypodermic ampoules. **Proceeds**—For selling stockholders. **Office**—34 N. Main St., Hudson, Ohio. **Underwriter**—None.

Anchor Industries Corp.
Nov. 24, 1961 filed 38,500 common. **Price**—$8. **Business**—Design and fabrication of precision sheet metal products. **Proceeds** — For machinery research, sales promotion, and working capital. **Office**—26 Essex St., Hackensack, N. J. **Underwriter** — Amber, Burstein & Co., Inc., New York. **Note**—This registration is being withdrawn.

Angler Industries, Inc.
June 15, 1962 ("Reg. A") 120,000 common. **Price**—$2.50. **Business**—Manufacture of electronic hardware, and the assembly of products for the electronics industry. **Proceeds**—For debt repayment, equipment, advertising and working capital. **Office**—107 Trumbull St., Elizabeth, N. J. **Underwriter**—Edward H. Stern & Co., Inc., N. Y.

★ **Angler Industries, Inc.**
Aug. 17, 1962 ("Reg. A") 120,000 common. **Price**—$2.50. **Business**—Manufacture of hardware, and the assembly of products for the electronics industry. **Proceeds**—For debt repayment, equipment, inventory, and working capital. **Office**—107 Trumbull St., Elizabeth, N. J. **Underwriter**—Edward H. Stern & Co., N. Y.

Arde Inc.
March 30, 1962 filed 100,000 common, of which 80,000 are to be sold by the company and 20,000 by stockholders. **Price**—By amendment (max. $8.50). **Business**—Research, development and engineering under defense contracts. **Proceeds**—Repayment of bank loans, equipment, plant expansion and working capital. **Office**—Paramus, N. J. **Underwriter**—McDonnell & Co., N. Y.

Arden Farms Co.
May 23, 1962 filed $6,000,000 of 6% conv. subord. debentures due 1990 to be offered in $100 units; also 49,993 shares of $3 cumulative preferred stock and 205,105 common shares to be offered for subscription by stockholders of the respective classes on the basis of one new share for each 10 held. **Price**—For debentures, at par; for stock, by amendment. **Business**—Manufacture, purchase and sale of ice cream and other dairy products. **Proceeds**—For debt repayment. **Office**—1900 W. Slauson Ave., Los Angeles. **Underwriter**—None.

Argus Financial Fund, Inc.
Feb. 12, 1962 filed 800,000 capital shares to be offered in exchange for certain securities acceptable to the Fund. **Price**—Net asset value (expected at $12.50 per share). **Business**—A diversified open-end investment company which plans to participate in the long-term progress of savings and loan associations, and allied financial businesses. **Proceeds**—For investment. **Office**—1118 Torrey Pines Road, La Jolla, Calif. **Dealer-Manager**—Argus Financial Sales Corp. (same address).

● **Aries Corp.**
June 27, 1962 filed 200,000 common. **Price**—$1.15. **Business**—Company plans to provide consulting services in the area of programming, applications engineering, and operations analysis. **Proceeds**—For working capital. **Office**—7722 Morgan Ave., So., Minneapolis. **Underwriter**—Bratter & Co., Inc., Minneapolis. **Note**—This registration was withdrawn.

Artlin Mills, Inc.
Sept. 28, 1961 filed 135,000 class A common shares. **Price**—$5. **Business**—The purchase, conversion, decoration, gift packaging and distribution of terrycloth towels and cotton pillow cases. **Proceeds**—For inventory, repayment of loans and working capital. **Office**—1030 Pearl St., Long Branch, N. J. **Underwriter**—Mortimer B. Burnside & Co., Inc., N. Y.

Ascot Publishing Co., Inc.
Jan. 29, 1962 ("Reg. A") 103,000 common. **Price**—$2. **Business**—Publishing of a bowling magazine. **Proceeds**—For general corporate purposes. **Office**—14 W. 55th St., N. Y. **Underwriter**—Dana Securities Co., Inc., 80 Wall St., N. Y. **Note**—This offering has been temporarily postponed.

Assembly Products, Inc.
March 29, 1962 filed $1,250,000 of 5½% conv. subord. debentures due 1972. **Price**—At par. **Business**—Manufacture of electromechanical and electronic devices. **Proceeds**—For debt repayment, equipment and working capital. **Office**—Wilson Mills Rd., Chesterland, Ohio. **Underwriters**—Prescott & Co. and William T. Robbins & Co., Inc., Cleveland. **Offering**—Indefinitely postponed.

Atlantic Bowling Corp.
June 18, 1962 filed $810,000 of 6% subordinated convertible debentures due 1972 being offered for subscription by common stockholders at the rate of $100 of debentures for each 200 rights acquired (on the basis of three rights for each share held). Record date for the offering is July 31 and the rights expiration date Aug. 31 **Price**—At par. **Business**—Operation of bowling centers in Rhode Island and Massachusetts. **Proceeds**—For debt repayment, expansion and working capital. **Office**—100 Medway St., Providence. **Underwriter**—None.

Atmosphere Control, Inc.
May 28, 1962 ("Reg. A") 200,000 common. **Price**—$1.50. **Business**—Manufacture and sale of Misti-Cone humidifiers. **Proceeds**—For equipment, inventories and working capital. **Office**—668 Jenks Ave., St. Paul, Minn. **Underwriter**—Pewters, Donnelly & Jansen, Inc., St. Paul, Minn.

● **Aubrey Manufacturing, Inc. (9/10-14)**
March 28, 1962 filed 140,004 common, of which 100,000 shares are to be offered by company and 40,004 by stockholders. **Price**—By amendment (max. $7). **Business**—Design, manufacture and sale of kitchen range hoods, exhaust fans and kitchen cabinet hardware. **Proceeds**—For plant expansion, equipment, debt repayment and working capital. **Office**—South Main St., Union, Ill. **Underwriters**—Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. and A. M. Kidder & Co., Inc., N. Y.

● **Automatic Controls, Inc.**
Dec. 28, 1961 filed 50,000 common. **Price**—$4. **Business**—Design, manufacture and installation of electrical, pneumatic, hydraulic and mechanical systems, controls and devices to control and automatically operate industrial machinery and processes. **Proceeds** — For general corporate purposes. **Office**—3601 Merrick Rd., Seaford, N. Y. **Underwriter**—S. Schramm & Co., Inc., N. Y.

Automatic Merchandising, Inc.
May 24, 1962 filed 225,000 common, of which 125,000 are to be offered by company and 100,000 by stockholders. **Price**—By amendment (max. $6). **Business**—Company operates, owns, services and leases coin-operated automatic vending machines. **Proceeds**—For debt repayment, inventories, equipment and working capital. **Office**—217 N. Willow Ave., Tampa. **Underwriter**—A. C. Allyn & Co., Chicago.

★ **Automatic Merchandising, Inc.**
Aug. 13, 1962 ("Reg. A") 17,936 common. **Price**—$1.25. **Business**—Operation of vending machines. **Proceeds**—For inventory and equipment. **Office**—217 N. Willow Ave., Tampa. **Underwriter**—None.

Bank "Adanim" Mortgages & Loan Ltd.
Dec. 29, 1961 filed $556,000 of 6% cumulative preference dividend participating dollar-linked shares. **Price**—By amendment. **Business** — A mortgage lending company. **Proceeds**—For general corporate purposes. **Address**—108 Achad Haam St., Tel-Aviv, Israel. **Underwriter**—Adanim American Israel Investment Co., Inc.

● **Bank Leumi Le-Israel B. M.**
June 22, 1962 filed 1,050,000 ordinary shares and 3,190,000 "A" ordinary shares. **Price**—By amendment (max. 75c). **Business**—A general banking business. **Proceeds**—For general corporate purposes. **Office** — Tel-Aviv, Israel. **Underwriter**—None. **Note**—This company formerly was carried under the name National Bank of Israel Ltd.

Barish Associates, Inc.
Sept. 1, 1961 ("Reg. A") 50,000 common. **Price**—$4. **Business**—Aeronautical research and development. **Proceeds**—For working capital. **Office**—224 E. 38th St., N. Y. **Underwriter** — Gianis & Co., N. Y. **Note** — This letter will be withdrawn.

Barker Bros. Corp.
March 15, 1962 filed 200,000 common. **Price**—By amendment (approx. $12). **Business**—Merchandising of home, commercial and institutional furnishings. **Proceeds**—For expansion and debt repayment. **Office**—818 W. Seventh St., Los Angeles. **Underwriter**—William R. Staats & Co., Los Angeles. **Offering**—Postponed.

● **Barogenics, Inc.**
March 30, 1962 filed 100,000 common. **Price** — $7.50. **Business**—Research and development in ultra high pressure technology and the design and sale of ultra high pressure equipment. **Proceeds**—For inventories, research, and sales promotion. **Office** — 51 E. 42nd St., N. Y. **Underwriter**—Globus, Inc., N. Y. **Note**—This registration was withdrawn.

Basic Properties, Inc.
June 29, 1962 filed 400,000 class A common. **Price**—By amendment (max. $12). **Business**—Real estate investment. **Proceeds**—For debt repayment, acquisition of a building and other corporate purposes. **Office**—521 Fifth Ave., N. Y. **Underwriter**—Hornblower & Weeks, N. Y.

Bay State Electronics Corp.
Oct. 27, 1961 filed 160,000 common. **Price**—By amendment. **Business** — Development of products and techniques, for use in the field of oceanography, meteorology, seismology and ionospheric phenomena. **Proceeds**—For product development and working capital. **Office**—43 Leon St., Boston. **Underwriter** — To be named. **Offering**—Indefinitely postponed.

Bene Cosmetics, Inc.
March 2, 1962 ("Reg. A") 100,000 common. **Price** — $3. **Business**—Importation, sale and distribution of Italian cosmetics. **Proceeds** — For advertising, inventory and working capital. **Office**—114 W. 13th St., N. Y. **Underwriter**—Granite Securities, Inc., N. Y.

Berne of California, Inc.
Oct. 27, 1961 ("Reg. A") 85,000 common. **Price**—$3 **Business** — Manufacture of handbags and related items. **Proceeds**—For debt repayment and working capital. **Office**—1621 S. San Pedro St., Los Angeles. **Underwriter**—To be named.

Blankenship, Ostberg, Inc.
May 29, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Furnishing of market research and consulting services. **Proceeds**—For working capital and general corporate purposes. **Office**—95 Madison Ave., N. Y. **Underwriters**—Kenneth Kass and J. J. Krieger & Co., Inc., New York.

Bloomfield Building Industries, Inc.
Mar. 26, 1962 filed $2,000,000 of conv. subord. debentures due 1977. **Price** — At par. **Business** — A holding company for 16 subsidiaries in the real estate and general contracting business. **Proceeds**—For general corporate purposes. **Office**—2600 Popular Ave., Memphis, Tenn. **Underwriters**—Lieberbaum & Co., and Morris Cohon & Co., N. Y.

Blue Magic Co. of Ohio, Inc.
July 16, 1962 filed 100,000 common. **Price**—$4. **Business**—Manufacture of liquid starch, a rinse, and spray starch for household use. **Proceeds**—For equipment, plant expansion and working capital. **Office**—901 Florence Ave., Lima, Ohio. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia.

Braun Engineering Co.
May 11, 1962 filed $400,000 of 6½% s. f. subord. debentures due 1974; also 109,990 common, of which 100,000 will be sold by the company and 9,990 by stockholders. **Price**—For debentures, at par; for stock, by amendment (max. $9). **Business**—Manufacture of automotive parts, lock nuts and certain aluminum products. **Proceeds**—For debt repayment, working capital and purchase of leased office and plant. **Office**—19001 Glendale Ave., Detroit. **Underwriter**—Watling, Lerchen & Co., Detroit.

Brinkmann Instruments, Inc.
March 26, 1962 filed 100,000 common, of which 77,420 shares are to be offered by the company and 22,580 shares by stockholders. **Price** — By amendment (max. $7.75). **Business** — Importing and distribution of scientific instruments. **Proceeds**—For research and development, equipment, debt repayment and other corporate purposes. **Office**—115 Cutter Mill Rd., Great Neck, N. Y. **Underwriter**—D. B. Marron & Co., N. Y.

Bruce (Michael) Distributors, Inc.
March 29, 1962 filed 100,000 common. **Price**—$5. **Business** — Operation of self-service discount department stores. **Proceeds**—To retire outstanding debentures, and for working capital. **Office**—1101 Albany Ave., Hartford, Conn. **Underwriter**—Glanis & Co., Inc., N. Y.

Buddy L. Corp.
April 2, 1962 filed 225,000 common. **Price** — By amendment (max. $10). **Business** — Design, manufacture and sale of various type toys. **Proceeds**—For a proposed acquisition of another toy company. **Office**—200 Fifth Ave., N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., N. Y. **Offering**—Temporarily postponed.

Cable Carriers, Inc.
June 22, 1962 filed 1,015,564 capital shares to be offered for subscription by stockholders on the basis of four new shares for each share held on Feb. 14, 1962. **Price**—25 cents. **Business**—Manufacture and sale of overhead trolley conveyers, vertical tray lift systems, floor and overhead tow systems, etc. **Proceeds**—For working capital. **Office** — Kirk Blvd., Greenville, S. C. **Underwriter**—None.

Caldwell Publishing Corp.
June 13, 1962 filed 100,000 common. **Price**—$3.50. **Business**—Company plans to publish classics. **Proceeds**—For general corporate purposes. **Office**—339 W. 51st St., N. Y. **Underwriter**—S. B. Cantor Co., N. Y.

★ **California Life Insurance Co.**
Aug. 16, 1962 filed 350,000 common. **Price**—By amendment (max. $6). **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—4400 MacArthur Blvd., Oakland. **Underwriter**—Stewart, Eubanks, Meyerson & Co., San Francisco.

Calvert Electronics, Inc.
March 30, 1962 filed 80,000 common, of which 40,000 are to be offered by company and 40,000 by stockholders. **Price**—By amendment (max. $5). **Business**—Sale and distribution of electronic tubes. **Proceeds**—Inventory, working capital and other corporate purposes. **Office**—220 E. 23rd St., N. Y. **Underwriter**—Philips, Appel & Walden, 115 Broadway, N. Y.

Cambridge Fund of California, Inc.
Sept. 28, 1961 filed 280,000 common. **Price**—By amendment. **Business**—General real estate. **Proceeds**—Debt repayment and working capital. **Office**—324 E. Bixby Rd., Long Beach, Calif. **Underwriter**—To be named.

Cambridge Mills Inc.
July 27, 1962 filed 110,000 common. **Price**—$3.50. **Business**—Design and manufacture of infants' nylon "stretch" wear. **Proceeds**—For debt repayment, working capital and general corporate purposes. **Office**—725 Broadway, N. Y. **Underwriter**—Alskor Securities Co., N. Y.

Cameo Lingerie, Inc. (9/4-7)
Feb. 12, 1962 filed 200,000 common, of which 120,000 are to be offered by the company and 80,000 by stockholders. **Price**—$5. **Business**—Manufactuer of women's and children's tailored panties. **Proceeds**—For debt repayment, inventory and working capital. **Office**—Fajardo, Puerto Rico. **Underwriter** — Schweickart & Co., N. Y.

● **Canale Chemical Corp.**
June 12, 1962 filed $250,000 of 6% convertible subordinated debentures due 1970 and warrants to purchase 25,000 common shares, to be offered in units of one $100 debenture and 10 warrants to purchase one share. **Price**—$100 per unit. **Business** — Manufacture of industrial chemicals for sale primarily to the graphic arts industry. **Proceeds**—For plant expansion, inventory, sales promotion, research and development. **Office**—37 Cottage Row, Glen Cove, N. Y. **Underwriter**—None. **Offering**—Imminent.

Canaveral Hills Enterprises, Inc.
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., N. Y.

Capital Investments, Inc.
May 21, 1962 filed 86,370 common to be offered for subscription by stockholders on the basis of one new share for each two shares held. **Price**—By amendment (max. $10). **Business**—A small business investment company. **Proceeds**—For debt repayment and investment. **Office**—743 N. Fourth St., Milwaukee. **Underwriters**—Marshall Co., and Loewi & Co., Inc., Milwaukee. **Offering**—Temporarily postponed.

Capital Management Corp.
Dec. 27, 1961 ("Reg. A") 60,000 common. **Price**—$5. **Business** — An investment company which will hold mortgages, land contracts, etc. **Proceeds** — For investment. **Office**—44 E. Indian School Rd., Scottsdale, Ariz. **Underwriter** — Pacific Underwriters, Inc., Scottsdale, Ariz. **Note**—The SEC has issued an order temporarily suspending this issue.

Career Academy, Inc.
June 29, 1962 filed 100,000 common. **Price**—By amendment (max. $3.25). **Business** — Operation of technical schools. **Proceeds**—For debt repayment, expansion and general corporate purposes. **Office**—135 W. Wells St., Milwaukee. **Underwriter**—Divine & Fishman, Chicago.

Cedar Lake Public Service Corp.
March 20, 1962 filed 9,964 common. **Price**—$100. **Business** — Company plans to qualify as a public utility and furnish water and sewage disposal services in and

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around Cedar Lake, Ind. **Proceeds** — To construct a sewage disposal system. **Address** — R.R. N. 3, Box 28, Cedar Lake, Ind. **Underwriter**—None.

Cemeteries of America, Inc.
March 27, 1962 filed $500,000 of 7% conv. subord. debentures due 1974 to be offered by the company and 65,000 common shares by stockholders. The securities will be offered in units consisting of $100 of debentures and 13 shares. **Price**—$178 per unit. **Business**—Operation of five cemeteries in Kansas. **Proceeds**—For construction of mausoleums and working capital. **Office**—3096 Hutchings St., Kansas City, Kan. **Underwriter**—Bernard M. Kahn & Co., Inc., N. Y. **Offering**—Imminent.

Centco Industries Corp.
April 30, 1962 filed 120,000 common. **Price**—$5. **Business**—Manufacture of plastic and rubber film laminates, a line of casting, laminating and embossing machinery. **Proceeds**—For new products, debt repayment, inventories and working capital. **Office**—11-17 Clintonville St., Whitestone, N. Y. **Underwriter**—Arnold Malkan & Co., Inc., New York.

Center Star Gold Mines, Inc.
April 10, 1962 ("Reg. A") 1,200,000 common. **Price**—25¢. **Business**—For exploration, development and production of mineral deposits. **Proceeds** — For mining expenses. **Address**—Box 469, Wallace, Idaho. **Underwriters**—Pennaluna & Co. and Standard Securities, Inc., Spokane, Wash.

★ **Central Mutual Fund, Inc.**
Aug. 20, 1962 filed 100,000 capital shares. **Price**—Net asset value (max. $14) plus a 2% sales commission. **Business**—A mutual fund specializing in life insurance stocks. **Proceeds**—For investment. **Office**—110 North East St., Jacksonville, Ill. **Underwriter**—CN Agency, Inc., same address.

★ **Central Telephone Co.**
Aug. 21, 1962 filed 250,000 cumulative preferred shares (par $25). **Price**—By amendment. **Proceeds**—For redemption of outstanding 5½% preferred, 5¼% bonds and 4½% debentures; construction, and other corporate purposes. **Office**—144 S. 12th St., Lincoln, Neb. **Underwriter**—Paine, Webber, Jackson & Curtis, N. Y.

Century Real Estate Investment Trust
June 4, 1962 filed 200,000 shares of beneficial interest. **Price**—$10. **Business** — A real estate investment trust. **Office**—2651 E. 21st St., Tulsa, Okla. **Underwriter**—DeWitt, Herndon & Co., 720 Enterprise Bldg., Tulsa.

Certified Capital Corp.
Aug. 2, 1962 filed $200,000 of 8% registered subord. debentures due 1965 and $400,000 of 8% debentures due 1967 (with attached warrants). **Price**—At par. **Business**—Commercial and industrial financing. **Proceeds**—For general corporate purposes. **Office**—165 Broadway, N.Y. **Underwriter**—None.

Chemical Coating Corp.
June 29, 1962 filed 70,000 common. **Price**—$5. **Business**—Company plans to operate a painting contracting business and manufacture paints. **Proceeds**—For general corporate purposes. **Office**—Santurce, P. R. **Underwriter**—Arnold Malkan Investment Growth of Puerto Rico, Inc., Santurce, P. R.

Chestnut Hill Industries, Inc. (9/24-28)
Nov. 29, 1961 filed 300,000 class A common, of which 225,000 are to be offered by the company and 75,000 by stockholders. **Price**—$7.50. **Business**—Design and manufacture of women's, misses' and junior sportswear, coordinates, and dresses. **Proceeds**—For debt repayment, equipment and working capital. **Office**—2025 McKinley St., Hollywood, Fla. **Underwriter** — Clayton Securities Corp., Boston, Mass.

Child Guidance Toys, Inc.
May 23, 1962 filed 100,000 common, of which 70,000 are to be offered by company and 30,000 by stockholders. **Price**—By amendment (max. $12.50). **Business**—Design, manufacture and sale of plastic educational toys. **Proceeds**—For working capital. **Office**—1125 Close Ave., Bronx, N. Y. **Underwriter**—J. R. Williston & Beane, New York.

Chomerics, Inc.
April 27, 1962 ("Reg. A") 36,000 common. **Price** — $5. **Business**—Development, manufacture and sale of plastic specialties. **Proceeds**—For equipment, research and development, and working capital. **Office**—341 Vassar St., Cambridge, Mass. **Underwriter**—Gianis & Co., Inc., N. Y. **Offering**—Indefinitely postponed.

Church Builders, Inc.
Feb. 6, 1961 filed 50,000 shares of common stock, series 2. **Price**—$5.50 per share. **Business**—A closed-end diversified management investment company. **Proceeds**—For investment. **Office**—501 Bailey Ave., Fort Worth, Texas. **Distributor**—Associates Management, Inc., Fort Worth.

● **Cinerama, Inc.**
June 1, 1962 filed 50,000 common. **Price**—By amendment (max. $20). **Business**—Production, distribution and exhibition of wide angle motion pictures. **Proceeds**—For selling stockholders. **Office**—575 Lexington Ave., N. Y. **Underwriter**—Shields & Co., N. Y. **Offering**—Expected in early September.

★ **Coburn Credit Co., Inc.**
Aug. 17, 1962 filed 80,000 shares of 6% cum. convertible preferred. **Price**—$25. **Business**—Consumer sales financing. **Proceeds**—For working capital. **Office**— 53 N. Park Ave., Rockville Centre, N. Y. **Underwriter**—None.

College Publishing Corp. (9/17-21)
March 16, 1962 ("Reg. A") 155,000 common. **Price**—$1. **Business**—Composition, publication and distribution of study manuals for examination preparation. **Proceeds**—For equipment, expansion and other corporate purposes. **Office**—142 Livingston St., Brooklyn, N. Y. **Underwriter**—James & Co., New York.

Colonial Board Co.
March 28, 1962 filed 164,000 common, of which 115,000 are to be offered by the company and 49,000 by stockholders. **Price**—By amendment (max. $15). **Business**—Manufacture of shoeboard and boxboard. **Proceeds**—For expansion, equipment and debt repayment. **Office**—615 Parker St., Manchester, Conn. **Underwriter**—Putnam & Co., Hartford, Conn.

Columbia Bancorporation
Feb. 23, 1962 filed $30,000,000 of convertible subordinated debentures due 1987 and 1,500,000 common to be offered in units of one $20 debenture and one share. **Price**—By amendment. **Business**—A bank holding company recently formed to acquire stock of First Western Bank & Trust Co., Los Angeles. **Proceeds**—For acquisition of First Western stock, and working capital. **Office**—1000 Vermont Ave., N. W., Washington, D. C. **Underwriters**—Bear, Stearns & Co., and Allen & Co., N. Y.

Columbia Realty Trust
June 18, 1962 filed 420,000 class A shares of beneficial interest. **Price**—$10. **Business**—A real estate investment company. **Proceeds**—For debt repayment and investment. **Office**—1415 K St., N. W., Washington, D. C. **Underwriter** — Norman Bernstein Securities, Inc., (same address).

Commercial Trust Co.
May 16, 1962 filed 150,000 common. **Price** — By amendment (max. $13). **Business**—Acquisition or administration of mortgage loans for institutional investors. Company also is engaged in the consumer loan business and acts as an insurance agent or broker in connection therewith. **Proceeds**—For debt repayment. **Office**—66 Pryor St., N. E., Atlanta. **Underwriters**—F. S. Moseley & Co., Boston and Courts & Co., Atlanta.

Computer Applications Inc. (9/4-7)
March 23, 1962 filed 87,000 common. **Price**—By amendment (max. $5). **Business**—Furnishing of services related to use of electronic data processing equipment. **Proceeds**—For expansion and working capital. **Office**—30 E. 42nd St., N. Y. **Underwriter**—L. M Rosenthal & Co., Inc., N. Y.

● **Computer Concepts Inc. (9/10-14)**
Dec. 29, 1961 filed 100,000 class A common. **Price** — $5. **Business**—Development and sale of advanced programming systems, for solution of business problems by the use of digital computers. **Proceeds** — For general corporate purposes. **Office**—1012 14th St., N. W., Washington, D. C. **Underwriter**—Doft & Co., N. Y.

Computer Control Co., Inc.
Jan. 24, 1962 filed 157,500 common, of which 62,500 are to be offered by the company and 95,000 by stockholders. **Price**—By amendment. **Business**—Design and manufacture of digital equipment. **Proceeds**—For debt repayment. **Office**—983 Concord St., Framingham, Mass. **Underwriter**—Kidder, Peabody & Co., N. Y.

Concord Products, Inc.
Nov. 28, 1961 filed 120,000 common (with attached 3-year warrants to purchase an additional 60,000 shares at $2 per share) to be offered in units of one share and one-half warrant. **Price**—$2 per unit. **Business**—Manufacture of cosmetics, toiletries, cleaning chemicals, jewelery, etc. **Proceeds** — For general corporate purposes. **Office** — 525-535 E. 137th St., New York City. **Underwriter**—M. G. Davis, 150 Broadway, N. Y.

Concrete Structures, Inc.
July 27, 1962 filed 100,000 common. **Price**—$4.50. **Business**—Production of precast and prestressed concrete items for the construction industry. **Proceeds**—For debt repayment. **Office**—12825 North East 14th Ave., North Miami, Fla. **Underwriter**—Bernard M. Kahn & Co., Inc., N. Y. **Offering**—Expected sometime in September.

● **Consolidated Leasing Corp. of America (9/17-21)**
April 27, 1962 filed $1,100,000 of 6½% subord. debentures due 1977 (with warrants); also 305,000 common shares, of which 285,000 will be sold by company and 20,000 by stockholders. **Price**—For debentures, at par; for stock, by amendment (max. $9). **Business**—Renting of cars, trucks and equipment. **Proceeds**—For debt repayment, an acquisition and other corporate purposes. **Office**—1012 Baltimore Ave., Kansas City, Mo. **Underwriter**—Blair & Co., N. Y.

Consolidated Vending Corp.
April 2, 1962 filed 70,000 common. **Price**—$5.75. **Business**—Operation of vending machines. **Proceeds**—For debt repayment working capital and other corporate purposes. **Office**—129 S. State St., Dover, Del. **Underwriter**—Dana Securities Co., Inc., N. Y.

Consumers Mart of America, Inc.
Jan. 8, 1962 filed 72,000 common. **Price**—By amendment. **Business**—Operation of discount department stores. **Proceeds**—For expansion and working capital. **Office**—4701 N. Harlem Ave., Chicago. **Underwriters**—Rittmaster, Voisin & Co., N. Y. and Midland Securities Co., Inc., Kansas City, Mo.

Continental Investment Corp.
May 9, 1962 ("Reg. A") 200,000 common. **Price**—$1.50. **Business**—Investment in real estate mortgages. **Proceeds**—For working capital. **Office**—Scottsdale Savings Bldg., Scottsdale, Ariz. **Underwriter**—Continental Securities Corp., Scottsdale, Ariz.

Continental Research, Inc.
April 19, 1962 ("Reg. A") 50,000 common. **Price**—$5.65. **Business**—Production and sale of oxygen dispensers. **Proceeds**—For general corporate purposes. **Office**—6500 Olson Memorial Highway, Golden Valley, Minneapolis. **Underwriter**—Harold E. Wood & Co., St. Paul.

Continental Telephone Co. (9/10-14)
March 30, 1962 filed 475,000 common. **Price**—By amendment (max. $15). **Business**—A telephone holding company. **Proceeds**—For debt repayment. **Office**—111 S. Bemiston St., St. Louis. **Underwriters**—Allen & Co. and E. F. Hutton & Co., N. Y.

Control Data Corp. (8/28)
Aug. 8, 1962 filed $15,000,000 of convertible subordinated debentures due 1977. **Price**—By amendment. **Business**—Design, development and manufacture of electronic data systems and automatic controls. **Proceeds**—For debt repayment and general corporate purposes. **Office**—8100 34th Ave., S. Minneapolis. **Underwriter**—Dean Witter & Co., Chicago.

ControlDyne, Inc.
Oct. 24, 1961 filed 150,000 common. **Price**—$1.15. **Business**—Development and production of electronic testing and training devices. **Proceeds** — For expansion and working capital. **Office**—9340 James Ave., S., Minneapolis. **Underwriter**—E. Bruce Co., Minneapolis. **Note**—This firm formerly was named Control Dynamics, Inc. **Offering**—Indefinitely postponed.

Cooke (F. L.), Inc.
Dec. 29, 1961 filed 125,000 common. **Price**—$3.75. **Business**—Manufacture of high vacuum systems and electronic equipment. **Proceeds** — For debt repayment and general corporate purposes. **Office**—145 Water St., South Norwalk, Conn. **Underwriters**—John R. Maher Associates and Bull & Low, N. Y. **Offering**—Expected in early Fall.

Corporate Funding Corp.
April 26, 1962 ("Reg. A") 75,000 class A common. **Price** $4. **Business** — A financial investment and holding company. **Proceeds**—For expansion and working capital. **Office**—39 Broadway, N. Y. **Underwriter**—R. F. Dowd & Co., Inc., N. Y. **Offering**—Indefinitely postponed.

Cosnat Corp. (9/4-7)
May 26, 1962 filed 190,000 common, of which 178,000 are to be offered for public sale by the company and 12,000 outstanding by the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture and distribution of phonograph records. **Proceeds**—For the repayment of debt, and working capital. **Office**—315 W. 47th St., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Note**—This firm was known formerly as the Cosnat Record Distributing Corp.

● **Cost-Plus, Inc.**
May 14, 1962 filed 157,000 common, of which 127,000 are to be offered by company and 30,000 by stockholders. **Price**—By amendment (max. $5). **Business**—Importing and marketing furniture, household and art goods at discount prices. **Proceeds**—For working capital. **Office**—460 Bay St., San Francisco. **Underwriter**—Stewart, Eubanks, Meyerson & Co., San Francisco. **Note** — This registration was withdrawn.

Country Set Inc.
Mar. 2, 1962 filed 150,000 common. **Price**—By amendment (max. $8). **Business**—Design and manufacture of sports and casual wear for girls and women. **Proceeds**—For selling stockholders. **Office** — 1136 Washington Ave., St. Louis. **Underwriter**—Goodbody & Co., N. Y. **Offering**—Temporarily postponed.

Cousins Properties Inc.
March 29, 1962 filed $1,000,000 of 6½% subordinated debentures due 1972, 60,000 common shares, and warrants to purchase 20,000 common shares. The securities will be offered in units of one $100 debenture, 6 shares and a warrant to purchase 2 shares. **Price**—By amendment (max. $140). **Business**—Engaged in residential real estate development. **Proceeds**—For debt repayment and other corporate purposes. **Office**—905 Fifteen Peachtree Bldg., Atlanta, Ga. **Underwriters**—McDonnell & Co., Inc., N. Y., and Wyatt, Neal & Waggoner, Atlanta.

Creative Ventures Corp.
May 28, 1962 filed 150,000 common and warrants to purchase 30,000 additional shares, to be offered in units of one share and one warrant. **Price**—$2.25 per unit. **Business**—A corporate guidance and interim financing concern. Company may also act as a broker-dealer and underwriter. **Proceeds**—For investment. **Office**—733 Third Ave., N. Y. **Underwriter**—Hampstead Investing Corp., New York.

Credit Department, Inc.
Jan. 26, 1962 filed $1,200,320 of 7% conv. subord. debentures due 1974 and 54,560 common shares to be offered in 2,728 units, each consisting of $440 of debentures and 20 common shares. **Price**—$550 per unit. **Business**—A consumer sales finance company. **Proceeds**—For debt repayment. **Office**—1775 Broadway, N. Y. **Underwriter** — Bernard M. Kahn & Co., Inc., N. Y. **Offering**—Expected in September.

Crownco
Mar. 26, 1962 filed 115,000 common. **Price**—$4. **Business**—Design, sale, fabrication and installation of acoustical ceilings. **Proceeds**—For debt repayment and expansion. **Office**—1925 Euclid Ave., San Diego. **Underwriter** — Holton, Henderson & Co., Los Angeles.

C-Thru Products, Inc.
June 22, 1962 ("Reg. A") 90,000 common. **Price**—$1.50. **Business**—Design and manufacture of flexible, re-usable vinyl packages. **Proceeds**—For debt repayment, sales promotion, equipment, research and development, and working capital. **Office** — 2401 Pacific St., Brooklyn, N.Y. **Underwriter**—Broadwall Securities, Brooklyn, N.Y.

D. C. Transit Systems, Inc.
April 30, 1962 filed $6,250,000 of 6½% conv. subord. debentures due 1977 and five-year warrants to purchase an aggregate of 187,500 class A shares, to be offered for subscription by holders of class A and class B stock in units consisting of $100 of debentures and three warrants. **Price**—$100 per unit. **Business**—Operation of a public transit system in Washington, D. C.; a new sub-

sidiary to construct housing projects in Washington, D. C. **Proceeds**—For construction and general corporate purposes. **Office**—3600 M St., N. W., Washington, D. C. **Underwriter**—None.

Data Systems Devices of Boston, Inc.
April 26, 1962 filed 200,000 common. **Price**—$5. **Business**—Company plans to design, develop and produce electronic and electro-mechanical devices, including printers for electronic computers. **Proceeds**—For product development, new plant and equipment and working capital. **Office**—342 Western Ave., Boston. **Underwriter**—Schmidt, Sharp, McCabe & Co., Inc., Denver.

Decorel Corp.
Dec. 29, 1961 filed 120,000 common, of which 90,000 are to be offered by the public and 30,000 by a stockholder. **Price**—By amendment. **Business**—Production and sale of wood and metal framed pictures, wood utility frames, etc. **Proceeds**—For debt repayment, inventory and working capital. **Office**—444 Courtland St., Mundelein, Ill. **Underwriter**—To be named.

Deuterium Corp.
Sept. 28, 1961 filed 140,000 common with attached warrants to purchase an additional 140,000 shares to be offered for subscription by stockholders in units (of one share and one warrant) on the basis of 3 units for each 5% preferred share held, 2 units for each 5% preferred A stock held and one unit for each 10 class B shares held. **Price**—$20 per unit. **Business**—Company plans to manufacture and utilize all kinds of chemical materials. **Proceeds**—For start-up expenses, for a laboratory and small plant. **Office**—360 Lexington Ave., New York. **Underwriter**—None.

Diamond Dust Co., Inc.
Feb. 27, 1962 filed 102,000 common. **Price**—$3. **Business**—Production of graded diamond powder and compound. **Proceeds**—For debt repayment, additional personnel, advertising and working caiptal. **Office**—77 Searing Ave., Mineola, N. Y. **Underwriter**—Magnus & Co., N. Y. **Offering**—Indefinitely postponed.

Diamond Mills Corp.
Jan. 23, 1962 filed 200,000 common, of which 120,000 are to be offered by the company and 80,000 by stockholders. **Price**—By amendment. **Business**—Manufacture of women's nylon hosiery. **Proceeds**—For debt repayment and working capital. **Office**—417 Fifth Ave., N. Y. **Underwriter**—Drexel & Co., Philadelphia. **Offering**—Indefinitely postponed.

Diversified Collateral Corp.
June 13, 1962 filed 77,050 common. **Price**—By amendment (max. $11.75). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—8397 N. E. Second Ave., Miami, Fla. **Underwriter**—Karen Securities Corp., N. Y.

Diversified Real Estate Trust
March 8, 1962 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—500 Fifth Ave., N. Y. **Underwriter**—Bacon, Johnson Realty Management Co., Inc., (same address). **Offering**—Expected in Oct.

Diversified Realty Investors
June 28, 1962 filed 1,900,000 certificates of interest. **Price**—$1 per interest. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—19 E. First South, Salt Lake City. **Underwriter**—Realty Securities, Inc., Salt Lake City.

Doman Helicopters, Inc.
April 19, 1962 filed 418,680 common to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $1.25). **Business**—Research, development and construction of experimental helicopters. **Proceeds**—To obtain certification of models, train service personnel, repay debt, etc. **Address**—Municipal Airport, Danbury, Conn. **Underwriter**—None.

Donmoor-Isaacson, Inc.
Feb. 26, 1962 filed 150,000 common, of which 50,000 are to be offered by the company and 100,000 by stockholders. **Price**—By amendment (max. $12). **Business**—Design and manufacture of boys knit shirts, sweaters, and pajamas. **Proceeds**—For working capital. **Office**—1115 Broadway, N. Y. **Underwriter**—Goodbody & Co., N. Y. **Note**—This offering has been temporarily postponed.

Drever Co.
March 9, 1962 filed 122,700 common, of which 42,500 are to be offered by company and 80,200 by stockholders. **Price**—By amendment (max. $12). **Business**—Design and manufacture of industrial metallurgical furnaces. **Proceeds**—For debt repayment, equipment and general corporate purposes. **Address** — Red Lion Rd., and Philmont Ave., Bethayres, Pa. **Underwriters**—Janney, Battles & E. W. Clark, Inc. and Stroud & Co., Philadelphia.

Dudley Sports Co., Inc.
July 20, 1962 ("Reg. A") 37,500 common. **Price**—$4.50. **Business**—Distribution and sale of sports equipment and accessories. **Proceeds**—For debt repayment, sales promotion and working capital. **Office**—633 Second Ave., N. Y. **Underwriter**—Crerie & Co., Inc., N. Y.

Duro Pen Co., Inc. (9/10-14)
Jan. 5, 1962 filed 125,000 common. **Price**—$4. **Business**—Manufacture of inexpensive ball point pens. **Proceeds**—For debt repayment, equipment and working capital. **Office**—573 Broadway, N. Y. **Underwriter** — Godfrey, Hamilton, Taylor & Co., N. Y.

Dyna Mfg. Co. (9/17-21)
April 2, 1962 ("Reg. A") 60,000 common of which 40,000 will be sold by company and 20,000 by stockholders. **Price**—$5. **Business**—Manufacture, installation and sale of kitchen ventilating hoods and exhaust fans. **Proceeds**—Expansion, new products and working capital. **Office**—4865 Exposition Blvd., Los Angeles. **Underwriter**—Raymond Moore & Co., Los Angeles.

Dyna-Mod Electronics Corp.
Jan. 22, 1962 ("Reg. A") 143,000 common. **Price**—$2. **Business**—D e s i g n, development and production of "packaged" electronic circuits and sub-systems. **Proceeds**—For new products and working capital. **Office**—317 Main St., East Rochester, N. Y. **Underwriters**—Genesee Valley Securities Co., Inc., Rochester, and H. B. Vesey & Co., Inc., Glens Falls, N. Y.

Dynamic L. P. Industries, Inc.
June 21, 1962 filed 75,000 common. **Price**—$4. **Business**—manufacturing, labeling and packaging of long playing stereophonic and monaural phonograph records for label record companies. **Proceeds**—For equipment and working capital. **Office** — 900 Passaic Ave., East Newark, N. J. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

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NEW ISSUE CALENDAR

August 27 (Monday)

First Railroad & Banking of Georgia____Debentures
(Johnston, Lane, Space Corp.) $3,000,000

Massachusetts Electric Co.____Bonds
(Bids 12 noon EDST) $60,000,000

Massachusetts Electric Co.____Preferred
(Bids 11 a.m. EDST) $7,500,000

August 28 (Tuesday)

Control Data Corp.____Debentures
(Dean Witter & Co.) $15,000,000

Louisville & Nashville RR.____Equip. Trust Ctfs.
(Bids 12 noon EDST) $4,860,000

August 29 (Wednesday)

Air Reduction Co., Inc.____Debentures
(Offering to stockholders—underwritten by Kidder, Peabody & Co. and Dean Witter & Co.) $44,546,300

Iowa Public Service Co.____Common
(Offering to stockholders—Bids 11 a.m. EDST) 320,468 shares

Kapner, Inc.____Common
(Arnold, Wilkens & Co., Inc.) $250,000

Stephens (M.) Mfg., Inc.____Capital
(Thomas Jay, Winston & Co., Inc. and I. J. Schein & Co.) $300,000

Worth Financial Corp.____Common
(D. A. Bruce & Co.) $305,000

August 31 (Friday)

Electronic Transmission Corp.____Common
(V. S. Wickett & Co., Inc.; Thomas, Williams & Lee, Inc. and Crosse & Co., Inc.) $375,000

Index & Retrieval Systems, Inc.____Common
(Shaw, Darr & Co., Inc.) $312,500

Kornhandler (Lou), Inc.____Common
(Costello, Russotto & Co.) $250,000

September 4 (Tuesday)

Admiral Automotive Products, Inc.____Common
(Christopher & Co., Inc.) $250,000

Alsco Electronics, Inc.____Class A
(Albert Teller & Co., Inc. and H. A. Riecke & Co., Inc.) $300,000

Cameo Lingeries, Inc.____Common
(Schweickart & Co.) $1,000,000

Computer Applications Inc.____Common
(L. M. Rosenthal & Co., Inc.) 87,000 shares

Cosnat Corp.____Common
(Van Alstyne, Noel & Co.) 190,000 shares

Electromagnetic Industries, Inc.____Common
(Pierce, Carrison, Wulburn, Inc.) 70,000 shares

Electromagnetic Industries, Inc.____Conv. Debentures
(Pierce, Carrison, Wulbern, Inc.) $250,000

Emcee Electronics, Inc.____Units
(Weil & Co., Inc.) $400,000

Firmatron, Inc.____Common
(Fred F. Sessler & Co., Inc.) $247,500

Kaiser-Nelson Corp.____Common
(Robert L. Ferman & Co., Inc.) 140,000 shares

Laminetics Inc.____Common
(Fabricant Securities Corp) $280,000

Leslie Fay Inc.____Class A
(Shearson, Hammill & Co.) 200,000 shares

Livestock Financial Corp.____Common
(Shearson, Hammill & Co.) $2,450,000

Metropolitan Realty Trust____Ben. Int.
(Eisele & King, Libaire, Stout & Co.) $6,500,000

Moskatel's, Inc.____Capital
(Thomas Jay, Winston & Co., Inc.) 104,000 shares

Sawyer's Inc.____Capital
(Straus, Blosser & McDowell and Dempsey-Tegeler & Co., Inc.) 100,000 shares

Sawyer's Inc.____Debentures
(Straus, Blosser & McDowell and Dempsey-Tegeler & Co., Inc.) $1,250,000

Servotronics, Inc.____Capital
(General Securities Co., Inc.) $375,000

Stelber Cycle Corp.____Common
(Lloyd Securities, Inc.) $315,000

Walston Aviation, Inc.____Common
(White & Co., Inc.) $562,500

Welsh Panel Co.____Common
(Ferman & Co.) 135,000 shares

September 5 (Wednesday)

Pennsylvania Power Co.____Bonds
(Bids to be received) $12,000,000

Trailer Train Co.____Equip. Trust Ctfs.
(Bids 10:30 a.m. EDST) $9,600,000

September 6 (Thursday)

Public Service Co. of Colorado____Common
(Offering to stockholders—underwritten by First Boston Corp.; Blyth & Co., Inc., Smith, Barney & Co.) 1,242,822 shares

September 10 (Monday)

Aubrey Manufacturing, Inc.____Common
(Pierce, Carrison, Wulbern, Inc. and A. M. Kidder & Co., Inc.) 140,004 shares

Computer Concepts Inc.____Common
(Doft & Co.) $500,000

Continental Telephone Co.____Common
(Allen & Co. and E. F. Hutton & Co.) 475,000 shares

Duro Pen Co., Inc.____Common
(Godfrey, Hamilton, Taylor & Co.) $500,000

Echlin Manufacturing Co.____Common
(Blair & Co.) 210,000 shares

Gemco-Ware Corp.____Units
(Richard Bruce & Co., Inc.) $1,000,000

Grand Bahama Development Co., Ltd.____Common
(Allen & Co.) 250,000 shares

Heck's Discount Centers, Inc.____Common
(Willard Securities, Inc.) 125,000 shares

Hicks-Ponder Co.____Common
(Eppler, Guerin & Turner, Inc.) 185,000 shares

Jaap Penratt Associates, Inc.____Common
(R. F. Dowd & Co., Inc.) $300,000

Lyntex Corp.____Units
(P. W. Brooks & Co., Inc.) 1,200 units

Spencer Chemical Co.____Common
(Morgan Stanley & Co.) 65,813 shares

September 11 (Tuesday)

Pacific Northwest Bell Telephone Co.____Debentures
(Bids 11 a.m. EDST) $50,000,000

Southern Railway Co.____Equip. Trust Ctfs.
(Bids 12 noon EDST) $9,450,000

Tennessee Gas Transmission Co.____Debentures
(Stone & Webster Securities Corp.) $50,000,000

September 13 (Thursday)

Oceana International, Inc.____Common
(Standard Securities Corp.) $750,000

September 17 (Monday)

American Gas Co.____Common
(Offering to stockholders—underwritten by Cruttenden, Podesta & Miller) 548,532 shares

College Publishing Corp.____Common
(James Co.) $155,000

Consolidated Leasing Corp., of America____Common
(Blair & Co.) 305,000 shares

Consolidated Leasing Corp. of America____Debentures
(Blair & Co.) $1,100,000

Dyna Mfg. Co.____Common
(Raymond Moore & Co.) $300,000

Optech, Inc.____Common
(Stone, Ackerman & Co., Inc. and Heritage Equity Corp.) $480,000

Playboy Clubs International, Inc.____Common
(Divine & Fishman, Inc.) 270,000 shares

September 18 (Tuesday)

San Diego Gas & Electric Co.____Common
(Offering to stockholders—underwriter to be named) 500,000 shares

Shin Mitsubishi Jukogyo, K. K.____Debentures
(First Boston Corp. and Nomura Securities Co., Ltd.) $10,000,000

Steel Plant Equipment Corp.____Common
(Joseph W. Hurley & Co.) $208,980

September 24 (Monday)

Chestnut Hill Industries, Inc.____Common
(Clayton Securities Corp.) $2,250,000

First Connecticut Small Business Investment Co.____Common
(P. W. Brooks & Co.) 200,000 shares

Hallandale Rock & Sand Co.____Units
(Mutch, Khanbegian, Flynn & Green, Inc.) $450,000

Halsey Drug Co.____Common
(Packer-Wilbur & Co., Inc. and Alessandrini & Co., Inc.) $318,000

Magnetics Research Co., Inc.____Common
(T. W. Lewis & Co., Inc.) $300,000

September 27 (Thursday)

American Flag & Banner Co. of New Jersey____Common
(K-Pac Securities Corp.) $325,000

September 28 (Friday)

Tabach Industries, Inc.____Common
(Costello, Russotto & Co.) $300,000

October 1 (Monday)

Lewis (Tillie) Foods, Inc.____Debentures
(Van Alstyne, Noel & Co.) $4,000,000

October 24 (Wednesday)

Panhandle Eastern Pipe Line Co.____Debentures
(Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co.) $60,000,000

Panhandle Eastern Pipe Line Co.____Preferred
(Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder Peabody & Co.) $20,000,000

November 7 (Wednesday)

Georgia Power Co.____Bonds
(Bids to be received) $23,000,000

Georgia Power Co.____Preferred
(Bids to be received) $7,000,000

November 13 (Tuesday)

Jersey Central Power & Light Co.____Bonds
(Bids to be received) $11,000,000

November 27 (Tuesday)

Metropolitan Edison Co.____Bonds
(Bids to be received) $15,000,000

November 28 (Wednesday)

Southern Electric Generating Co.____Bonds
(Bids to be received) $6,500,000

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Eastern Camera & Photo Corp.
March 28 1962 filed $500,000 of 6% conv. subord. debentures due 1972 and 50,000 common shares (of which 25,000 will be sold by the company and 25,000 by stockholders). The securities are to be offered in units of one $100 debenture and 10 shares. **Price**—By amendment. **Business**—Operation of retail camera stores and department store concessions. Company also processes black and white film and repairs photographic equipment. **Proceeds**—For debt repayment and working capital. **Office**—68 W. Columbia St., Hempstead, N. Y. **Underwriters**—Edwards & Hanley, Hempstead, L. I., and Street & Co., Inc., N. Y. **Offering**—Indefinitely postponed.

Eastern Pennsylvania Investment Co.
March 16, 1962 filed 450,000 common. **Price**—By amendment (max. $16). **Business**—A small business investment company. **Proceeds**—For general corporate purposes. **Office** — 3 Penn Center Plaza, Philadelhia. **Underwriters**—Drexel & Co., Philadelphia and Kidder, Peabody & Co., N. Y.

● **Eastern Properties Improvement Corp.**
June 15, 1962 filed $1,400,000 of 6½% subord. conv. debentures due 1977, and 70,000 common shares to be offered in units of one $100 debenture and five common. **Price** — $150 per unit. **Business** — General real estate. **Proceeds**—For general corporate purposes. **Office**—261 Madison Ave., N. Y. **Underwriter**—Fleetwood Securities Corp. of America, N. Y. **Offering**—Imminent.

● **Echlin Manufacturing Co. (9/10-14)**
May 24, 1962 filed 210,000 common. **Price**—By amendment (max. $25). **Business**—Manufacture of replacement parts for electrical and braking systems of automatic equipment. **Proceeds**—For selling stockholders. **Address**—Echlin Rd. & U. S. 1, Branford, Conn. **Underwriter**—Blair & Co., New York.

Econo-Car International, Inc.
July 27, 1962 filed 100,000 class A common. **Price**—$4. **Business**—Rental of automobiles, station wagons, and trucks. **Proceeds**—For equipment, new franchises, and working capital. **Office**—520 Westfield Ave., Elizabeth, N. J. **Underwriter**—Crosse & Co. Inc., N. Y.

Econ-O-Pay, Inc.
Oct. 26, 1961 filed 1,000,000 common. **Price**—$3. **Business**—A dealer recourse finance business. **Proceeds** General corporate purposes. **Office**—164 E. Main St., Valley City, N. D. **Underwriter**—Reserve Funds, Inc., Valley City, N. D.

● **Electromagnetic Industries, Inc. (9/4-7)**
March 30, 1962 filed $250,000 of 6½% conv. subord. debentures due 1987, also 70,000 common shares, of which 45,000 are to be offered by company and 25,000 by stockholders. **Price**—By amendment (max. $1 per common share). **Business** — Design, production, assembly, distribution and sale of transformers, magnetic components and electronic instrumentation and control devices. **Proceeds**—For equipment, debt repayment, a new plant and working capital. **Office**—Sayville Industrial Park, Greeley Ave., Sayville, L. I., N. Y. **Underwriter**—Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.

Electronic Transmission Corp. (8/31)
March 22, 1962 filed 125,000 common. **Price**—$3. **Business**—Manufacture and distribution of components for background music; design, construction and installation of specialized closed circut TV system. **Proceeds**—For debt repayment, expansion, sales promotion and working capital. **Office** — 103 E. Hawthorne Ave., Valley Stream, N. Y. **Underwriters**—V. S. Wickett & Co., Inc., Thomas, Williams & Lee, Inc., and Crosse & Co., Inc., N. Y.

Electronic Wholesalers, Inc.
June 18, 1962 filed 75,000 common. **Price**—By amendment (max. $15.50). **Business**—A distributor of electronic supplies, TV replacement parts, and hi-fi and stereophonic sound reproduction equipment. **Proceeds**—For debt repayment, inventory, expansion and working capital. **Office**—2345 Sherman Ave., N. W., Washington, D. C. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

Ellner & Pike, Inc.
May 25, 1962 ("Reg. A") 50,000 common. **Price** — $6. **Business**—Operation of supermarkets. **Proceeds**—For expansion and working capital. **Office**—896 Old Country Rd., Westbury, N. Y. **Underwriter** — Reed, Whitney & Stonehill, Inc., Hempstead, N. Y.

● **Emcee Electronics, Inc. (9/4-7)**
June 4, 1962 filed $200,000 of 6¾% conv. debentures due 1974, and $50,000 common, to be offered in units of $200 of debentures and 50 shares. **Price**—$400 per unit. **Business**—Manufacture of precision instruments, and electronic devices for measurement and control. **Proceeds**—For plant expansion, inventory, and equipment. **Office**—1202 Arnold Ave., New Castle, Del. **Underwriter**—Weil & Co., Inc., Washington, D. C.

★ **Equity Annuity Life Insurance Co.**
Aug. 21, 1962 filed 150,000 common to be offered for subscription by stockholders on a pro rata basis. **Price**—$7. **Business**—Sale of individual life insurance, pension trust and group variable annuity contracts. **Proceeds**—For expansion and capital funds. **Office** — 2480 16th St., N. W., Washington, D. C. **Underwriter**—None.

Equity Funding Corp. of America
March 29, 1962 filed 240,000 common. **Price**—By amendment (max. $6.50). **Business**—A holding company for firms selling life insurance and mutual funds. **Proceeds**—For new sales offices, advances to subsidiaries and working capital. **Office**—5150 Wilshire Blvd., Los Angeles. **Underwriter**—Wisconsin-Continental, Inc., Milwaukee.

Everbest Engineering Corp.
April 2, 1962 filed 100,000 class A shares. **Price**—$2.40. **Business**—Manufacture and sale of long-lived electric lamps. **Proceeds**—New product development, inventories and working capital. **Office**—41 E. Twelfth St., N. Y. **Underwriter**—Planned Investing Corp., N. Y.

Fabco, Inc.
July 20, 1962 ("Reg. A") 200,000 common. **Price**—$1.50. **Business**—Manufacture of insulated water closet tanks, fiberglass gravel stop and laundry tubs. **Proceeds**—For debt repayment, equipment, and working capital. **Address**—Stillwater, Minn. **Underwriter**—Pewters, Donnelly & Jansen, Inc., St. Paul.

Fairlane Finance Co., Inc.
June 13, 1962 ("Reg. A") $300,000 of 6½% sinking fund junior subordinated debentures due 1977. **Price**—At par. **Business**—An automobile and consumer finance company. **Proceeds**—For debt repayment, working capital and expansion. **Office** — Greenville, Rd., Easley, S. C. **Underwriter**—Alester G. Furman Co., Inc., Greenville, S. C.

Fairway Mart, Inc.
March 19, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Operation of five discount merchandise centers. **Proceeds**—For expansion, advertising, inventories, working capital and other corporate purposes. **Office**—801 Market St., Youngstown, Ohio. **Underwriter**—L. H. Wright, Co., Inc., N. Y.

Falcon National Life Insurance Co.
June 25, 1962 filed 300,000 common to be offered for subscription by stockholders on the basis of one new share for each three shares held. **Price**—$1.20. **Business**—Life insurance. **Proceeds** — For investments. **Office**—1330 Leyden St., Denver. **Underwriter**—None.

● **Fastpak, Inc.**
Nov. 30, 1961 filed 125,000 common. **Price**—$5. **Business**—The distribution of nuts, bolts and other fastening devices manufactured by others. **Proceeds**—For debt repayment and general corporate purposes. **Office**—8 Benson Place, Freeport, N. Y. **Underwriter** — Arnold Malkan & Co., Inc., N. Y.

★ **Federal Mortgage Corp.**
Aug. 9, 1962 ("Reg. A") 30,000 shares of 6½% preferred. **Price**—$10. **Business**—Originating and servicing of mortgage loans. **Proceeds**—Debt repayment and working capital. **Office**—6304 S. Logan Court, Littleton, Colo. **Underwriter**—None.

Federal Realty Investment Trust
June 5, 1962 filed 500,000 shares of beneficial interest with attached three-year stock purchase warrants to be offered in units consisting of 100 shares and 50 warrants. **Price**—$500 per unit. **Business**—A real estate investment trust. **Office**—729 15th St., N. W., Washington, D. C. **Underwriter**—Investor Service Securities Inc., Washington, D. C.

Fidelity Mining Investments Ltd.
Nov. 30, 1961 filed 800,000 common. **Price**—By amendment. **Business**—Exploration and testing of mining properties. **Proceeds**—For general corporate purposes. **Office**—62 Richmond St., Toronto. **Underwriter**—G. V. Kirby & Associates, Ltd., Toronto.

● **Firmatron, Inc. (9/4-7)**
July 20, 1962 ("Reg. A") 82,500 common. **Price**—$3. **Business**—Development, manufacture and operation of electronic therapy machines for cosmetic purposes. **Proceeds**—For equipment, advertising, and other corporate purposes. **Office**—14 E. 69th St., N. Y. **Underwriter**—Fred F. Sessler & Co. Inc., N. Y.

First American Israel Mutual Fund
Aug. 15, 1962 filed 2,750,000 shares of beneficial interest. **Price**—By amendment (max. $10). **Business**—A mutual fund which plans to invest primarily in equity type securities of Israeli companies. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston.

First Colorado Bankshares Inc.
June 29, 1962 filed 37,000 common. **Price**—By amendment (max. $15). **Business**—A bank holding company. **Proceeds**—For capital funds, reserves and working capital. **Office**—3311 S. Broadway, Englewood, Colo. **Underwriter**—Bosworth, Sullivan & Co., Inc., Denver.

First Connecticut Small Business Investment Co. (9/24-28)
March 9, 1962 filed 200,000 common. **Price**—By amendment (max. $15). **Business**—A small business investment company. **Proceeds**—For investment. **Office**—955 Main St., Bridgeport, Conn. **Underwriter**—P. W. Brooks & Co., N. Y.

First Income Realty Trust
Nov. 9, 1961 filed 500,000 shares of beneficial interest **Price**—(For the first 10,000 shares) $10.80 per share (For the balance) Net asset value plus 8% commission **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—1613 Eye St., N. W., Washington D. C. **Underwriter**—Sidney Z. Mensh Securities Co. Washington, D. C. **Note** — This company formerly was known as Perpetual Investment Trust.

First New York Capital Fund, Inc.
Oct. 27, 1961 filed 2,770,000 capital shares. **Price**—$1 **Business**—A small business investment company. **Proceeds**—For investment. **Office**—1295 Northern Blvd., Manhasset, N. Y. **Underwriter**—None.

First Railroad & Banking of Georgia (8/27-31)
July 30, 1962 filed $3,000,000 of 5% convertible debentures, due 1977. **Price**—At par. **Business**—Company is engaged in railroad property leasing; commercial banking and trust services; underwriting of fire, casualty and credit life insurance. **Proceeds** — To re-purchase company shares, acquire additional shares of a subsidiary, prepay debt, and increase working capital. **Office**—701 Broad St., August, Ga. **Underwriter**—Johnson, Lane, Space Corp., Augusta.

First Southern Realty Trust
June 15, 1962 filed 600,000 shares of beneficial interest. **Price** — $5. **Business** — A real estate investment trust. **Proceeds**—For investment. **Address**—Little Rock, Ark. **Underwriter**—To be named.

Florida Bancgrowth, Inc.
March 16, 1962 filed 200,000 common. **Price**—By amendment (max. $15). **Business**—An investment company specializing in bank stocks. **Proceeds**—For investment. **Office**—3356 Atlantic Blvd., Pompano Beach, Fla. **Underwriter**—Dempsey-Tegeler & Co., Inc., St. Louis.

Florida Jai Alai, Inc.
June 28, 1962 filed 400,000 common. **Price**—$5. **Business** — Operation of Jai Alai games and pari-mutuel betting. **Proceeds**—For rent, purchase of leased quarters, building improvements, working capital. **Office**—Fern Park, Fla. **Underwriter**—To be named.

Floseal Corp.
May 10, 1962 filed 169,420 common to be offered for subscription by stockholders. **Price**—By amendment (max. $2). **Business**—Company owns and licenses carton pouring spout patents and die patents. **Proceeds**—For debt repayment and other corporate purposes. **Office**—100 W. 10th St., Wilmington, Del. **Underwriter**—None.

Food & Drug Research Laboratories, Inc.
May 24, 1962 filed 107,500 common, of which 100,000 are to be offered by company and 7,500 by stockholders. **Price**—By amendment (max. $5). **Business**—Chemical and biological research and testing for the food, drug, cosmetics, chemical and related industries. **Proceeds**—For expansion, equipment and debt repayment. **Address**—Maurice Ave. at 58th St., Maspeth, N. Y. **Underwriters**—Maltz, Greenwald & Co. and Rittmaster, Voisin & Co., N. Y.

Forst (Alex) & Sons, Inc.
March 23, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Wholesale distribution of toys and games. **Proceeds**—For selling stockholders. **Office**—2885 Jerome Ave., Bronx, N. Y. **Underwriter**—McDonnell & Co., N. Y. **Offering**—Temporarily postponed.

● **Four Star Sportswear, Inc.**
March 27, 1962 filed 103,000 common. **Price**—$3. **Business**—Design, manufacture and distribution of men's outerwear, sportswear and rainwear. **Proceeds**—For plant expansion, equipment and working capital. **Office**—665 Broadway, N. Y. **Underwriter**—Magnus & Co., Inc., New York.

Frederick's of Hollywood, Inc.
March 26, 1962 filed 150,000 capital shares, of which 70,000 are to be offered by company and 80,000 by a stockholder. **Price**—$5. **Business**—Operation of a mail order business and a chain of women's apparel stores. **Proceeds**—For expansion and other corporate purposes. **Office**—6608 Hollywood Blvd., Los Angeles. **Underwriter**—To be named.

Fund Investments, Inc.
June 28, 1962 filed 80,000 class B common. **Price**—$5. **Business**—Retailing of mutual fund shares. **Proceeds**—For working capital and debt repayment. **Office**—1301 E. Morehead St., Charlotte, N. C. **Underwriter**—None.

Gabriel Industries, Inc.
March 30, 1962 filed 100,000 class A common shares. **Price**—By amendment (max. $11). **Business**—Design, manufacture and distribution of toys and sporting goods. **Proceeds**—For debt repayment **Office**—184 Fifth Ave., N. Y. **Underwriter**—Hemphill, Noyes & Co., N. Y.

Gamma Corp.
June 29, 1962 filed 80,000 common and 80,000 five-year warrants to be offered in units consisting of one share and one warrant. **Price**—$4.50 per unit. **Business**—Design, manufacture and sale of ladies' handbags and related items. **Proceeds**—For a new plant, sales promotion and working capital. **Office**—288 Plymouth Ave., Fall River, Mass. **Underwriter**—Hampstead Investing Corp., New York.

Garden State Small Business Investment Co.
Oct. 27, 1961 filed 330,000 common. **Price**—$3. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—1180 Raymond Blvd., Newark, N. J. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y. **Offering**—Temporarily postponed.

Garsite Products, Inc.
July 13, 1962 ("Reg. A") 15,000 common. **Price**—$3.33. **Business**—Manufacture of machinery and equipment for the gasoline and oil marketing industries. **Proceeds**—For a selling stockholder. **Office**—4045 Merrick Rd., Seaford, L. I., N. Y. **Underwriter**—Theodore Arrin & Co., Inc., N. Y.

● **Gaslight Club, Inc.**
Feb. 28, 1962 filed 100,000 common. **Price**—$5. **Business**—Company operates four "key clubs." **Proceeds**—For expansion, debt reduction, and working capital. **Office**—13 E. Huron St., Chicago. **Underwriter**—Myron A. Lomasney & Co., N. Y.

★ **Gateway Sporting Goods Co.**
Aug. 20, 1962 filed $1,500,000 of conv. subord. debentures due 1977. **Price**—At par. **Business**—Operation of retail stores, licensed departments in department stores, a discount department store, etc., selling sporting goods, photographic equipment, toys and recreational items. **Proceeds**—For expansion. **Office**—1321 Main St., Kansas City, Mo. **Underwriter**—Stern Brothers & Co., Kansas City, Mo.

● **Gemco-Ware Corp. (9/10)**
March 9, 1962 filed $560,000 of 7% conv. subord. debentures due 1972 (with attached warrants), and 88,000 common to be offered in units of one $280 debenture (with warrants to purchase 10 common shares), and 44

common shares. **Price**—$500 per unit. **Business**—A holding company for a restaurant equipment manufacturer, a wholesale distributor of houseware products, and a company operating leased discount departments dealing in hard goods. **Proceeds**—For debt repayment, expansion and working capital. **Office**—134-01 Atlantic Ave., Jamaica, N. Y. **Underwriter**—Richard Bruce & Co., Inc., New York.

General Design Corp.
April 25, 1962 ("Reg. A") 65,000 common. **Price**—$3. **Business**—Design and development of new products for various industries. **Proceeds**—For debt repayment, equipment and working capital. **Office**—1252 W. Peachtree St., N. W., Atlanta, Ga. **Underwriter** — Robert M. Harris & Co., Inc., Philadelphia. **Note**—The SEC has issued an order temporarily suspending this issue.

General Economics Syndicate, Inc.
April 11, 1962 filed 400,000 class A common. **Price** — $10. **Business**—An insurance holding company. **Proceeds**—For investment in subsidiaries, and working capital. **Office**—625 Madison Ave., N. Y. **Underwriter**—G. E. C. Securities, Inc., (same address).

General Investment Co. of Connecticut, Inc.
Mar. 14, 1962 filed 200,000 common. **Price**—$7.50. **Business**—A small business investment company. **Proceeds**—For debt repayment and investment. **Office**—348 Orange St., New Haven, Conn. **Underwriters**—Ingram, Lambert & Stephen, Inc., and Reuben Rose & Co., Inc., N. Y.

General Vitamin & Drug Corp.
April 3, 1962 ("Reg. A") 78,000 common. **Price**—$2.75. **Business**—Sale of vitamins through department stores and mail order. **Proceeds** — For debt repayment, new products, sales promotion and working capital. **Office**—88 Cutter Mill Rd., Great Neck, L. I., N. Y. **Underwriter**—J. J. Krieger & Co., Inc., N. Y.

Geriatric Research, Inc.
Feb. 12, 1962 filed 162,500 common, of which 12,500 are to be offered by the company and 150,000 by stockholders. **Price**—By amendment (max. $8.50). **Business**—Direct mail selling of vitamin mineral products to elderly customers. **Proceeds**—For working capital. **Office**—179 N. Michigan Ave., Chicago. **Underwriters**—Bacon, Whipple & Co. and Freehling, Meyerhoff & Co., Chicago. **Offering**—Indefinitely postponed.

Gilfillan Corp.
April 4, 1962 filed 254,000 common. **Price**—By amendment (max. $18). **Business**—Development and production of radar and other specialized electronic systems. **Proceeds**—For selling stockholders. **Office**—1815 Venice Blvd., Los Angeles. **Underwriter**—Blyth & Co., Inc., Los Angeles.

● **Girard Industries Corp.**
March 28, 1962 fled $250,000 of 6% conv. subord. debentures due 1972 and 90,000 common shares to be sold by certain stockholders. The securities are to be offered in units consisting of a $100 debenture and 36 shares. **Price**—By amendment. **Business**—Manufacture of restaurant and other type furniture which it sells principally to dealers in Puerto Rico. **Proceeds**—For equipment and general corporate purposes. **Address**—San Juan, Puerto Rico. **Underwriter**—Edwards & Hanley, Hempstead, N. Y. **Note**—This registration is being withdrawn.

Glasco Pacific, Inc.
July 12, 1962 filed 250,000 class A and 250,000 common shares to be offered in units of one clsas A and one common share. **Price**—$5.05 per unit. **Business**—Company plans to manufacture flat glass mirrors and sliding wardrobe mirror doors and related products. **Proceeds**—For equipment, inventory and working capital. **Office**—1299 N. First St., San Jose, Calif. **Underwriter**—Wilson, Johnson & Higgins, San Francisco.

Glensder Corp.
March 23, 1962 filed 150,000 common, of which 60,000 are to be offered by the company and 90,000 by the company's parent, Glen Modes, Inc. **Price**—By amendment (max. $7). **Business**—Design, production and sale of women's fashion accessories, and sportswear. **Proceeds**—For general corporate purposes. **Office**—417 Fifth Ave., N. Y. **Underwriter**—Sprayregen, Haft & Co., N. Y. **Offering**—Indefinitely postponed.

Global Construction Devices, Inc.
June 29, 1962 filed 100,000 common. **Price**—$10. **Business**—Manufacture, sale and lease of steel supports and beams used in construction. **Proceeds**—For debt repayment, expansion, research, and inventory. **Office**—545 Cedar Lane, Teaneck, N. J. **Underwriters**—Winslow, Cohu & Stetson and Laird, Bissell & Meeds, N. Y.

Gold Leaf Pharmacal Co., Inc.
March 13, 1962 filed 80,000 common. **Price**—$4. **Business**—Manufacture, development and sale of pharmaceutical and veterinarian products. **Proceeds**—For advertising, research, debt repayment and working capital. **Office**—36 Lawton St., New Rochelle, N. Y. **Underwriter**—Droulia & Co., N. Y.

Goldsmith Bros.
June 29, 1962 filed 125,000 common, of which 62,500 are to be offered by company and 62,500 by stockholders. **Price**—By amendment (max. $8). **Business**—Retail sale of stationery office supplies and department store merchandise. **Proceeds**—For expansion and working capital. **Office**—77 Nassau St., N. Y. **Underwriter**—Federman, Stonehill & Co., N. Y. **Offering**—Expected in early Sept.

Good-Era Realty & Construction Corp.
April 2, 1962 filed 550,000 class A shares. **Price**—$10. **Business**—Company plans to develop, operate, construct and manage real estate. **Proceeds**—For general corporate purposes. **Office**—151 N. Dean St., Englewood, N. J. **Underwriters**—Leiberbaum & Co. and Morris Cohon & Co., New York.

Gotham Investment Corp.
Nov. 21, 1961 filed 100,000 common. **Price**—$6. **Business**—Real estate investment. **Proceeds**—For working capital and other corporate purposes. **Office**—1707 H St., N. W., Washington, D. C. **Underwriter**—Rouse, Brewer, Becker & Bryant, Inc., Washington, D. C. **Offering**—Expected in September.

● **Gould Paper Co.**
Sept. 28, 1961 filed 140,000 common. **Price**—$11. **Business**—Manufacture of paper. **Proceeds**—Expansion and working capital. **Office**—Lyons Falls, N. Y **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Note**—This statement was withdrawn.

Gourmet Food Products, Inc.
May 25, 1962 filed 100,000 common. **Price**—$4.50. **Business** — Growing, purchasing, distributing and selling whole potatoes and processing and selling of prepared potato products. **Proceeds**—For a new plant and equipment. **Office**—915 Southeast 10th Ave., Portland, Ore. **Underwriter**—Darius Inc., N. Y.

● **Gourmet Restaurants, Inc.**
April 30, 1962 ("Reg. A") 28,213 capital shares. **Price**—$3.75. **Business**—Operation of restaurants in Disney land Hotel. **Proceeds**—For selling stockholders. **Office**—1445 S. West St., Anaheim, Calif. **Underwriter**—Cruttenden & Co., Inc., 618 S. Spring St., Los Angeles. **Offering**—Imminent.

Grand Bahama Development Co., Ltd. (9/10-14)
Jan. 23, 1962 filed 250,000 common. **Price** — By amendment. **Business**—Sale and development of land on Grand Bahama Island for residential and resort purposes. **Proceeds**—For general corporate purposes. **Office**—250 Park Ave., N. Y. **Underwriter**—Allen & Co., N. Y.

Great Continental Real Estate Investment Trust
Aug. 3, 1961 filed 300,000 shares of beneficial interest. **Price**—$10. **Business**—Real estate. **Proceeds**—For investment. **Office**—530 St. Paul Place, Baltimore. **Underwriter**—To be named. **Note**—This firm formerly was known as Continental Real Estate Investment Trust.

Great Eastern Insurance Co.
April 13, 1962 filed 381,600 common. **Price**—By amendment (max. $5). **Business**—Company plans to write certain types of fire and casualty insurance. **Proceeds**—For general corporate purposes. **Office**—116 John St., N. Y. **Underwriters**—Emanuel, Deetjen & Co., and Zuckerman, Smith & Co., N. Y.

Great Plains Corp.
March 26, 1962 ("Reg. A") 60,000 class A common. **Price**—$5. **Business**—Company plans to establish an industrial bank and an insurance agency. **Proceeds**—For working capital, debt repayment and expansion. **Office**—368 Main St., Longmont, Colo. **Underwriter**—Birkenmayer & Co., Denver.

Greater McCoy's Markets, Inc.
June 28 1962 filed 219,150 class A common. **Price**—By amendment (max. $14). **Business**—Operation of 16 supermarkets in the Los Angeles area. **Proceeds**—For selling stockholders. **Office**—17602 Bellflower Blvd., Bellflower, Calif. **Underwriter**—Morris Cohon & Co., New York.

Greater New York Box Co., Inc.
Dec. 29, 1961 filed 100,000 common. **Price**—By amendment ($7 max.). **Business**—Manufacture of corrugated board and containers. **Proceeds**—For general corporate purposes. **Office**—149 Entin Rd., Clifton, N. J. **Underwriter**—D. H. Blair & Co., N. Y. **Offering**—Temporarily postponed.

Green (Henry J.) Instruments Inc.
April 30, 1962 filed 150,000 common. **Price**—$2.25. **Business**—Manufacture of precision instruments for measuring atmospheric conditions. **Proceeds**—For debt repayment, equipment and working capital. **Office**—2500 Shames Dr., Westbury, L. I., N. Y. **Underwriter**—None.

Greenman Bros., Inc.
April 25, 1962 filed 150,000 common, of which 75,000 are to be offered by company and 75,000 by stockholders. **Price**—$10. **Business**—Wholesale and retail distribution of toys, hobby lines and sporting equipment. **Proceeds**—For debt repayment, inventory and working capital. **Office**—35 Engel St., Hicksville, N. Y. **Underwriter**—J. R. Williston & Beane, N. Y.

Gulf Atlantic Utilities, Inc.
July 30, 1962 filed 90,000 common. **Price**—By amendment (max. $10). **Business** — A management and operating company for subsidiaries which own water treatment and sewerage disposal plants, and water distribution and sewage collections systems. **Proceeds**—For debt repayment, expansion and working capital. **Office**—2738 Malinda Blvd., Jacksonville, Fla. **Underwriter**—Pierce, Carrison, Wulbern, Inc., Jacksonville. **Offering**—Expected sometime in September.

Hallandale Rock & Sand Co. (9/24-28)
March 30, 1962 filed $250,000 of 8% subordinated debentures due 1977, 200,000 common and 6-year warrants to purchase 25,000 common at $1 per share to be offered in units consisting of a $10 debenture, 8 common shares and one warrant. **Price**—$18 per unit. **Business**—Extraction, processing and sale of rock and sand. **Proceeds**—For a new plant and other corporate purposes. **Address**—Hallandale, Fla. **Underwriter**—Mutch, Khanbegian, Flynn & Green, Inc., 115 Broadway, N. Y.

Halo Lighting, Inc.
Mar. 27, 1962 filed 300,000 common, of which 100,000 will be sold by the company and 200,000 by a stockholder. **Price**—By amendment. **Business**—Manufacture of recessed incandescent lighting fixtures. **Proceeds**—For general corporate purposes. **Office**—Chicago, Ill. **Underwriter**—R. W. Pressprich & Co., N. Y. **Offering**—Temporarily postponed.

Halsey Drug Co. (9/24-28)
March 30, 1962 filed 79,500 common. **Price**—$4. **Business**—Manufacture, packaging and sale of proprietary drug products. **Proceeds**—For debt repayment, expansion and other corporate purposes. **Office**—1827 Pacific St., Brooklyn, N. Y. **Underwriters**—Packer-Wilbur & Co., Inc., and Alessandrini & Co., Inc., N. Y.

Hanna-Barbara Productions, Inc.
Dec. 29, 1961 filed 200,000 capital shares. **Price** — By amendment. **Business**—Production of television cartoons and commercials. **Proceeds** — For a new building and working capital. **Office**—3501 Cahuega Blvd., Los Angeles. **Underwriter**—Carl M. Loeb, Rhoades & Co., Inc., N. Y.

● **Happy House, Inc.**
July 28, 1961 filed 700,000 common shares. **Price**—$1. **Business**—The marketing of gifts, candies and greeting cards through franchised dealers. **Proceeds**—For equipment, inventory and working capital. **Office**—11 Tenth Ave., S. Hopkins, Minn. **Underwriter**—None. **Note**—This statement was withdrawn.

Hardlines Distributors, Inc.
Jan. 26, 1962 filed 200,000 common, of which 100,000 are to be offered by the company and 100,000 by a stockholder. **Price**—By amendment. **Business**—Retail sale of housewares, hardware, lighting fixtures, automotive accessories, etc. **Proceeds**—For debt repayment, expansion and working capital. **Office**—1416 Providence Highway, Norwood, Mass. **Underwriter**—McDonnell & Co., N. Y. **Offering**—Temporarily postponed.

Harley Products, Inc.
March 28, 1962 filed 75,000 common. **Price**—$4. **Business**—Design, production and distribution of belts and related products. **Proceeds**—For sales promotion, expansion, inventory, and debt repayment. **Office**—476 Broadway, N. Y. **Underwriter**—To be named.

Harris (Paul) Stores, Inc.
See Paul, Harris Stores, Inc.

Harwyn Publishing Corp.
Jan. 29, 1962 filed 300,000 class A common. **Price** — By amendment. **Business** — Publishes illustrated encyclopedic works for children and operates an advertising agency for sale of TV and radio spot time. **Proceeds**—For working capital. **Office**—170 Varick St., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Offering**—Indefinite.

Hawaii Real Estate Investment Trust
May 18, 1962 filed 1,000,000 shares of beneficial interest and eight-year stock purchase warrants to be offered in units consisting of one share and one warrant. **Price**—$10 per unit. **Business**—A real estate investment trust. **Proceeds**—For working capital. **Address**—Honolulu, Hawaii. **Underwriter**—White, Weld & Co., Inc., N. Y.

Heartland Development Corp.
March 28, 1962 filed 23,300 shares of 5% convertible preference stock to be offered for subscription by stockholders on basis of one preferred share for each 10 common held. **Price**—$12. **Business**—Real estate. **Proceeds**—For general corporate purposes and debt repayment. **Office**—40 Beaver St., Albany, N. Y. **Underwriter**—None.

Heck's Discount Centers, Inc. (9/10)
June 7, 1962 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Operation of discount stores. **Proceeds**—For inventory, expansion, debt repayment and working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va. **Underwriter**—Willard Securities, Inc., N. Y.

Hek Manufacturing Co., Inc.
Aug. 7, 1962 ("Reg. A") 75,000 common, of which 69,000 shares are to be offered for the account of the company and 6,000 shares for the underwriter. **Price**—$2. **Business**—Manufacture of dental equipment. **Proceeds**—For debt repayment, advetrising, research and development and working capital. **Office**—2176 Palou, San Francisco. **Underwriter**—L. H. Wright Co., Inc., N. Y.

Helix Land Co., Inc.
April 27, 1962 filed 586,000 capital shares. **Price**—By amendment (max. $5). **Business**—General real estate. **Proceeds**—For general corporate purposes. **Office**—4265 Summit Dr., La Mesa, Calif. **Underwriter**—None.

Herlin & Co., Inc.
May 29, 1962 filed 100,000 common, of which 80,000 are to be offered by company and 20,000 by stockholders. **Price**—By amendment (max. $12.50). **Business**—Sale of wrist watches to holders of food chain, cash register tapes. **Proceeds**—For working capital. **Office**—2046 Bell Ave., St. Louis. **Underwriter**—Newhard, Cook & Co., St. Louis.

Hickory Industries, Inc.
Aug. 31, 1961 ("Reg. A") 40,000 common. **Price**—$5. **Business**—The manufacture of barbecue machines and allied equipment. **Proceeds**—For equipment, inventory, sales promotion, expansion and working capital. **Office**—10-20 47th Rd., Long Island City, N Y **Underwriter**—J. B. Coburn Associates, Inc., N. Y. **Offering**—Indefinite.

Hicks-Ponder Co. (9/10-14)
July 26, 1962 filed 185,000 common, of which 100,000 will be sold by the company and 85,000 by stockholders. **Price**—By amendment (max. $10). **Business**—Manufacture of men's and boys' clothing. **Proceeds**—For plant expansion and working capital. **Office**—500 West Overland Ave., El Paso, Texas. **Underwriter**—Eppler, Guerin & Turner, Inc., Dallas.

● **High Temperature Materials, Inc.**
Sept. 28, 1961 filed 120,000 common. **Price**—By amendment. **Business**—Manufacture of products from test models. **Proceeds**—For equipment, research and development, leasehold improvements, repayment of debt and

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working capital. **Office**—130 Lincoln St., Brighton, Mass. **Underwriter**—To be named. **Note**—This registration was withdrawn.

Hill Street Co.
Oct. 16, 1961 filed 2,265,138 common to be offered for subscription by stockholders of Union Bank of California on a share-for-share basis. **Price**—$3. **Business**—A management investment company. **Proceeds**—For investment. **Office**—760 S. Hill St., Los Angeles. **Underwriter**—None.

Hoffman House Sauce Co., Inc.
Feb. 28, 1962 filed $250,000 of 6½% subordinated sinking fund convertible debentures due 1977 and 25,650 common shares to be offered in units consisting of one $500 debenture and 50 common shares. **Price**—$1,000 per unit. **Business** — Manufacture of liquid and semi-solid salad dressings and specialty sauces. **Proceeds**—For debt repayment and expansion. **Office**—109 S. Webster St., Madison, Wis. **Underwriter**—Milwaukee Co., Milwaukee, Wis. **Offering**—Indefinitely postponed.

Hollingsworth Solderless Terminal Co.
Feb. 27, 1962 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Manufacture, sale and development of solderless terminals and other wire terminating products. **Proceeds**—For debt repayment, equipment, advertising and working capital. **Address**—P. O. Box 430, Phoenixville, Pa. **Underwriter**—Harrison & Co., Philadelphia. **Offering**—Temporarily postponed.

Honora, Ltd.
Nov. 29, 1961 ("Reg. A") 76,500 common. **Price**—$3.75. **Business**—Purchase of cultured pearls in Japan and their distribution in the U. S. **Proceeds**—For general corporate purposes. **Office**—42 W. 48th St., N. Y. **Underwriter**—Sunshine Securities, Inc., Rego Park, N. Y.

House of Koshu, Inc.
March 29, 1962 filed 75,000 class A common. **Price**—$5. **Business**—Importing of Japanese liquors. **Proceeds**—For debt repayment, advertising, inventory and working capital. **Office**—129 S. State St., Dover, Del. **Underwriter**—To be named.

House of Vision, Inc.
March 29, 1962 filed 150,000 common. **Price**—By amendment (max. $17). **Business**—A dispensing optician and a manufacturer and distributor of optical equipment. **Proceeds**—For selling stockholders. **Office**—137 N. Wabash Ave., Chicago. **Underwriter**—Hornblower & Weeks, Chicago.

Hunsaker Corp.
March 30, 1962 filed $1,600,000 of convertible subordinated debentures due 1977 and 250,000 common shares. **Price** — By amendment (max. $6 per common share). **Business**—Construction of homes and apartments on land which company has acquired in Southern Calif. **Proceeds**—For debt repayment and other corporate purposes. **Office**—15855 Edna Pl., Irwindale, Calif. **Underwriter**—Bateman, Eichler & Co., Los Angeles.

Hydro-Swarf, Inc.
March 30, 1962 filed 97,000 common, of which 80,000 will be sold by company and 17,000 by certain stockholders. **Price**—$5. **Business**—Manufacture, assembly and sale of aircraft and missile components on a sub-contract basis. **Proceeds**—For debt repayment and working capital. **Office**—7050 Valley View St., Buena Park, Calif. **Underwriter**—Raymond Moore & Co., Los Angeles.

Ideal Toy Corp.
May 1, 1962 filed 490,000 common, of which 250,000 will be offered by company and 240,000 by stockholders. **Price**—By amendment (max. $20). **Business**—Manufacture of toys and related products. **Proceeds** — For debt repayment and general corporate purposes. **Office** — 184-10 Jamaica Ave., Hollis, Long Island, N. Y. **Underwriter**—White, Weld & Co., Inc., N. Y.

● **Index & Retrieval Systems, Inc. (8/31)**
Jan. 29, 1962 filed 125,000 common. **Price**—$2.50. **Business**—Publishes "The Financial Index" and other indexes and abstracts. **Proceeds**—For equipment, promotion, office relocation, and working capital. **Office**—19 River St., Woodstock, Vt. **Underwriter**—Shaw, Darr & Co., Inc., Garden City, N. Y.

Industry Capital Corp.
Dec. 26, 1961 filed 500,000 common. **Price**—$15. **Business**—A small business investment company. **Proceeds**—For general corporate purposes. **Office**—208 S. La Salle St., Chicago. **Underwriter**—A. C. Allyn & Co., Chicago. **Offering**—Indefinite.

Instromech Industries, Inc.
March 30, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—A contract manufacturer of precision products. **Proceeds**—For acquisition of land and building, equipment, inventory and other corporate purposes. **Office**—4 Broadway Plaza, Huntington Station, N. Y. **Underwriter**—Price Investing Co., N. Y.

Instron Engineering Corp.
March 26, 1962 filed 120,000 common. **Price**—By amendment (max. $14). **Business**—Development and production of equipment for use in testing the physical characteristics of various materials. **Proceeds**—For selling stockholders. **Office**—2500 Washington St., Canton, Mass. **Underwriter**—None.

Instrument Components, Inc.
June 11, 1962 ("Reg. A") 135,000 common. **Price** — $1. **Business** — Manufacture and distribution of electromechanical rotating devices. **Proceeds**—For debt repayment, sales promotion and other corporate purposes. **Office**—312 Mt. Pleasant Ave., Newark, N. J. **Underwriter**—Gold-Slovin Co., Inc., N. Y.

Intercontinental Management Corp.
July 31, 1962 filed 144,500 common. **Price**—$7. **Business** Operation of bowling centers. **Proceeds**—For expansion, working capital and debt repayment. **Office**—19 Country Club Shopping Center, Levittown, Pa. **Underwriter**—Walnut Securities Corp., Philadelphia.

International Drug & Surgical Corp.
March 23, 1962 filed 150,000 class A shares. **Price**—$4. **Business**—Importing, licensing, and manufacturing of pharmaceutical and medical instruments. **Proceeds**—For working capital and other corporate purposes. **Office**—375 Park Ave., N. Y. **Underwriters**—Seymour Blauner Co., and Wm. Stix Wasserman & Co., Inc., N. Y.

International Realty Corp.
April 27, 1962 filed $18,000,000 of s. f. debentures due 1977, 360,000 common shares and five year warrants to purchase 540,000 common shares to be offered in 180,000 units, each unit consisting of $100 of debentures, two common shares and warrants to purchase three additional shares. **Price**—By amendment (max. $110 per unit). **Business**—Real estate investment. **Proceeds**—For debt repayment, construction, and other other corporate purposes. **Office**—919 N. Michigan Ave., Chicago. **Underwriter**—Kidder, Peabody & Co., N. Y.

International Systems Research Corp.
March 30, 1962 filed 110,000 class A common and 9-month warrants to purchase 110,000 class A shares at $4 per share, to be offered in units, each consisting of one share and one warrant. **Price**—$4 per unit. **Business**—Design, development and manufacture of mechanical, electromechanical and electronic equipment for government agencies and the military. **Proceeds**—For equipment, debt repayment and working capital. **Office**—Engineer's Hill, Plainview, L. I., N. Y. **Underwriter**—International Services Corp., Clifton, N. J.

International Terrazzo Co., Inc.
May 15, 1962 ("Reg. A") 75,000 common. **Price**—$2. **Business**—Manufacture and installation of terrazzo flooring, and the installation of marble and tile. **Proceeds**—For equipment, debt repayment, working capital and other corporate purposes. **Office**—826 62nd St., Brooklyn, N. Y. **Underwriter**—Drourr, Lampert & Co., Inc., New York.

International Vending Corp.
June 27, 1962 ("Reg. A") 60,000 class A common. **Price**—$5. **Business**—Installation and servicing of coin-operated vending machines. **Proceeds**—For debt repayment, consolidation of offices and working capital. **Office**—1028 Commonwealth Ave., Boston, Mass. **Underwriter**—Gianis & Co., Inc., N. Y. **Offering**—Indefinitely postponed.

Interstate Equity
March 30, 1962 filed 1,605,100 shares of beneficial interest. **Price**—(max. $10). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—450 Seventh Ave., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y.

Interworld Film Distributors, Inc.
Sept. 29, 1961 filed 106,250 common. **Price**—$4. **Business**—Theatrical distribution and co-production of foreign and domestic feature films. **Proceeds**—For acquisition, co-production, dubbing, adaptation and distribution of films, and working capital. **Office**—1776 B'way, N. Y. **Underwriters**—General Securities Co., Inc., and S. Kasdan & Co., Inc., N. Y. **Offering**—Indefinitely postponed.

Investment Management Corp.
May 10, 1962 filed 100,000 common to be offered for subscription by stockholders on a 2-for-1 share basis. Unsubscribed shares will be offered to the public. **Price**—To stockholders, $2.50; to the public, $3.50. **Business**—Manager and distributor for Western Industrial Shares, Inc., a mutual fund. **Proceeds**—For debt repayment and general corporate purposes. **Office**—818 17th St., Denver. **Underwriter**—None.

Investment Securities Co.
March 16, 1962 filed 250,000 common, of which 125,000 are to be offered by the company and 125,000 by a stockholder. **Price**—By amendment (max. $20). **Business**—A management investment company specializing in the insurance field. **Proceeds** — For debt repayment, working capital and possible expansion. **Office**—901 Washington Ave., St. Louis. **Underwriters** — Scherck, Richter Co., and Dempsey-Tegeler & Co., Inc., St. Louis. **Offering**—Indefinitely postponed.

Investors Real Estate Trust
July 23, 1962 filed 300,000 shares. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office** — 30 State St., Boston. **Underwriter**—Empire Planning Corp., N. Y.

Investors Realty Trust
May 31, 1962 filed 200,000 shares. **Price** — $10. **Business**—A real estate investment trust. **Proceeds** — For construction and investment. **Office** — 3315 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—None.

● **Iona Manufacturing Co.**
Jan. 26, 1962 filed 140,000 common, of which 125,000 are to be offered by the company and 15,000 shares by a stockholder. **Price**—By amendment. **Business**—Manufacture of household electric appliances and electric motors. **Proceeds**—For new products and working capital. **Office**—Regent St., Manchester, Conn. **Underwriter** — S. D. Fuller & Co., N. Y.

Iowa Public Service Co. (8/29)
July 3, 1962 filed 320,468 common to be offered for subscription by stockholders on the basis of one new share for each 10 held of record Aug. 28. **Price**—By amendment. **Proceeds**—For debt repayment, and construction. **Office**—Orpheum-Electric Bldg., Sioux City, Iowa. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.; Carl M. Loeb, Rhoades & Co.; Ladenburg, Thalmann & Co.-Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly). **Bids**—Aug. 29 (11 a.m. EDST), Second Floor 44 Wall St., N. Y. **Information Meeting**—Aug. 23 (11 a.m. EDST) at same address.

Jaap Penraat Associates, Inc. (9/10)
Jan. 30, 1962 filed 100,000 common. **Price**—$3. **Business**—Industrial designing, the design of teaching machines and the production of teaching programs. **Proceeds**—For expansion, new facilities and working capital. **Office**—315 Central Park W., N. Y. **Underwriter**—R. F. Dowd & Co., Inc., N. Y.

Jackson's/Byrons Enterprises Inc.
March 13, 1962 filed $750,000 convertible subordinated debentures due 1977; also 120,000 class A common, of which 66,666 shares are to be offered by the company and 53,334 by stockholders. **Price**—By amendment (max. $12.50 for common). **Business**—Operation of a chain of retail department stores. **Proceeds**—For debt repayment and working capital. **Office**—29 N. W. 10th St., Miami, Fla. **Underwriter**—Clayton Securities Corp., Boston. **Offering**—Expected sometime in October.

● **Jamaica Public Service Ltd.**
March 30, 1962 filed 215,000 common, of which 100,000 shares are to be offered by company and 115,000 shares by stockholders. **Price** — By amendment (max. $25). **Business**—A holding company for a Jamaican Electric utility. **Proceeds**—For acquisition of additional stock in subsidiary. **Office**—507 Place D'Armes, Montreal, Canada. **Underwriters** — Stone & Webster Securities Corp and Greenshields & Co., Inc., N. Y. **Offering**—Indefinitely Postponed.

Jamoco Air Conditioning Corp.
Feb. 28, 1962 ("Reg. A") 40,000 common. **Price** — $3. **Business**—Design, installation and maintenance of heating, plumbing and air conditioning systems. **Proceeds**—For inventory, equipment and other corporate purposes. **Office** — 954 Jamaica Ave., Brooklyn, N. Y. **Underwriter**—Martin-Warren Co., Ltd., N. Y.

Jarcho Bros., Inc.
March 23, 1962 filed 240,000 common. **Price**—By amendment (max. $12). **Business**—Installation of plumbing, heating, ventilation and air-conditioning systems. **Proceeds**—For selling stockholders. **Office**—38-18 33rd St., Long Island City, N. Y. **Underwriter**—Shearson, Hammill & Co., N. Y. **Note**—This offering was temporarily postponed.

Jaylis Industries, Inc.
Oct. 18, 1961 filed 150,000 class A common. **Price**—$8. **Business**—Manufactures patented traversing screens for use as window coverings, room dividers, folding doors, etc. **Proceeds**—For debt repayment and general corporate purposes. **Office**—514 W. Olympic Blvd., Los Angeles. **Underwriter**—D. E. Liederman & Co., Inc., N. Y. **Offering**—Temporarily postponed.

Jerlee Products Corp.
May 1, 1962 filed 75,000 common. **Price**—$4.25. **Business**—Processing and distribution of vinyl roll plastic fabric and vinyl tablecloths, and various foam rubber items. **Proceeds**—For equipment, raw materials, debt repayment and working capital. **Office**—596-612 Berriman St., Brooklyn, N. Y. **Underwriter**—R. P. Raymond & Co., Inc., 26 Broadway, N. Y.

Kaiser-Nelson Corp. (9/4-7)
March 29, 1962 filed 140,000 common, of which 70,000 are to be offered by company and 70,000 by stockholders. **Price**—By amendment (max. $10). **Business**—Reclamation of metallics from steel slag; mining of sand and gravel; and dismantling and salvage of industrial buildings. **Proceeds**—For new plants, debt repayment and working capital. **Office**—6272 Canal Rd., Cleveland. **Underwriter**—Robert L. Ferman & Co., Inc., Miami, Fla.

Kaltman (D.) & Co., Inc.
June 28, 1962 filed $1,650,000 of conv. subord. debentures due 1977 to be offered for subscription by stockholders on the basis of $100 of debentures for each 100 shares held. **Price**—At par. **Business**—Operation of a wholesale drug business. **Proceeds**—For debt repayment and working capital. **Office**—425 Park Ave., N. Y. **Underwriter**—None.

● **Kapner, Inc. (8/29)**
March 29, 1962 filed 50,000 common. **Price**—$5. **Business**—Mail order sale of merchandise. **Proceeds**—For equipment and working capital. **Office**—1924 Washington Ave., Bronx, N. Y. **Underwriter**—Arnold, Wilkens & Co., Inc., N. Y.

Kaufman Carpet Co., Inc.
March 29, 1962 filed 250,000 common. **Price**—$5. **Business**—Operation of a chain of retail stores selling carpets and rugs. **Proceeds**—For expansion, inventory, debt repayment and working capital. **Office**—1800 Boston Rd., Bronx, N. Y. **Underwriter**—Michael G. Kletz & Co., N. Y.

Kavanau Corp.
March 29, 1962 filed 50,000 shares 6% cum. preferred and four-year common stock purchase warrants to be offered in units consisting of one preferred and one warrant. **Price**—By amendment (max. $101 per unit). **Business**—Real estate investment. **Proceeds**—For debt repayment and working capital. **Office**—30 E. 42nd St., N. Y. **Underwriter**—Hayden, Stone & Co., N. Y.

Kay Foods Corp.
Dec. 29, 1961 filed 88,000 class A common shares, of which 44,000 are to be offered by the company and 44,000 by stockholders. **Price**—$7. **Business**—Packing and sale of fruit juice products. **Proceeds**—For general corporate purposes. **Office**—241 N. Franklintown Rd., Baltimore. **Underwriter** — Auchincloss, Parker & Redpath, Washington, D. C. **Offering**—Indefinitely postponed.

Keene Packaging Associates
April 2, 1962 filed 165,000 common, of which 100,000 are to be offered by company and 65,000 by stockholders. **Price**—$4. **Business**—Design and manufacture of semi-rigid vinyl plastic cases and containers for packaging.

Proceeds — For debt repayment, working capital and other corporate purposes. **Office** — 947 Newark Ave., Elizabeth, N. J. **Underwriter**—Hardy & Co., N. Y.

● **Kelley Realty Corp.**
March 16, 1962 filed 250,000 class A common. **Price** — By amendment (max. $10). **Business**—Company owns and operates apartment and office buildings. **Proceeds**—For debt repayment. **Office**—1620 S. Elwood St., Tulsa, Okla. **Underwriters**—Fulton, Reid & Co., Inc., Cleveland and Walston & Co., Inc., N. Y. **Note**—This registration was withdrawn.

Kenner Products Co.
March 30, 1962 filed 542,000 common, of which 205,000 are to be offered by company and 317,000 by stockholders. **Price**—By amendment (max. $24). **Business**—Manufacture, design, and distribution of plastic toys. **Proceeds**—For general corporate purposes. **Office**—912 Sycamore St., Cincinnati, Ohio. **Underwriter**—Kuhn, Loeb & Co., New York.

Keystone Discount Stores, Inc.
May 24, 1962 filed 110,000 common. **Price**—By amendment ($5.25). **Business**—Operation of three retail discount stores. **Proceeds**—For expansion. **Address**—R. D. No. 2, North Lebanon Township, Lebanon, Pa. **Underwriters**—Suplee, Yeatman, Mosley Co. Inc. and Woodcock, Moyer, Fricke & French, Inc. Philadelphia.

Keystone-Universal Industries Inc.
July 24, 1962 filed 100,000 common. **Price**—$3.50. **Business**—Retail sale of carpets. **Proceeds** — For expansion and working capital. **Office**—4042-54 Sawmill Run Blvd., Pittsburgh. **Underwriter** — Strathmore Securities, Inc., Pittsburgh.

Kine Camera Co., Inc.
Nov. 21, 1961 filed 75,000 common. **Price**—$5. **Business**—Importing and distribution of cameras, binoculars and photographic equipment. **Proceeds**—For debt repayment and working capital. **Office**—889 Broadway, N. Y. **Underwriter**—Underhill Securities Corp., N. Y.

Kingsberry Homes Corp.
April 9, 1962 filed 140,000 shares of capital stock of which 100,000 will be offered by company and 40,000 by stockholders. **Price**—By amendment (max. $17.50). **Business**—Manufacture of prefabricated homes. **Proceeds**—For a new plant. **Office**—1725 S. Gault Ave., Ft. Payne, Ala. **Underwriters**—The Robinson - Humphrey Co., Inc., Atlanta, and J. C. Bradford & Co., Nashville. **Offering**—Indefinitely postponed.

Kollmorgan Corp.
Nov. 9, 1961 filed 100,000 common, of which 40,000 are to be sold by the company and 60,000 by stockholders. **Price**—By amendment. **Business**—Manufacture of optical equipment. **Proceeds**—For debt repayment. **Office**—347 King St., Northampton, Mass. **Underwriter**—Putnam & Co., Hartford. **Offering**—Temporarily postponed.

● **Kornhandler (Lou), Inc. (8/31)**
July 27, 1962 ("Reg. A") 125,000 common. **Price**—$2. **Business**—Manufacture and wholesaling of women's apparel. **Proceeds**—For debt repayment, equipment, sales promotion and working capital. **Office**—910 S. Los Angeles St., Los Angeles. **Underwriter**—Costello, Russotto & Co., Beverly Hills, Calif.

Kraft (John) Sesame Corp.
May 24, 1962 filed $225,000 of 6% conv. subord. debentures, due 1972, and 150,000 common to be offered in units consisting of a $300 debenture and 200 shares. **Price**—$900 per unit. **Business**—Processing and distribution of sesame seed. **Proceeds**—For accounts receivable, inventories, plant expansion and working capital. **Office**—2301 N. Main St., Paris, Texas. **Underwriters**—John A. Dawson & Co., and Leason & Co., Inc., Chicago.

Kreedman Realty & Construction Corp.
April 19, 1962 filed $5,000,000 of conv. subord. debentures due 1982 and 200,000 common shares to be offered in units consisting of $25 of debentures and one common share. **Price**—By amendment (max. $27). **Business**—Construction and operation of office buildings. **Proceeds**—For debt repayment. **Office**—9350 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Indefinitely postponed.

Kwik-Kold, Inc.
March 29, 1962 ("Reg. A") 100,000 common of which 65,000 will be sold for company and 35,000 for stockholders. **Price** — $3. **Business** — Manufacture of certain patented cooling packages. **Proceeds**—For debt repayment and working capital. **Office**—Jennings Bldg., P. O. Box 638, Moberly, Mo. **Underwriter**—John W. Flynn & Co., Santa Barbara, Calif.

★ **Lakewood Acceptance Corp.**
Aug. 13, 1962 ("Reg. A") 240,000 common. **Price**—$1.25. **Business**—General consumer finance and small loan. **Proceeds**—For debt repayment and working capital. **Office**—7099 W. Colfax Ave., Lakewood, Colo. **Underwriter**—None.

Laminetics Inc. (9/4-6)
March 22, 1962 filed 80,000 common. **Price**—$3.50. **Business**—Production and sale of gift sets, linens, place mats, etc. **Proceeds**—For equipment, moving expenses, sales promotion and other corporate purposes. **Office** — 20 W. 27th St., N. Y. **Underwriter**—Fabrikant Securities Corp., N. Y.

Lee Fashions, Inc.
Dec. 27, 1961 filed 166,667 common. **Price**—By amendment. **Business**—Importing of low priced ladies' scarfs and blouses. **Proceeds**—For debt repayment and working capital. **Office**—2529 Washington Blvd., Baltimore. **Underwriters**—Godfrey, Hamilton, Taylor & Co., N. Y. and Penzell & Co., Miami Beach. **Note**—This registration will be withdrawn.

Lee-Norse Co.
May 25, 1962 filed 272,000 common. **Price**—By amendment (max. $20). **Business**—Production of a coal mining machine. **Proceeds**—For selling stockholders. **Office**—751 Lincoln Ave., Charleroi, Pa. **Underwriter**—Moore, Leonard & Lynch, Pittsburgh.

Lembo Corp.
Dec. 21, 1961 filed 100,000 common. **Price**—$3.50. **Business**—Manufactures steel re-inforced concrete utilities sanitary structures, fallout shelters and play sculptures. **Proceeds**—For debt repayment, sales promotion and working capital. **Office**—145 W. 11th St., Huntington Station, L. I., N. Y. **Underwriter**—Blank, Lieberman & Co., Inc., N. Y.

Lesco Automotive Corp.
June 28, 1962 ("Reg. A") 50,000 common. **Price**—$6. **Business** — Company buys and sells automotive parts. **Proceeds** — For debt repayment and general corporate purposes. **Office** — 430 Hegeman Ave., Brooklyn, N. Y. **Underwriter**—M. H. Meyerson & Co., Inc., New York.

Leslie Fay Inc. (9/4)
July 27, 1962 filed 200,000 class A shares. **Price**—By amendment (max. $12). **Business**—Design and manufacture of women's dresses, suits and coats. **Proceeds**—For plant expansion, equipment and working capital. **Office**—1400 Broadway, N. Y. **Underwriter**—Shearson, Hammill & Co., N. Y.

● **Lesser (Louis) Enterprises, Inc.**
March 30, 1962 filed 1,000,000 class A common. **Price**—$10. **Business**—Real Estate management and construction. **Proceeds**—For debt repayment and general corporate purposes. **Office**—8737 Wilshire Blvd., Beverly Hills, Calif. **Underwriters**—Morris Cohon & Co. and Leiberbaum & Co., N. Y. **Offering**—Expected sometime in Sept.

Levine's, Inc.
March 19, 1962 filed 80,000 common. **Price**—By amendment (max. $17.50). **Business** — Operation of a chain of clothing and dry goods stores. **Proceeds** — For selling stockholders. **Office** — 8908 Ambassador Row, Dallas. **Underwriter**—Kidder, Peabody & Co., N. Y. **Offering**—Indefinitely postponed.

Lewis (Tillie) Foods, Inc. (10/1)
April 9, 1962 filed $4,000,000 of 5½% convertible subordinated debentures due 1977. **Price**—At par. **Business**—Processing, canning, bottling and selling of fruits and vegetables. **Proceeds**—For debt repayment and working capital. **Office**—Fresno Ave. & Charter Way, Stockton, Calif. **Underwriter**—Van Alstyne, Noel & Co., N. Y.

● **Lewiston-Gorham Raceways, Inc.**
March 14, 1962 filed $1,000,000 of 6½% first mortgage bonds due 1977 and 200,000 common to be offered in units consisting of a $500 bond and 100 shares. **Price**—$500 per unit. **Business**—Conducting commercial parimutuel harness racing meets in Lewiston and Gorham, Maine. **Proceeds** — For debt repayment, property improvements and working capital. **Office**—33 Court St., Auburn, Maine. **Underwriter**—P. W. Brooks & Co., N. Y. **Note**—This registration was withdrawn.

Lilli Ann Corp.
March 29, 1962 filed $750,000 of conv. subord. debentures due 1977, also 100,000 common shares to be offered by stockholders. **Price**—By amendment. **Business**—Design, manufacture and distribution of women's high fashion suits and coats. **Proceeds**—Net proceeds from the debenture sale will be added to the general funds of the company, a portion of which may be used to retire short-term loans. **Office**—2701 16th St., San Francisco. **Underwriters**—Sutro & Co., San Francisco and F. S. Smithers & Co., New York.

● **Lily Lynn, Inc.**
Feb. 23, 1962 filed 64,000 common. **Price** — $7.25. **Business**—Design, manufacture and sale of women's casual dresses. **Proceeds**—For debt repayment, working capital and expansion. **Office** — Herman L. Bishins Bldg., Riverside Ave., New Bedford, Mass. **Underwriter**—J. R. Williston & Beane, N. Y. **Offering**—Imminent.

Livestock Financial Corp. (9/4-7)
Feb 23, 1962 filed 245,000 common. **Price**—$10. **Business**—An insurance holding company whose subsidiaries insure the lives of all types of animals. **Proceeds**—To form new subsidiaries. **Office**—26 Platt St., N. Y. **Underwriter**—Shearson, Hammill & Co., N. Y.

Lockfast Mfg. Co.
Jan. 11, 1962 ("Reg. A") 85,000 common. **Price** — $3.50 **Business**—Manufacture of furniture hardware for sale to furniture manufacturers. **Proceeds**—For debt repayment, steel inventories nad plant expansion. **Office**—3006 Boarman Ave., Baltimore. **Underwriter**—R & D Investors Corp., Port Washington, N. Y.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd.

Lordhill Corp.
March 30, 1962 filed 63,000 common. **Price**—$5. **Business**—Company provides optometric services and dispenses optical items. **Proceeds**—For expansion, a laboratory and working capital. **Office**—130 W. 57th St., N. Y. **Underwriters**—J. R. Williston & Beane and Doft & Co., Inc., N. Y. **Offering**—Temporarily postponed.

Lunar Films, Inc.
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., N. Y. **Underwriter**—To be named. **Note**—This firm formerly was named Lunar Enterprises, Inc. **Offering**—Postponed.

Lyntex Corp. (9/10-14)
June 29, 1962 filed $600,000 of 6½% s. f. debentures due 1977 and 120,000 common to be offered in units consisting of $500 of debentures and 100 common. **Price**—By amendment (max. $720 per unit). **Business**—Manufacture of light gauge vinyl plastic film and sheeting. **Proceeds**—For acquisition of predecessor's business and working capital. **Office**—40 E. 34th St., N. Y. **Underwriter**—P. W. Brooks & Co., Inc., N. Y.

Mac-Allan Co., Inc.
Feb. 23, 1962 filed 130,260 of class A common, of which 65,130 are to be offered by the company and 65,130 by stockholders. **Price**—$5. **Business**—Sale and distribution of costume jewelry, ladies' handbags, and accessories. **Proceeds** — For working capital. **Office** — 1650 Broadway, Kansas City, Mo. **Underwriter**—George K. Baum & Co., Kansas City. **Offering**—Indefinitely postponed.

McGrath (John W.) Corp.
June 28, 1962 filed 253,875 common. **Price**—By amendment (max. $15). **Business**—Contract stevedoring and related operations. **Proceeds**—For selling stockholders. **Office**—39 Broadway, N. Y. **Underwriter**—Bear, Stearns & Co., N. Y.

Magazines For Industry, Inc.
Aug. 2, 1961 filed 100,000 common, of which 80,000 will be offered by the company and 20,000 by stockholders. **Price**—$5. **Business**—The publishing of business periodicals. **Proceeds**—For promotion, a new publication and working capital. **Office**—660 Madison Ave., New York. **Underwriter**—Arnold, Wilkens & Co., Inc., N. Y. **Offering**—Temporarily postponed.

Magellan Sounds Corp.
Feb. 28, 1962 filed 60,000 common (with attached one-year class A warrants to purchase 60,000 common shares at $4 per share and two-year class B warrants to purchase 60,000 shares at $4.50 per share) to be offered in units (each consisting of one share, one class A warrant and one class B warrant). **Price**—$4 per unit. **Business**—Production of educational and recreational devices and games. **Proceeds**—For general corporate purposes. **Office**—130 E. 40th St., N. Y. **Underwriter**—Darius Inc., N. Y. **Offering**—Temporarily postponed.

Magnetics Research Co. Inc. (9/24-28)
April 30, 1962 filed 100,000 common. **Price**—$3. **Business**—Design and marketing of magnetic memory units. Company also plans to market transistor logic units and subsystems for use in computers, business machines and data handling systems. **Proceeds**—Expansion of sales and engineering, new product development and equipment. **Office**—179 Westmoreland Ave., White Plains, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., N. Y.

Mail Assembly Service, Inc.
April 27, 1962 filed 100,000 common. **Price**—$2.25. **Business**—Assembling of packages for shipment to post offices. **Proceeds**—For general corporate purposes. **Office**—145 Ave. of the Americas, N. Y. **Underwriter**—Globus, Inc., N. Y.

Majestic Utilities Corp.
July 31, 1962 filed 29,000 common. **Price**—By amendment (max. $4). **Business**—Door to door sale of merchandise and collection of the accounts receivable. **Proceeds**—For a selling stockholder. **Office**—1514 Arapahoe St., Denver. **Underwriter**—None.

Mammoth Mart Inc.
April 5, 1962 filed 200,000 common, of which 100,000 are to be sold by company and 100,000 by stockholders. **Price**—By amendment (max. $15). **Business**—Operation of self-service discount department stores. **Proceeds** — For debt repayment and working capital. **Office**—106 Main St., Brockton, Mass. **Underwriter**—McDonnell & Co., New York

Manhattan Drug Co., Inc.
March 29, 1962 filed 72,000 common, of which 58,000 are to be offered by company and 14,000 by stockholders. **Price**—$3.50. **Business**—Manufacture, packaging and sale of various proprietary drug products. **Proceeds**—For equipment, new products, debt repayment and working capital. **Office**—156 Tillary St., Brooklyn, N. Y. **Underwriter**—Dana Securities Co., Inc., N. Y.

Marin County Financial Corp.
May 2, 1962 filed 102,050 capital shares, of which 27,790 are to be offered by company and 74,260 by stockholders. **Price**—By amendment (max. $18). **Business**—A holding company for a savings and loan association. **Proceeds**—For investment. **Office**—990 Fifth Ave. at Court, San Rafael, Calif. **Underwriter**—Dean Witter & Co., San Francisco. **Offering**—Indefinitely postponed.

Marks Polarized Corp.
June 27, 1961 filed 95,000 common shares. **Price**—By amendment. **Business**—Conducts research and development in electronics, optics, electro-optics, quantum electronics, etc. **Proceeds** — For expansion, acquisition of new facilities and other corporate purposes. **Office**—153-16 Tenth Ave., Whitestone, N. Y. **Underwriters**—Ross, Lyon & Co., Inc. (mgr.), Glass & Ross, Inc., and Globus, Inc., N. Y. C. **Offering**—Postponed.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—R. P. Raymond & Co., Inc., 26 Broadway, N. Y.

Martin (L. P.) Maintenance Corp.
March 23, 1962 filed 100,000 common, of which 20,000 are to be offered by company and 80,000 by a stockholder. **Price**—$5. **Business**—Cleaning and maintenance of buildings and the sale of janitorial supplies and

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equipment. **Proceeds**—For debt repayment and working capital. **Office**—840 DeKalb Ave., N. E., Atlanta. **Underwriter**—Johnson, Lane, Space Corp., Atlanta. **Offering**—Indefinitely postponed.

Massachusetts Electric Co. (8/27)
July 26, 1962 filed 75,000 shares of cum. preferred (par $100). **Proceeds**—To redeem certain outstanding bonds, notes and preferred stock of merging companies. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Eastman Dillon, Union Securities & Co. (jointly); Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. **Bids**—Aug. 27, 1962 (11 a.m. EDST) at company's offices. **Information Meeting**—Aug. 22, 1962 (11 a.m. EDST) at Irving Trust Co., One Wall St., N. Y.

Massachusetts Electric Co. (8/27)
July 26, 1962 filed $60,000,000 of first mortgage bonds, series G, due Sept. 1, 1992. **Proceeds**—To redeem certain outstanding bonds, notes and preferred stock of Lynn Electric Co., Merrimack-Essex Electric Co., and Suburban Electric Co., which subsidiaries of New England Electric System, will be merged into Massachusetts Electric, also a subsidiary. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Eastman Dillon, Union Securities & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Kidder, Peabody & Co.-Blyth & Co. Inc.-White, Weld & Co. (jointly). **Bids**—Aug. 27, 1962 (12 noon EDST) at company's offices. **Information Meeting**—Aug. 22, 1962 (11 a.m. EDST) at Irving Trust Co., One Wall St., N. Y.

Masters, Inc.
March 22, 1962 filed $1,500,000 of 6% conv. subord. debentures due 1972; also 150,000 common shares, of which 80,000 will be offered by the company and 70,000 by a stockholder. The securities will be offered in units of one $100 debenture and 10 common shares, except that up to $700,000 of debentures and 70,000 shares may be offered separately. **Price**—For debentures, at par; for common, $10. **Business**—Operation of discount department stores selling a wide variety of merchandise. **Proceeds**—For expansion. **Office**—135-21 38th Ave., Flushing, N. Y. **Underwriters**—Sterling, Grace & Co. and Norton, Fox & Co., Inc., N. Y. **Offering**—Indefinitely postponed.

Mechmetal-Tronics Inc.
May 28, 1962 filed 150,000 shares of 8% convertible cumulative preferred stock. **Price**—$3. **Business**—Design and manufacture of miniature metal bellows and other miniature products. **Proceeds**—For debt repayment, research and development and working capital. **Office**—12 Rochelle Ave., Rochelle Park, N. J. **Underwriter**—Charles Plohn & Co., New York.

Medical Industries Fund, Inc.
Oct. 23, 1961 filed 25,000 common. **Price**—$10. **Business**—A closed-end investment company which plans to become open-end. **Proceeds**—For investment in the medical industry and capital growth situations. **Office**—677 Lafayette St., Denver. **Underwriter**—Medical Associates, Inc., Denver.

Medical Video Corp.
Nov. 13, 1961 filed 250,000 common. **Price**—$10. **Business**—Manufacture of medical electronic equipment. **Proceeds**—For general corporate purposes. **Office**—Studio City, Calif. **Underwriter**—Financial Equity Corp., Los Angeles.

Memorial Services, Inc.
April 30, 1962 filed 1,200,000 common. **Price**—$1. **Business**—Company plans to acquire and operate funeral homes. **Proceeds**—For acquisitions, debt repayment and working capital. **Office**—315 E. Sixth Ave., Helena, Mont. **Underwriter**—Memorial Securities, Inc., Helena.

Mercantile Stores Co., Inc.
May 24, 1962 filed 169,302 common. **Price**—By amendment (max. $26). **Business**—Operation of a chain of department stores. **Proceeds**—For selling stockholders. **Office**—100 W. 10th St., Wilmington, Del. **Underwriter**—Clark, Dodge & Co., Inc., N. Y.

• **Merco Enterprises, Inc.**
April 20, 1962 filed 104,000 common, of which 33,000 are to be offered by company and 71,000 by stockholders. **Price**—By amendment (max. $7.50). **Business**—Sale of phonograph records through leased record departments. **Proceeds**—For moving expenses, working capital and general corporate purposes. **Office**—1692 Utica Ave., Brooklyn, N. Y. **Underwriter**—D. J. Singer & Co., N. Y. **Note**—This registration was withdrawn.

Mercury Books, Inc.
Feb. 14, 1962 filed 55,000 common. **Price**—$4.50. **Business**—Publishing of newly written popular biographies. **Proceeds**—For working capital. **Office**—1512 Walnut St., Philadelphia. **Underwriter** — Meade & Co., N. Y. **Offering**—Temporarily postponed.

Met Food Corp.
March 30, 1962 filed $1,500,000 of convertible subordinated debentures due 1977 to be offered by company and 34,200 common by stockholders. **Price**—By amendment (max. $10). **Business**—Distribution of food and related products to supermarkets and other retail stores in the New York Metropolitan area. **Proceeds**—For general corporate purposes. **Office**—345 Underhill Blvd., Syosset, N. Y. **Underwriter**—Brand, Grumet & Siegel, Inc., N. Y.

Metropolitan Acceptance Corp.
Oct. 2, 1961 filed $300,000 of 6% subordinated convertibles due 1967 and 60,000 common shares to be offered in units consisting of $100 of debentures and 20 common shares. **Price**—$150 per unit. **Business**—Financing of retail sales. **Proceeds**—For working capital. **Office**—5422 Western Ave., Chevy Chase, Md. **Underwriter**—To be named.

Metropolitan Realty Trust (9/4)
Dec. 20, 1961 filed 1,000,000 shares of beneficial interest. **Price**—$6.50. **Business**—A real estate investment trust. **Proceeds**—For general corporate purposes. **Office**—1700 K St., N. W., Washington, D. C. **Underwriter**—Eisele & King, Libaire, Stout & Co., N. Y.

Midwest Planned Investments, Inc.
May 28, 1962 filed 250,000 common. **Price**—By amendment (max. $7). **Business**—Company is engaged in the distribution of shares on contractual plan of other mutual funds, in trading in over-the-counter market, and in underwriting. **Proceeds**—For hiring and training of personnel. **Office**—1300 First National Bank Bldg., Minneapolis. **Underwriter**—None.

Midwest Technical Development Corp.
Feb. 26, 1962 filed 561,500 common to be offered for subscription by stockholders on the basis of one share for each two shares held. **Price**—By amendment (max. $7). **Business** — A closed-end management investment company. **Proceeds** — For general corporate purposes. **Office** — 2615 First National Bank Bldg., Minneapolis. **Underwriter**—None.

• **Milmanco Corp.**
May 2, 1962 ("Reg. A") 75,000 common, of which 64,200 will be sold by company and 10,800 by stockholders. **Price**—$4. **Business**—Company writes, prepares and prints technical manuals for armed forces and industry. **Proceeds**—For debt repayment and expansion. **Office**—620 7th Ave., Renton, Wash. **Underwriter**—Cruttenden & Co., Inc., 618 S. Spring St., Los Angeles. **Note**—This letter was withdrawn.

Minichrome Co.
June 18, 1962 ("Reg. A") $50,000 of five year 7% subordinated convertible debentures to be offered in denominations of $500 due Nov. 1, 1967. **Price**—At par. **Business** — Processes Kodachrome film. **Proceeds**—For working capital. **Office**—980 W. 79th St., Minneapolis. **Underwriter**—Continental Securities, Inc., Minneapolis.

Miracle Mart, Inc.
April 20, 1962 filed 295,000 common, of which 140,000 are to be offered by company and 155,000 by stockholders. **Price**—By amendment (max. $14). **Business**—Operation of self-service discount department stores. **Proceeds**—For debt repayment, expansion and working capital. **Office**—370 W. 35th St., N. Y. **Underwriter**—McDonnell & Co., N. Y.

Missile Valve Corp.
Nov. 24, 1961 ("Reg. A") 300,000 common. **Price** — $1. **Business** — Production and sale of new type butterfly valve. **Proceeds**—For purchase of the patent and production and development of the valve. **Office** — 5909 Hollywood Blvd., Hollywood, Calif. **Underwriter**—Brown & Co., Phoenix, Ariz.

Monarch Plastics Corp.
May 28, 1962 ("Reg. A") 140,000 common. **Price**—$2. **Business**—Manufacture and sale of plastic letters, embossed sign faces, quantity signs and boat windshields. **Proceeds**—For purchase of land and building, moving expenses, equipment and working capital. **Office**—5606 Stuebner Airline Rd., Houston. **Underwriter**—W. R. Sauve Co., N. Y.

Montebello Liquors, Inc.
April 5, 1962 filed 160,000 common. **Price**—By amendment (max. $5). **Business**—Blending, bottling and marketing of alcoholic beverages. **Proceeds**—For equipment, inventories, advertising and working capital. **Office**—Bank St. & Central Ave., Baltimore. **Underwriters**—Street & Co., and Morris Cohon & Co., N. Y. **Offering**—Temporarily postponed.

Moskatel's, Inc. (9/4-7)
May 28, 1962 filed 104,000 capital shares, of which 20,000 are to be offered by the company and 84,000 by stockholders. **Price**—By amendment (max. $8.50). **Business**—Sale of artificial flowers and florists' supplies. **Proceeds**—For payment of income taxes. **Office**—738 S. Wall St., Los Angeles, Calif. **Underwriter**—Thomas Jay, Winston & Co., Inc., Beverly Hills, Calif.

Mosler Safe Co.
March 23, 1962 filed 260,000 common. **Price**—By amendment (max. $20). **Business**—Manufacture of safes, bank vaults, security systems and office equipment. **Proceeds**—For selling stockholders. **Office**—320 Park Ave., N. Y. **Underwriter**—Blyth & Co., Inc., N. Y.

Mott's Super Markets, Inc.
March 29, 1962 filed 75,000 common. **Price**—By amendment (max. $8). **Business**—Operation of a chain of supermarkets. **Proceeds**—For debt repayment, equipment, and working capital. **Office**—59 Leggett St., East Hartford, Conn. **Underwriter**—D. H. Blair & Co., Inc., N. Y. **Offering**—Indefinitely postponed.

Multi State Industries, Inc.
April 6, 1962 ("Reg. A") 80,000 common. **Price**—$3. **Business**—Design, fabrication and marketing of plastic toys, games and novelties. **Proceeds**—For equipment, working capital and other corporate purposes. **Office**—275 New Jersey Railroad Ave., Newark, N. J. **Underwriter**—G. K. Scott & Co., Inc., N. Y. **Offering**—Temporarily postponed.

Multronics, Inc.
Jan. 5, 1962 ("Reg. A") 100,000 capital shares. **Price**—$3. **Business**—Production of electronic parts and components and the furnishing of consulting services in the radio-engineering field. **Proceeds**—For debt repayment, equipment, and working capital. **Office**—2000 P St., N. W. Washington, D. C. **Underwriter** — Switzer & Co., Inc., Silver Spring, Md.

Municipal Investment Trust Fund, Series B
April 28, 1961 filed $12,750,000 (12,500 units) of interests. **Price** — To be supplied by amendment. **Business** — The fund will invest in tax-exempt bonds of states, counties, municipalities and territories of the U. S. **Proceeds**—For investment. **Sponsor**—Ira Haupt & Co., 111 Broadway, New York.

Music Royalty Corp.
July 27, 1962 filed 150,000 common. **Price**—$1. **Business**—Company acts as representative of artists, musicians, etc. and plans to engage in the music publishing business. **Proceeds**—For debt repayment, public relations, acquisition of musical properties, and working capital. **Office**—545 Fifth Ave., N. Y. **Underwriter**—Associated Securities Co., 545 Fifth Ave., N. Y.

• **National Bank of Israel, Ltd.**
See Bank Leumi Le-Israel B. M.

National Car Rental System Inc.
March 19, 1962 filed 200,000 common being offered for subscription by stockholders of record June 13 with rights to expire Sept. 11, 1962. **Price**—$10. **Business**—Rental of vehicles and related activities. **Proceeds**—For expansion. **Office** — 1000 Milner Bldg., Jackson, Miss. **Underwriter**—None.

National Directories, Inc.
March 29, 1962 ("Reg. A") 100,000 common. **Price**—$2.75. **Business**—Compilation and publication of regional classified telephone directories. **Proceeds**—For general corporate purposes. **Office**—3306 Lancaster Ave., Philadelphia. **Underwriter**—Crichton, Cherashore, Cundy, Inc., New York. **Note**—This letter will be withdrawn.

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business**—Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address** — Portage, Pa. **Underwriter**—Cortlandt Investing Corp., N. Y. **Offering**—Indefinitely postponed.

National Security Life Insurance Co.
March 23, 1962 filed 100,000 common, of which 80,000 are to be offered by company and 20,000 by stockholders. **Price**—$17.50. **Business**—A life, accident and health insurance company. **Proceeds**—For investment. **Office** — 130 Alvarado, N. E. Albuquerque, N. M. **Underwriter**—To be named. **Note**—The SEC has questioned the accuracy and adequacy of this registration statement.

National Semiconductor Corp.
May 11, 1961 filed 75,000 shares of capital stock. **Price**—To be supplied by amendment. **Business**—The design, development, manufacture and sale of quality transistors for military and industrial use. **Proceeds** — For new equipment, plant expansion, working capital, and other corporate purposes. **Office**—Mallory Plaza Bldg., Danbury, Conn. **Underwriters**—Lee Higginson Corp., N. Y. C. and Piper, Jaffray & Hopwood, Minneapolis (mgr.).

National Telepix, Inc.
July 30, 1962 filed $150,000 of 6½% conv. subord. debentures due 1972. **Price**—At par. **Business**—Production of motion pictures. **Proceeds**—For production and distribution expenses and working capital. **Office**—1270 Ave. of the Americas, N. Y. **Underwriter**—None.

National Uni-Pac, Inc.
July 31, 1962 filed 85,000 common. **Price**—By amendment (max. $4). **Business**—Company plans to sell or lease coin operated vending machines. **Proceeds**—For debt repayment, equipment and working capital. **Office**—15 Peachtree St., Atlanta. **Underwriter**—Drourr, Lampert & Co., Inc., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50c. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. MacPherson & Co., Toronto.

New York Testing Laboratories, Inc.
Jan. 29, 1962 filed 50,000 common. **Price**—$5. **Business**—Analyzing and testing of electronic, chemical and other materials. **Proceeds**—For plant relocation, equipment, and working capital. **Office**—47 West St., N. Y. **Underwriter**—Robbins, Clark & Co., Inc., N. Y.

• **Norda Essential Oil & Chemical Co., Inc.**
March 20, 1962 filed 200,000 class A shares. **Price**—By amendment (max. $15). **Business**—Manufacture, processing and distribution of natural and synthetic essential oils, flavor, essences, etc., to food and drug industries. **Proceeds** — For debt repayment, working capital and other corporate purposes. **Office**—601 W. 26th St., N. Y. **Underwriter**—S. D. Fuller & Co., N. Y. **Offering**—Expected in late September.

Nordon Corp., Ltd.
March 29, 1962 filed 375,000 capital shares, of which 100,000 are to be offered by company and 275,000 by stockholders. **Price**—By amendment (max. $6). **Business**—Acquisition and development of oil and natural gas properties. **Proceeds**—For drilling expenses and working capital. **Office** — 5455 Wilshire Blvd., Los Angeles. **Underwriter**—Gregory-Massari, Inc., Beverly Hills, Calif.

Nortex Oil & Gas Corp.
April 27, 1962 filed $5,000,000 of 6% conv. subord debentures due 1977. **Price**—By amendment. **Business**—Production of crude oil and natural gas. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Office**—1900 Life Bldg., Dallas. **Underwriter**—Carreau & Co., N. Y.

Northeastern Plastics, Inc.
July 26, 1962 ("Reg. A") $100,000 of 6½% conv. subord. debentures due 1972 and 25,000 common shares to be

offered in units of $100 of debentures and 25 shares. **Price**—$200 per unit. **Business**—Manufacture of compression plastics. **Proceeds**—For moving expenses and other corporate purposes. **Office**—98 Front St., Brooklyn, N. Y. **Underwriters**—Reuben, Rose & Co., Inc., and M. G. Hill & Co., N. Y.

Northwest Securities Investors, Inc.
June 25, 1962 ("Reg. A") 80,000 common. **Price**—$3.75. **Business**—Acquisition of second-trust notes secured by real estate property. **Proceeds**—For general corporate purposes. **Office**—922 You St., N. W., Washington, D. C. **Underwriter**—Clarence E. Shaw & Co., Washington, D.C.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O. Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

Nuveen Tax-Exempt Bond Fund, Series 3
Oct. 17, 1961 filed $15,300,000 of units representing fractional interests in the Fund. **Price** — By amendment. **Business**—The Fund will invest in interest bearing obligations of states, counties and municipalities of the U. S., and political subdivisions thereof which are believed to be exempted from Federal income taxes. **Proceeds**—For investment. **Office**—Chicago, Ill. **Sponsor**—John Nuveen & Co., 135 So. La Salle St., Chicago.

Nuveen Tax-Exempt Bond Fund, Series 4
Oct. 17, 1961 filed $15,000,000 of units representing fractional interests in the Fund. **Price**—By amendment. **Business**—The Fund will invest in interest-bearing obligations of states, counties, and municipalities of the U. S., and political subdivisions thereof which are believed to be exempted from Federal Income taxes. **Proceeds**—For investment. **Office**—Chicago, Ill. **Sponsor**—John Nuveen & Co., 135 So. La Salle St., Chicago.

● **Oceana International, Inc. (9/13)**
March 29, 1962 filed 150,000 common. **Price** — $5.00. **Business**—Manufacture and sale of synthetic pearl buttons. **Proceeds**—For equipment and working capital. **Office**—1331 Halsey St., Brooklyn, N. Y. **Underwriter**—Standard Securities Corp., N. Y.

Old Line Life Insurance Co. of America
July 30, 1962 filed 109,408 common. **Price**—By amendment (max. $35). **Business**—Writing of life, accident and health insurance. **Proceeds** — For selling stockholders. **Office**—707 N. 11th St., Milwaukee. **Underwriter**—J. C. Bradford & Co., Nashville.

Olympia Record Industries, Inc.
May 29, 1962 filed 66,000 class A shares. **Price**—$4. **Business**—Wholesale distribution of phonograph records and albums. **Proceeds**—For debt repayment, inventory, product expansion and working capital. **Office**—614 W. 51st St., N. Y. **Underwriters**—Gianis & Co., Inc. and Jed L. Hamburg Co., N. Y **Offering**—Indefinitely postponed.

Optec, Inc. (9/17-21)
Dec. 26, 1961 filed 160,000 common. **Price**—$3. **Business**—Research, development and fabrication of materials used in optical electronics. **Proceeds**—For equipment and working capital. **Office**—246 Main St., Chatham, N. J. **Underwriters**—Stone, Ackerman & Co., Inc., and Heritage Equity Corp., N. Y.

Orbit Stores, Inc.
May 28, 1962 filed 100,000 common. **Price**—By amendment (max. $6). **Business**—Operation of two discount type department stores. **Proceeds**—For equipment, inventory, expansion and working capital. **Office**—725 William T. Morrissey Blvd., Boston. **Underwriter**—None.

Orr (J. Herbert) Enterprises, Inc.
May 1, 1962 filed 285,000 common. **Price**—$10.50. **Business**—Company's subsidiaries manufacture cartridge tape recorders and programs therefor and men's and boys' dress trousers. **Proceeds**—For debt repayment, advertising and working capital. **Address**—Opelika, Ala. **Underwriter**—None.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

★ **Pacific Northwest Bell Telephone Co. (9/11)**
Aug. 17, 1962 filed $50,000,000 of debentures due Sept. 1, 2002. **Proceeds**—For reduction of debt due Pacific Telephone & Telegraph Co. **Office**—1200 Third Ave., Seattle. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc., N. Y. **Bids**—Sept. 11, 1962 (11 a.m. EDST) in Room 2315, 195 Broadway, N. Y.

Pacific Westates Land Development Corp.
Sept. 28, 1961 filed $1,500,000 of 7% convertible subord. debentures due 1976 and 300,000 common shares to be offered in units, each consisting of $100 of debentures and 20 common shares. **Price**—$200 per unit. **Business**—General real estate. **Proceeds**—For debt repayment and working capital. **Office** — 9412 Wilshire Blvd., Beverly Hills, Calif. **Underwriter** — Morris Cohon & Co., N. Y. **Note**—This company was formerly named Westates Land Development Corp.

Packard-Bell Electronics Corp.
May 4, 1962 filed $5,023,800 of conv. subord. debentures due 1977 to be offered for subscription by stockholders on the basis of $100 of debentures for each 17 shares held. **Price**—At par. **Business**—Design, manufacture and sale of consumer and defense electronic products. Company also installs and services its TV receivers and stereophonic units, and manufactures plywood doors. **Proceeds**—For debt repayment. **Office**—12333 W. Olympic Blvd., Los Angeles. **Underwriter**—Kidder, Peabody & Co., Inc., N. Y.

Pak-Well Paper Industries, Inc.
March 30, 1962 filed 150,000 class A common. **Price**—By amendment (max. $13). **Business**—Manufacture of envelopes, packaging materials of various kinds, wrapping paper, stationery, and school supplies. **Proceeds**—For selling stockholders. **Office**—198 W. Alameda, Denver. **Underwriter**—Francis I. du Pont & Co., N. Y.

Pan American Beryllium Corp.
Feb. 28, 1962 filed 100,000 common. **Price**—$5. **Business**—Company plans to mine for beryl ore in Argentina. **Proceeds** — For debt repayment, equipment, and other corporate purposes. **Office**—39 Broadway, N. Y. **Underwriter**—To be named.

PanAm Realty & Development Corp.
March 12, 1962 filed 400,000 class A stock. **Price**—$10. **Business**—A real estate holding and development company. **Proceeds**—For general corporate purposes. **Office**—70 N. Main St., Freeport, L. I., N. Y. **Underwriter**—To be named.

Papert, Koenig, Lois, Inc.
May 10, 1962 filed 100,000 class A shares. **Price**—By amendment (max. $8). **Business**—An advertising agency. **Proceeds**—For selling stockholders. **Office**—9 Rockefeller Plaza, N. Y. **Underwriters**—Andresen & Co. and Oppenheimer & Co., N. Y.

Parkway Laboratories, Inc.
Dec. 6, 1961 filed 160,000 common. **Price**—$5. **Business**—Manufacture of drugs and pharmaceuticals. **Proceeds**—For an acquisition, research and other corporate purposes. **Office** — 2301 Pennsylvania Ave., Philadelphia. **Underwriter**—Arnold Malkan & Co., Inc., N. Y.

Paul, Harris Stores, Inc.
April 2, 1962 ("Reg. A") 26,000 class A common. **Price**—$7.50. **Business**—Operation of wearing apparel stores. **Proceeds**—For equipment and working capital. **Office**—2920 N. Tibbs, Indianapolis. **Underwriters**—Kiser, Cohn & Shumaker, Indianapolis and Cruttenden, Podesta & Miller, Chicago. **Offering**—Indefinitely postponed.

Peerless Radio Corp.
March 22, 1962 filed 120,000 common, of which 100,000 are to be offered by the company and 20,000 by stockholders. **Price** — $4. **Business** — Distribution of electric parts and components to industrial customers. **Proceeds**—For debt repayment, inventory and working capital. **Office**—19 Wilbur St., Lynbrook, N. Y. **Underwriter**—Kordan & Co., Inc., N. Y.

Pellegrino Aggregate Technico, Inc.
Aug. 10, 1961 filed 130,000 class A common shares. **Price**—$5. **Business**—The manufacture of building materials. **Proceeds**—For payment of income taxes and loans and for working capital. **Office**—Woodbridge-Carteret Road, Port Reading, N. J. **Underwriter**—Mortimer B. Burnside & Co., Inc., N. Y. **Offering**—Temporarily postponed.

Pennsylvania Mutual Fund, Inc.
March 21, 1962 filed 1,000,000 capital shares. **Price**—By amendment (max. $10.29). **Business** — A mutual fund. **Proceeds**—For investment. **Office**—60 Wall St., N. Y. **Underwriter**—Sackville-Pickard & Co., Inc. (same address).

Pennsylvania Power Co. (9/5)
July 19, 1962 filed $12,000,000 of first mortgage bonds due 1992. **Proceeds**—For redemption of $8,000,000 of outstanding 5% first mortgage bonds due 1987, and construction. **Office**—19 East Washington St., New Castle, Pa. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co.-Equitable Securities Corp.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Ladenburg, Thalman & Co. (jointly); First Boston Corp.-Blyth & Co. (jointly). **Bids**—Expected Sept. 5, 1962 at First National City Bank, 55 Wall St., N. Y. **Information Meeting**—Aug. 29 (3:45 p.m.) at 15 William St., N. Y.

Perma-Bilt Enterprises, Inc.
May 28, 1962 filed 230,000 common. **Price**—By amendment (max. $8). **Business**—Merchandising, sale and construction of homes. **Proceeds**—For acquisition and development of land, and other corporate purposes. **Office**—319 MacArthur Blvd., San Leandro, Calif. **Underwriter**—Robert A. Martin Associates, Inc., N. Y. **Offering**—Expected in late Fall.

Permeator Corp.
May 18, 1962 filed 300,000 common to be offered for subscription by stockholders of National Petroleum Corp. Ltd., parent, on the basis of one share for each 15 National shares held. **Price**—$5. **Business**—Manufacture, use and sale of a patented tool, "Permeator," used in completion of oil and gas wells. **Proceeds**—For general corporate purposes. **Office**—445 Park Ave., N. Y. **Underwriters**—Irving Weis & Co., and Godfrey, Hamilton, Taylor & Co., Inc., N. Y.

Petro-Capital Corp.
March 28, 1962 filed 556,700 common. **Price**—$11. **Business**—A small business investment company. **Proceeds**—For general corporate purposes. **Office**—6130 Sherry Lane, Dallas. **Underwriter**—McDonnell & Co., New York.

Pictronics Corp.
Jan. 18, 1962 filed 80,000 common. **Price**—$5. **Business**—Manufacture of professional audio visual and sound recording equipment. **Proceeds**—Debt repayment, equipment and working capital. **Office**—236 E. 46th St., N. Y **Underwriter**—To be named. **Note**—This registration is being withdrawn.

Piggyback Transport Corp.
April 30, 1962 ("Reg. A") 40,000 common. **Price**—$5. **Business**—Loading and unloading of trailers and autos from freight cars, and freight consolidation and forwarding. **Proceeds**—For equipment, expansion and general corporate purposes. **Office**—1200 Seaboard Dr., Hialeah, Fla. **Underwriter**—Willard Co., 111 Broadway, N. Y.

Pioneer Restaurants, Inc.
Dec. 21, 1961 filed 125,000 common, of which 75,000 are to be offered by the company and 50,000 by a selling stockholder. **Price**—By amendment. **Business**—Operation of six restaurants in Sacramento. **Proceeds**—For expansion, debt repayment and working capital. **Office**—1626 J St., Sacramento. **Underwriter**—Stewart, Eubanks, Myerson & Co., San Francisco. **Offering**—Temporarily postponed.

Plantation Chocolate Co.
July 20, 1962 ("Reg. A") 75,000 common. **Price**—$4. **Business**—Manufacture of confections. **Proceeds**—For debt repayment. **Office**—3150 Janney St., Philadelphia. **Underwriter**—S. Schramm & Co., Inc., N. Y.

Playboy Clubs International, Inc. (9/17-21)
May 28, 1962 filed 270,000 common. **Price**—By amendment. (max. $7). **Business**—Company is engaged in the ownership and franchising of Playboy Clubs. **Proceeds**—For debt repayment and general corporate purposes. **Office**—232 E. Ohio St., Chicago. **Underwriter**—Divine & Fishman, Inc., Chicago.

Polytronic Research, Inc.
June 7, 1961 filed 193,750 common shares, of which 150,000 will be sold for the company and 43,750 for stockholders. **Price**—By amendment. **Business**—Research and development, engineering and production of certain electronic devices for aircraft, missiles, oscilloscopes, electronic vending machines and language teaching machines. **Proceeds**—For expansion, repayment of debt and working capital. **Office**—7326 Westmore Rd., Rockville, Md. **Underwriters**—Jones, Kreeger & Co., and Balogh & Co., Washington, D. C. **Note**—This offering was postponed indefinitely.

Potomac Real Estate Investment Trust
July 6, 1962 filed 1,000,000 shares of beneficial interest. **Price**—By amendment (max. $5). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—880 Bonifant St., Silver Spring, Md. **Underwriter**—None.

Prescott-Lancaster Corp.
March 30, 1962 filed 150,000 common. **Price**—$5. **Business**—Real estate. **Proceeds**—For purchase of mortgages, and working capital. **Office**—18 Lancaster Rd., Union, N. J. **Underwriter**—Jacey Securities Co., N. Y.

Promistora Gold Mines, Ltd.
April 24, 1962 filed 750,000 capital shares, of which 500,000 are to be offered by company and 250,000 by stockholders. **Price**—50 cents. **Business**—Acquisition and exploration of mining claims in Canada. **Proceeds**—For general corporate purposes. **Office**—36 Yonge St., Toronto, Ontario, Canada. **Underwriter**—A. C. MacPherson & Co., Toronto.

Prosperity Cleaners & Laundries, Inc.
May 15, 1962 filed 100,000 common. **Price** — By amendment (max. $5.50). **Business**—Operation of a chain of dry-cleaning and laundry stores. **Proceeds**—For selling stockholders. **Office** — 48-12 25th St., Astoria, N. Y. **Underwriter**—Edwards & Hanly, Hempstead, L. I., N. Y. **Offering**—Indefinitely postponed.

Prudent Realty Investment Trust
May 21, 1962 filed 100,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—1324 Walnut St., Philadelphia. **Underwriter**—None.

Public Loan Co., Inc.
March 28, 1962 filed 170,000 common. **Price**—By amendment (max. $17). **Business**—Operation of small loan offices. **Proceeds** — For general corporate purposes. **Office**—41 Chenango St., Binghamton, N. Y. **Underwriter**—A. G. Becker & Co., Inc., Chicago. **Offering**—Indefinitely postponed.

Public Service Co. of Colorado (9/6)
Aug. 7, 1962 filed 1,242,822 common, to be offered for subscription by stockholders on the basis of one new share for each 10 common shares held of record Sept. 6, with rights to expire Sept. 24. **Price**—By amendment (max. $24). **Business**—Furnishing of electricity and natural gas within State of Colorado, principally in and around Denver. **Proceeds**—For construction. **Office**—550 15th St., Denver. **Underwriters**—First Boston Corp.-Blyth & Co., Inc.-Smith, Barney & Co., N. Y. (jointly).

Publishers Co., Inc.
Nov. 28, 1961 filed 541,000 common. **Price**—By amendment. **Business**—Book publishing. **Proceeds**—For an acquisition and other corporate purposes. **Office**—1106 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Roth & Co., Inc., Philadelphia.

★ **Putnam Management Co., Inc.**
Aug. 22, 1962 filed 150,000 common (non-voting). **Price**—By amendment (max. $14). **Business**—An investment adviser and distributor of mutual funds. **Proceeds**—For selling stockholders. **Office**—60 Congress St., Boston. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston, and Kidder, Peabody & Co., Inc., N. Y.

Queensway Mines Ltd.
March 15, 1962 filed 150,000 capital shares. **Price**—$1. **Business**—Mining. **Proceeds**—For debt repayment, surveying and general corporate purposes. **Office**—Suite 1212, 55 York St., Toronto. **Underwriter**—Asta Corporation Ltd., Toronto.

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R E D M Corp.
June 29, 1962 filed 125,000 common, of which 50,000 will be offered for the company and 75,000 for certain stockholders. **Price**—By amendment (max. $6). **Business**—Engaged in manufacturing, engineering and research under Defense Department contracts; also manufactures ball point pens, points, mechanical pencils and desk sets. **Proceeds**—For equipment and working capital. **Office**—Little Falls, Passaic County, N. J. **Underwriter**—Meade & Co., Inc., N. Y.

RF Interonics, Inc.
Oct. 30, 1961 filed 40,000 common. **Price**—$5. **Business**—Manufacture of radio frequency interference filters and capacitors. **Proceeds**—For equipment, working capital and other corporate purposes. **Office**—15 Neil Court, Oceanside, N. Y. **Underwriter**—Arnold Malkan & Co., N. Y.

Radio Electric Service Co. of New Jersey, Inc.
Jan. 23, 1962 ("Reg. A") 55,000 common, of which 50,000 will be offered by the company and 5,000 by stockholders. **Price**—$5. **Business**—Wholesaling of electronic parts, supplies and equipment and the retailing of high-fidelity and stereophonic equipment and components. **Proceeds**—For debt repayment, expansion, moving expenses and working capital. **Office**—513-15 Cooper St., Camden, N. J. **Underwriter**—Lee-Mosson & Co., Inc., N. Y. **Offering**—Temporarily postponed.

Real Properties Corp. of America
April 27, 1962 filed 300,000 class A shares. **Price**—By amendment (max. $16). **Business**—Company owns certain real estate, general insurance agency and a mortgage servicing company. **Proceeds**—For debt repayment. **Office**—745 Fifth Ave., N. Y. **Underwriter**—Stanley Heller & Co., N. Y. **Offering**—Temporarily postponed.

● **Regulators, Inc.**
Jan. 29, 1962 filed 75,000 common, of which 50,000 are to be offered by the company and 25,000 by Electronic Specialty Co., parent. **Price**—$5. **Business**—Design and manufacture of regulating and control devices used in the electric and electronic fields. **Proceeds**—For debt repayment and working capital. **Office**—455 W. Main St., Wyckoff, N. J. **Underwriter**—Myron A. Lomasney & Co., N. Y. **Note**—This registration will be withdrawn and then refiled.

Resin Research Laboratories, Inc.
Feb. 27, 1962 filed 105,000 common. **Price**—$3.50. **Business** — Operation of a laboratory for contractual research, development and engineering in the chemical field. **Proceeds**—For expansion of facilities, debt repayment and working capital. **Office**—396-406 Adams St., Newark, N. J. **Underwriter**—Keene & Co., Inc., N. Y.

Richard Gray & Co., Inc.
June 21, 1962 ("Reg. A") 60,000 common. **Price**—$5. **Business** — A securities broker-dealer. **Proceeds** — For working capital and other corporate purposes. **Office**—237 W. 51st St., N. Y. **Underwriter**—Richard Gray Co., New York.

Richmond Corp.
Dec. 21, 1961 filed 142,858 common. **Price**—$7. **Business**—A real estate investment company. **Proceeds**—For debt repayment and general corporate purposes. **Office**—220 K St., N. W., Washington, D. C. **Underwriter**—Hirschel & Co., Silver Spring, Md. **Offering**—Indefinite.

Ridgerock of America, Inc.
Dec. 29, 1961 filed 100,000 common. **Price**—$2.50. **Business**—Production of stone facing for buildings. **Proceeds**—For debt reduction and general corporate purposes. **Address**—Sebring, O. **Underwriter**—To be named.

● **Ridgewood Financial Corp.**
March 30, 1962 filed 60,000 common, of which 11,250 are to be offered by company and 48,750 by stockholders. **Price**—By amendment (max. $9.75). **Business**—Ownership of stock of Ridgewood Savings Loan Co. of Parma, in Cleveland. **Proceeds**—For organizational expenses and investment. **Office**—1717 E. 9th St., Cleveland. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland. **Note**—This registration was withdrawn.

Ridgway (L. L.) Enterprises, Inc.
June 27, 1962 filed 155,000 common, of which 130,000 are to be offered by company and 25,000 by a stockholder. **Price**—By amendment (max. $10). **Business**—Company furnishes commercial reproductions, manufactures sensitized papers, cloths and films for blueprinting and printing, and sells architectural, engineering and commercial reproduction equipment and supplies. **Proceeds**—For plant expansion, equipment and working capital. **Office**—5711 Hillcroft Ave., Houston. **Underwriters**—Underwood, Neuhaus & Co., Inc. and Rotan, Mosle & Co., Houston.

Riker Delaware Corp.
March 29, 1962 filed 200,000 class A common and 50,000 warrants to be offered in units of four shares and one warrant. **Price**—$30 per unit. **Business**—A real estate development and management company. **Proceeds**—For construction, acquisitions, debt repayment and working capital. **Office**—LaGorce Sq., Burlington, N. J. **Underwriter**—H. Neuwirth & Co., Inc., N. Y.

Roadcraft Corp.
Dec. 26, 1961 filed 400,000 common. **Price**—By amendment. **Business**—Design, manufacture and sale of mobile homes and office trailers. **Proceeds**—For general corporate purposes. **Office**—139 W. Walnut Ave., Gardena, Calif. **Underwriter** — Vickers, MacPherson & Warwick, Inc., N. Y. **Offering**—Expected sometime in September.

Royaltone Photo Corp.
Nov. 29, 1961 filed 300,000 common, of which 100,000 are to be offered by the company and 200,000 by stockholders. **Price** — By amendment. **Business** — Develops and prints color, and black and white photographic film. **Proceeds** — For equipment and working capital. **Office**—245 7th Ave., N. Y. **Underwriter** — Federman, Stonehill & Co., N. Y. **Offering**—Indefinitely postponed.

Royalty Stores, Inc.
May 29, 1962 filed 75,000 common. **Price**—$3.75. **Business**—Operation of discount stores and wholesale distribution of general merchandise. **Proceeds**—For expansion, advertising, and other corporate purposes. **Office**—10 Charles St., Floral Park, N. Y. **Underwriter**—R. P. Raymond & Co., Inc., 26 Broadway, N. Y.

Ruby Silver Mines, Inc.
Jan. 2, 1962 ("Reg. A") 2,400,000 common. **Price**—12½ cents. **Business**—Exploration and development of mineral deposits. **Proceeds**—For debt repayment and general corporate purposes. **Address**—Box 1088, Wallace, Idaho. **Underwriter**—Pennaluna & Co., Spokane, Wash.

Sampson Enterprises, Inc.
Feb. 28, 1962 filed 450,000 common. **Price** — By amendment (max. $8). **Business**—A holding company for a real estate concern, motor inn, shopping centers, bowling establishments, etc. **Proceeds**—For debt repayment and working capital. **Office**—222 E. Erie St., Milwaukee. **Underwriters** — Straus, Blosser & McDowell, Chicago and Dempsey-Tegeler & Co., Inc., St. Louis. **Offering**—Temporarily postponed.

San Francisco Capital Corp.
April 23, 1962 filed 60,000 common. **Price**—$12.50. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—400 Montgomery St., San Francisco. **Underwriter**—Cantor, Fitzgerald & Co., Inc., Beverly Hills, Calif.

● **Santa Fe Drilling Co.**
March 30, 1962 filed 160,000 common, of which 100,000 are to be offered by company and 60,000 by stockholders. **Price**—By amendment (max. $33). **Business**—Furnishes labor and equipment to major oil companies and drills for oil. **Proceeds**—For debt repayment and equipment. **Office**—11015 Bloomfield Ave., Santa Fe Springs, Calif. **Underwriter**—Dean Witter & Co., Los Angeles. **Note**—This registration was withdrawn.

Saw Mill River Industries, Inc.
March 29, 1962 filed 100,000 common. **Price**—$5. **Business**—Design, development and manufacture of steel products for home use. **Proceeds**—For working capital. **Office**—1051 Saw Mill River Rd., Yonkers, N. Y. **Underwriter**—Arnold Malkan & Co., Inc., N. Y. **Offering**—Expected in September.

Sawyer's Inc. (9/4-7)
March 26, 1962 filed $1,250,000 of 6% convertible debentures due 1977; also 100,000 outstanding capital shares. **Price**—By amendment. **Business**—Manufacture and distribution of stereo photographs and viewers. **Proceeds**—(Debentures) For working capital; (Stock) For selling stockholders. **Address**—Portland, Ore. **Underwriters**—Straus, Blosser & McDowell, Chicago, and Dempsey-Tegeler & Co., Inc., St. Louis.

Saxon Paper Corp.
March 30, 1962 filed 200,000 common. **Price**—By amendment (max. $9). **Business** — Wholesale distribution of printing paper and paper products. **Proceeds**—For debt repayment and expansion. **Office**—240 W. 18th St., N. Y. **Underwriter**—Bear, Stearns & Co., N. Y.

Schaevitz Engineering
March 13, 1962 filed 150,000 common, of which 100,000 are to be offered by company and 50,000 by a selling stockholder. **Price**—By amendment (max. $10). **Business**—Design and manufacture of measuring, indicating, recording, testing and controlling devices used in aircraft and missile systems. **Proceeds** — For expansion. **Address** — U. S. Route 130, Pennsauken, N. J. **Underwriter**—Bear, Stearns & Co., N. Y.

Schneider (Walter J.) Corp.
Feb. 28, 1962 filed $5,500,000 of 6½% subordinated convertible debentures due 1977 and 110,000 5-year warrants to purchase a like amount of class A common. The company plans to offer the securities in 5,500 units (each consisting of $1,000 of debentures and warrants to purchase 20 shares) for subscription by holders of its class A stock and 10% debentures due 1976. **Price**—By amendment. **Business**—General real estate. **Proceeds**—For acquisition of property. **Office**—67 W. 44th St., N. Y. **Underwriter**—None.

● **Schwartz (Sidney) Realty Corp.**
June 13, 1962 filed 500,000 class A shares. **Price**—$10. **Business** — Real Estate investment. **Proceeds** — For acquisitions and working capital. **Office**—560 Fifth Ave., N. Y. **Underwriters**—To be named.

Scientific Equipment Manufacturing Corp.
April 30, 1962 filed 83,500 common. **Price**—$6. **Business**—Manufacture of sterilizers, multi-dose jet vaccine injectors, operating lights and other medical equipment. **Proceeds**—For inventories, new products and moving expenses. **Office**—20 North Ave., Larchmont, N. Y. **Underwriters**—Coggeshall & Hicks and Ernest M. Fuller & Co., N. Y.

Scripps-Howard Broadcasting Co.
March 20, 1962 filed 375,000 common. **Price**—By amendment (max. $20). **Business**—Company owns and operates TV, radio and FM broadcasting stations. **Proceeds**—For selling stockholders. **Office**—1121 Union Central Bldg., Cincinnati. **Underwriter**—First Boston Corp., N. Y. **Offering**—Indefinitely postponed.

Seaboard Land Co.
July 25, 1962 filed 200,000 class A common. **Price**—By amendment (max. $2.50). **Business**—Ownership and development of real estate. **Proceeds**—For working capital. **Office**—912 Thayer Ave., Silver Spring, Md. **Underwriter** — North American Seaboard Securities Corp., (same address).

Seaboard Life Insurance Co. of America
June 29, 1962 filed 256,097 common to be offered for subscription by stockholders on 1-for-5 basis. **Price**—By amendment. **Business**—Writing of life, accident and health insurance. **Proceeds**—For purchase of a building, debt repayment, reserves and other corporate purposes. **Office**—1451 N. Bayshore Dr., Miami. **Underwriter**—None.

Security Aluminum Corp.
Jan. 26, 1962 filed 200,000 common. **Price**—By amendment. **Business**—Manufacture of alumnium sliding windows and doors. **Proceeds**—For equipment, moving expenses and working capital. **Office**—503 E. Pine Ave., Compton, Calif. **Underwriter**—Vickers, MacPherson & Warwick, Inc., N. Y. **Offering**—Expected sometime in September.

Security International Corp.
July 27, 1962 filed 548,000 common. **Price**—$2.50. **Business**—Company plans to become a holding company for a life insurance concern. **Proceeds**—For capitalization of subsidiary. **Office**—127 W. Main Ave., West Fargo, N. D. **Underwriter**—Investment Brokerage Corp., Fargo, N. D.

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public, $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds** — For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

Sentinel Properties Corp.
May 1, 1962 filed 200,000 class A common. **Price**—$10. **Business**—Real estate investment. **Proceeds**—For construction of a building. **Office**—565 Fifth Ave., N. Y. **Underwriter**—None.

Servotronics, Inc. (9/4-7)
March 30, 1962 filed 125,000 capital shares. **Price** — $3. **Business**—Design, development and manufacture of precision control components and associated products. **Proceeds** — For debt repayment, equipment and working capital. **Office** — 190 Gruner Rd., Cheektowaga, N. Y. **Underwriter**—General Securities Co., Inc., N. Y.

Shainberg (Sam) Co.
March 30, 1962 filed 236,000 common. **Price**—By amendment (max. $13). **Business** — Operation of a chain of junior department stores and self-service discount stores. **Proceeds**—For selling stockholders. **Office**—1325 Warford St., Memphis. **Underwriter**—New York Securities Co., 52 Wall St., N. Y.

Shin Mitsubishi Jukogyo K. K. (9/18)
June 29, 1962 filed $10,000,000 of convertible debentures due Sept. 30, 1977. **Price**—By amendment. **Business**—Manufacture of pulp and paper equipment, ships, aircraft, automobiles, trucks, construction and industrial machinery, etc. **Proceeds** — For general corporate purposes. **Office**—Tokyo, Japan. **Underwriters**—First Boston Corp., and Nomura Securities Co., Ltd., N. Y.

Signalite Inc.
Jan. 29, 1962 filed 126,000 common. **Price**—$4.50. **Business**—Manufacture, sale and development of glow lamps for use as indicators and circuit components. **Proceeds**—For debt repayment, equipment and working capital. **Office**—1933 Heck Ave., Neptune, N. J. **Underwriter**—Milton D. Blauner & Co., N. Y. **Offering**—Postponed.

Simplex Lock Corp.
April 20, 1962 filed 20,000 common to be offered for subscription by stockholders of the company and of Associated Development and Research Corp., parent, on the basis of one new share for each 10 company shares held, and one share for each 30 shares of Associated held. **Price**—By amendment (max. $20). **Business**—Development and sale of a new type combination lock. **Proceeds**—For equipment, research and development and working capital. **Office**—150 Broadway, N. Y. **Underwriters**—Charles Plohn & Co. and B. W. Pizzini & Co., N. Y.

Site-Fab, Inc.
Feb. 27, 1962 filed 135,000 common. **Price** — By amendment (max. $4). **Business**—Construction of homes. **Proceeds** — For debt repayment, acquisition of land and working capital. **Office** — 1093 Frank Rd., Columbus, Ohio. **Underwriter**—H. P. Black & Co., Inc., Washington, D. C. **Offering**—Expected in early Fall

Skiers Service Corp.
Oct. 30, 1961 filed 550,000 common. **Price**—By amendment. **Business**—Distribution of coin-operated insurance vending machines to brokers at sporting centers. **Proceeds**—For inventory, advertising and working capital. **Office**—420 Lexington Ave., N. Y. **Underwriter**—Pacific Coast Securities Co., San Francisco. **Note** — This firm formerly was named National Vending Ski Insurance Corp.

Southeastern Real Estate Trust
April 2, 1962 filed 700,000 common. **Price**—By amendment (max. $13.80). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—600 E. Washington St., Orlando, Fla. **Underwriter**—None.

Southeastern Towing & Transportation Co., Inc.
Nov. 29, 1961 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Construction and operation of towing boats. **Proceeds**—For debt repayment, conversion of a boat, and working capital. **Office**—3300 N. W. North River Drive, Miami, Fla. **Underwriter**—Irwin Karp & Co., Inc., 68 William St., N. Y.

Spears (L. B.), Inc.
Oct. 30, 1961 filed 65,000 common. **Price**—$5. **Business**—Operation of retail furniture stores. **Proceeds** — For working capital. **Office**—2212 Third Ave., N. Y. **Underwriter**—Arnold Malkan & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Spee Dee Service Systems, Inc.
June 29, 1962 ("Reg. A") 100,000 common. **Price** — $3. **Business**—A messenger and parcel delivery service. **Proceeds** — For general corporate purposes. **Office** — 309 Fourth Ave., Pittsburgh. **Underwriter**—Franke, Joseph & Co., Inc., N. Y.

Spencer Chemical Co. (9/10)
July 27, 1962 filed 65,813 common shares. **Price**—By amendment (max. $35). **Business**—Production of polyethylene, and the mining of bituminous coal. **Proceeds**—For selling stockholders. **Office**—610 Dwight Bldg., Kansas City, Mo. **Underwriter**—Morgan Stanley & Co., New York.

Sperti Products, Inc.
Nov. 29, 1961 filed 230,000 common of which 200,000 are to be offered by the company and 30,000 by stockholders. **Price**—By amendment. **Business**—Manufacture of drug and food products, electrical and electronic devices and precision machinery. **Proceeds**—For the purchase of certain patents, repayment of debt, and working capital **Office**—730 Grand St., Hoboken, N. J. **Underwriter**—Blair & Co., N. Y. **Offering**—Expected in early Fall.

Stainless Steel Products, Inc.
May 28, 1962 filed 100,000 capital shares, of which 75,000 are to be offered by company and 25,000 by stockholders. **Price**—By amendment (max. $10). **Business**—Design, development and manufacture of high pressure, high temperature ducting systems for use in aircraft and missiles. **Proceeds**—For plant expansion, equipment and working capital. **Office**—2980 N. San Fernando Blvd., Burbank, Calif. **Underwriter**—First California Co., Inc., San Francisco. **Offering**—Expected sometime in October.

Standard Security Life Insurance Co. of New York
June 29, 1962 filed 230,000 common. **Price**—By amendment (max. $12). **Business**—Writing of life, accident and health insurance. **Proceeds**—For investment and other corporate purposes. **Office**—111 Fifth Ave., N. Y. **Underwriter**—Ira Haupt & Co., N. Y.

State Life Insurance Co. of Colorado
March 27, 1962 filed 300,000 common. **Price**—By amendment (max. $5). **Business**—Writing of life, health and accident insurance. **Proceeds**—For investment and working capital. **Office**—1760 High St., Denver. **Underwriter**—None.

Steel Plant Equipment Corp. (9/18-20)
Oct. 2, 1961 ("Reg. A") 69,660 common. **Price**—$3. **Proceeds**—For equipment and working capital. **Address**—Norristown, Pa. **Underwriter**—Joseph W. Hurley & Co., Norristown, Pa.

Stelber Cycle Corp. (9/4-7)
Jan. 5, 1962 filed 105,000 common. **Price**—$3. **Business**—Manufacture of bicycles, tricycles and toy automobiles. **Proceeds**—For debt repayment, moving expenses and a new product line. **Office**—744 Berriman St., Brooklyn, N. Y. **Underwriter**—Lloyd Securities, Inc., New York.

(M.) Stephens Mfg. Co., Inc. (8/29-31)
March 28, 1962 ("Reg. A") 75,000 capital shares. **Price**—$4. **Business**—Manufacture and distribution of electrical fittings and connectors. **Proceeds**—For debt repayment, inventory, equipment and working capital. **Office**—814 E. 29th St., Los Angeles. **Underwriters** — Thomas Jay, Winston & Co., Inc., Beverly Hills, Calif., and I. J. Schein Co., N. Y.

Sterling Copper Corp.
Aug. 2, 1962 filed 850,000 common. **Price**—$1. **Business**—Company plans to operate a non-ferrous rod and tube mill. **Proceeds**—For plant and equipment, working capital and other corporate purposes. **Office**—300 Horn Rd., Pinconning, Mich. **Underwriter**—None.

Stratford Financial Corp.
March 29, 1962 filed 315,000 class A shares of which 218,000 are to be offered by the company and 97,000 by the stockholders. **Price**—$6. **Business**—Commercial finance company. **Proceeds**—For debt repayment. **Office**—95 Madison Ave., N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., N. Y.

Stratton Realty & Construction Fund, Inc.
March 20, 1962 filed 500,000 common. **Price**—$20. **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—50 E. 40th St., N. Y. **Underwriter**—To be named.

Suburban Water Service Co.
June 29, 1962 filed 30,000 preferred and 30,000 common shares to be offered publicly; also 3,398 preferred shares (par $16) to be offered for subscription by common stockholders on a share-for-share basis. **Price** — By amendment (max. $17). **Business**—A holding company for water supply firms. **Proceeds**—For advances to subsidiaries. **Office**—Clinton, Conn. **Underwriter**—Putnam & Co., Hartford.

● **Tabach Industries, Inc. (9/28)**
March 29, 1962 ("Reg. A") 50,000 common. **Price** — $6. **Business**—Manufacture and sale of women's wear. **Proceeds**—For debt repayment, leasehold improvements and expansion. **Office**—217 E. Eight St., Los Angeles, Calif **Underwriter** — Costello, Russotto & Co., 9301 Wilshire Blvd., Beverly Hills, Calif.

Tactair Fluid Controls, Corp.
March 29, 1962 filed 90,000 common. **Price**—By amendment (max. $7.50). **Business**—Manufacture of fluid control equipment used in missiles, helicopters and aircraft. **Proceeds**—For selling stockholders **Address**—Bridgeport, Conn. **Underwriters**—Stroud & Co., Inc. and Penington, Colket & Co., Philadelphia.

Taylor Publishing Co.
Dec. 21, 1961 filed 152,000 common. **Price**—By amendment. **Business** — Production and distribution of school year-books and commercial printing. **Proceeds**—For selling stockholders. **Office**—6320 Denton Dr., Dallas. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., N. Y., and Dallas Rupe & Son, Inc., Dallas, Tex. **Offering**—Indefinitely postponed.

Teaching Systems, Inc.
June 1, 1962 ("Reg. A") 50,000 common. **Price**—$2. **Business**—Production and sale of educational audio-visual teaching aids. **Proceeds**—For equipment, promotion and advertising and working capital. **Office**—1650 Broadway, N. Y. **Underwriter**—Creative Ventures Corp., 733 Third Ave., N. Y.

★ **Tennessee Gas Transmission Co. (9/11)**
Aug. 17, 1962 filed $50,000,000 of debentures due 1982. **Price**—By amendment. **Business**—Company owns and operates pipe line systems for transportation of natural gas. A subsidiary produces, refines and markets petroleum and petroleum products. **Proceeds**—For debt repayment. **Office**—Tennessee Bldg., Houston. **Underwriter**—Stone & Webster Securities Corp., N. Y.

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. **Price**—$3.50. **Business**—Operation of a plant producing plastic film and packaging products. **Proceeds**—For working capital. **Address**—Elsa, Texas. **Underwriter**—Crow, Brourman & Chatkin, Inc., N. Y.

Thunderbird International Hotel Corp.
Jan. 2, 1962 filed 175,000 common. **Price**—By amendment ($10 max.). **Business**—Hotel ownership and management. **Proceeds** — For construction. **Office** — 525 N. Sepulveda Blvd., El Segundo, Calif. **Underwriter**—Vickers, MacPherson & Warwick, Inc., N. Y. **Note**—This registration will be withdrawn.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price**—$5. **Business**—Operation of a chain of self-service retail stores selling clothing, housewares, etc. **Proceeds**—For expansion, equipment and working capital. **Office**—2220 Florida Ave., Jasper, Ala. **Underwriter**—Philips, Appel & Walden, 115 Broadway, N. Y.

Tork Time Controls, Inc.
Dec. 12, 1961 filed 150,000 common. **Price**—By amendment. **Business**—Design and manufacture of time controlled switches. **Proceeds**—For debt repayment, expansion, and working capital. **Office**—1 Grove St., Mount Vernon, N. Y. **Underwriters**—Godfrey, Hamilton, Taylor & Co., and Magnus & Co., N. Y. **Offering**—Postponed.

Tourist Industry Development Corp. Ltd.
Aug. 3, 1962 filed $5,000,000 of 7% senior debenture stock due 1962. **Price**—At par. **Business**—Company was organized by the State of Israel to furnish financing to tourist enterprises. **Proceeds**—For general corporae purposes. **Address**—Jerusalem, Israel. **Underwriter**—American-Israel Basic Economy Corp., N. Y.

Towers Marts International, Inc.
Feb. 1, 1962 filed 550,000 capital shares. **Price** — By amendment. **Business** — Company builds and operates retail discount department stores. **Proceeds**—For expansion. **Office**—41 E. 42nd St., N. Y. **Underwriter**—W. C. Langley & Co., N. Y.

● **Trailer Train Co. (9/5)**
June 29, 1962 filed $9,600,000 of serial equipment trust certificates, series 1, due 1963-82. **Business**—Acquisition and furnishing of flat cars to railroads. **Proceeds**—Purchase of additional flat cars. **Office** — 6 Penn Center Plaza, Philadelphia. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; R. W. Pressprich & Co. **Bids**—Sept. 5, 1962 (10:30 a.m. EDST) in Room 410, 6 Penn Center Plaza, Philadelphia. **Information Meeting** — Aug. 28 (2 p.m. EDST) in president's office, Penn Station, New York City.

Trans-Western Service Industries
April 2, 1962 filed 100,000 common, of which 20,000 are to be offered by company and 80,000 by stockholders. **Price**—By amendment (max. $10). **Business**—Operation of dry cleaning and laundry plants. **Proceeds**—For debt repayment. **Office**—1167-65th St., Oakland, Calif. **Underwriter**—Granbery, Marache & Co., N. Y.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. **Price**—$1.50. **Business**—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz. **Proceeds**—For equipment, exploration and working capital. **Office**—201 E. 4th St., Casa Grande, Ariz. **Underwriter**—None.

Tremco Manufacturing Co.
Feb. 26, 1962 filed 150,000 class A common. **Price**—By amendment (max. $15). **Business**—Producer of protective coatings, sealants, mastics, paints, etc. **Proceeds** — For selling stockholders. **Office**—10701 Shaker Blvd., Cleveland. **Underwriter**—McDonald & Co., Cleveland. **Offering**—Temporarily postponed.

★ **Tri-Point Industries, Inc.**
Aug. 14, 1962 ("Reg. A") 15,800 common. **Price**—$15.80. **Business**—Development, manufacture and sale of precision manufactured components of "Teflon," a fluorcarbon plastic. **Proceeds**—For selling stockholders. **Office**—175 I. U. Willets Rd., Albertson, L. I., N. Y. **Underwriter**—None.

Tujax Industries, Inc.
Mar. 23, 1962 filed 150,000 class A shares, of which 100,000 are to be offered by company and 50,000 by stockholders. **Price**—$8. **Business**—Through its subsidiaries the company is engaged in the wholesale distribution of electrical supplies and equipment. **Proceeds** — For debt repayment and working capital. **Office**—514 E. 73rd St., N. Y. **Underwriters**—Richard Bruce & Co., Inc., and Reuben Rose & Co., Inc., N. Y.

Tull (J. M.) Metal & Supply Co., Inc.
May 17, 1962 ("Reg. A") 25,000 common. **Price**—$12. **Business**—Wholesale distribution of ferrous and nonferrous metals and industrial supplies. **Proceeds**—For working capital. **Office**—285 Marietta St., N. W., Atlanta. **Underwriters**—Wyatt, Neal & Waggoner, and Robinson-Humphrey Co., Inc., Atlanta.

Turbodyne Corp.
March 2, 1962 filed 127,500 common. **Price**—$5. **Business**—Research, development and production and overhauling of gas turbine engines. **Proceeds**—For debt repayment, research and development, a new plant and working capital. **Office** — 1346 Connecticut Avenue, N. W., Washington, D. C. **Underwriter**—Sandkuhl & Co., Inc., N. Y.

★ **U-Tote'm of West Florida, Inc.**
Aug. 13, 1962 ("Reg. A") 50,000 common. **Price**—$4. **Business**—Sale of groceries, drugs and general merchandise. **Proceeds**—For expansion, inventories and working capital. **Office**—4609 Bee Ridge Rd., Sarasota, Fla. **Underwriter**—Givens & Co., Inc., Miami.

United Markets Inc.
March 15, 1962 filed 100,000 common. **Price**—$5. **Business**—Operation of "Foodtown" supermarkets. **Proceeds**—For general corporate purposes. **Office**—531 Ferry St., Newark, N. J. **Underwriter**—Moran & Co., Newark, N. J.

United National Insurance Co.
May 29, 1962 filed 77,000 common. **Price**—$15. **Business**—Sale of automobile insurance, and the writing of fire and extended coverage insurance. **Proceeds**—For expansion. **Office**—225 S. 15th St., Philadelphia. **Underwriter**—Suplee, Yeatman, Mosley Co., Inc., Philadelphia.

United-Overton Corp.
Mar. 26, 1962 filed 450,000 common, of which 90,897 are to be offered by the company and 359,103 by stockholders. **Price**—By amendment (max. $18). **Business**—Operates hard goods' departments in discount department stores. **Proceeds**—For debt repayment. **Office**—19 Needham St., Nugent Highlands, Mass. **Underwriters**—McDonnell & Co., Inc., and Oppenheimer & Co., N. Y.

United Packaging Co., Inc.
Nov. 29, 1961 filed 102,000 common. **Price**—$3. **Business**—A general packaging business. **Proceeds** — For new machinery, debt repayment and working capital. **Office**—4511 Wayne Ave., Philadelphia. **Underwriter**—Godfrey, Hamilton, Taylor & Co., Inc., N. Y. **Note** — This registration will be withdrawn.

United Telephone Services, Inc.
March 30, 1962 filed 150,000 class A common. **Price**—By amendment (max. $5). **Business**—A telephone holding company. **Proceeds**—For debt repayment, equipment and working capital. **Office**—645 First Ave., N. Y. **Underwriter**—J. R. Williston & Beane, N. Y. **Offering**—Postponed.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo. **Underwriter**—Waddell & Reed, Inc., Kansas City, Mo.

Urban America Real Estate Trust
Aug. 2, 1962 filed 400,000 shares of beneficial interest. **Price**—$6. **Business**—A real estate investment trust. **Proceeds**—For debt repayment and investment. **Office**—510 Fleming Bldg., Des Moines. **Underwriter**—Conway Brothers, Inc., Des Moines.

Urban Redevelopment Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment. **Business**—Company operates the "Kellogg Plan" which provides 100% financing and construction through a single source for renewing older residential properties. **Proceeds**—For debt repayment, sales financing and working capital. **Office** — 1959 S. LaCienega Blvd., Los Angeles. **Underwriter**—Holton, Henderson & Co., Los Angeles.

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. **Price**—$5.05 per unit. **Business**—Manufacture of urethane foams. **Proceeds**—For equipment, working capital, leasehold expenses and other corporate purposes. **Office**—2300 Republic National Bank Bldg., Dallas. **Underwriter** — First Nebraska Securities Corp., Lincoln, Neb. **Offering**—Temporarily postponed.

U-Tell Corp.
Sept. 18, 1961 ("Reg. A") 33,097 common. **Price** — $5. **Business** — Operation of a discount department store. **Office**—3629 N. Teutonia Ave., Milwaukee, Wis. **Underwriter** — Continental Securities Corp., Milwaukee, Wis. **Offering**—Temporarily postponed.

Valu-Rack, Inc.
May 4, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price** — $5. **Business** — Wholesale distribution and retail merchandising of health and beauty aids, housewares, kitchenwares, wearing apparel and other goods. **Proceeds**—For debt repayment. **Office**—2925 S. San Pedro St., Los Angeles. **Underwriter**—To be named.

Vendex, Inc.
Jan. 12, 1962 ("Reg. A") 300,000 common. **Price** — $1. **Business**—Manufacture of coin operated vending machines. **Proceeds**—For an acquisition and general corporate purposes. **Office**—1290 Bayshore Blvd., Burlingame, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco.

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Vending Components, Inc.
March 30, 1962 filed 100,000 common. **Price**—$4. **Business** — Manufacture, design and sale of metal valves, mixers, taps, etc., for vending machines. **Proceeds**—For expansion, new products and other corporate purposes. **Office**—204 Railroad Ave., Hackensack, N. J. **Underwriter**—Keene & Co., Inc., N. Y.

Verlan Publications, Inc.
March 30, 1962 filed 89,500 common, of which 80,000 are to be offered by company and 9,500 by a stockholder. **Price** — By amendment (max. $5.50). **Business** — Preparation and production of books, catalogues and other printed material. A subsidiary publishes photography books. **Proceeds**—For expansion, debt repayment and other corporate purposes. **Office** — 915 Broadway, N. Y. **Underwriter**—Searight, Ahalt & O'Connor, Inc., N. Y. **Offering**—Indefinitely postponed.

Video Color Corp.
April 6, 1962 filed 1,000,000 common. **Price**—$1.15. **Business**—Development, manufacture and distribution of picture tubes. **Proceeds**—For equipment, inventories and working capital. **Office**—729 Centinela Blvd., Inglewood, Calif. **Underwriter**—Naftalin & Co., Inc., Minneapolis.

Voron Electronics Corp.
July 28, 1961 filed 100,000 class A shares. **Price** — $3. **Business**—The manufacture of electronic test equipment, the sale, installation and servicing of industrial and commercial communications equipment and the furnishing of background music. **Proceeds**—For tooling, production, engineering, inventory and sales promotion of its products and for working capital. **Office** — 1230 E. Mermaid Lane, Wyndmoor, Pa. **Underwriters** — John Joshua & Co., Inc., and Reuben, Rose & Co., Inc., N. Y.

Wallace Investments, Inc.
Feb. 12, 1962 filed 400,000 common. **Price**—By amendment (max. $22). **Business**—Company makes short-term real estate loans, acquires, develops and sells land, and engages in the mortgage loan correspondent business. **Proceeds**—For selling stockholders. **Office**—1111 Hartford Bldg., Dallas. **Underwriter**—Harriman Ripley & Co., N. Y. **Note**—This registration is being withdrawn.

● **Walston Aviation, Inc. (9/4-7)**
Oct. 30, 1961 filed 90,000 common, of which 60,000 are to be offered by the company and 30,000 by a stockholder. **Price**—$6.25. **Business**—Sells Cessna Airplanes and supplies; also repairs and services various type airplanes. **Proceeds** — For expansion and general corporate purposes. **Office**—Civic Memorial Airport, E. Alton, Ill. **Underwriter**—White & Co., Inc., St. Louis.

Washington Trotting Association, Inc.
July 30, 1962 filed $2,300,000 of 6½% subordinated sinking fund debentures due 1977, and 230,000 common shares (non-voting) to be offered in units consisting of $100 of debentures and 10 shares. **Price**—$175 per unit. **Business**—Company plans to construct a race track for trotters. **Proceeds**—For construction. **Office**—Washington Trust Bldg., Washington, Pa. **Underwriters** — Moore, Leonard & Lynch, Pittsburgh, and Stroud & Co., Inc., Philadelphia.

Waterman Steamship Corp.
Aug. 29, 1961 filed 1,743,000 common. **Price**—By amendment. **Business**—The carrying of liner-type cargoes. **Proceeds**—For the purchase of vessels, and working capital. **Office**—71 Saint Joseph St., Mobile, Ala. **Underwriter**—Shields & Co., Inc., N. Y. (mgr.). **Offering**—Temporarily postponed.

Welcome Baby, Inc.
Dec. 28, 1961 filed 75,000 common. **Price**—$2. **Business**—Company renders direct mail public relations, sales promotion and advertising services to mothers on behalf of retail stores. **Proceeds**—For debt repayment and general corporate purposes. **Office**—210-07 48th Ave., Bayside, N. Y. **Underwriter**—First Philadelphia Corp., N. Y.

Welsh Panel Co. (9/4-7)
March 30, 1962 filed 135,000 common. **Price**—By amendment (max. $9). **Business**—Company processes plywood sheets into factory finished wall panelling. **Proceeds**—Equipment, inventories and working capital. **Address**—P. O. Box 329 Panel Way, Longview, Wash. **Underwriter**—Ferman & Co., Miami, Fla.

Western Lithographers, Inc.
March 30, 1962 ("Reg. A") 120,000 common. **Price**—$2.50. **Business**—General printing and lithography. **Proceeds**—For equipment, debt repayment, and inventory. **Office**—3407 N. El Paso, Colorado Springs, Colo. **Underwriter**—Copley & Co., Colorado Springs, Colo.

Western Pioneer Co.
Feb. 19, 1962 filed 371,750 capital shares of which 175,000 are to be offered by the company and 196,750 by stockholders. **Price**—By amendment (max. $42). **Business**—The making of loans secured by first liens on real estate. **Proceeds**—For debt repayment. **Office** — 3243 Wilshire Blvd., Los Angeles. **Underwriter** — Kidder, Peabody & Co., N. Y.

Western States Real Investment Trust
Nov. 13, 1961 filed 32,000 shares of beneficial interest. **Price** — $6.25. **Business** — A small business investment company. **Proceeds** — For investment. **Office** — 403 Ursula St., Auroca, Colo. **Underwriter**—Westco Corp., Aurora, Colo.

Wheeler & Ryan, Inc.
July 30, 1962 filed 80,000 common. **Price**—$12.50. **Business**—Acquisition of leases and production of oil and gas. **Proceeds** — For repayment of debt and other corporate purposes. **Office**—Thompson Bldg., Tulsa. **Underwriter**—R. J. Edwards, Inc., Oklahoma City.

Whirlpool Corp.
April 25, 1962 filed 1,000,000 common. **Price**—By amendment (max. $30.125). **Business**—Manufacture and sale of home appliances. **Proceeds** — For selling stockholder (Radio Corp. of America). **Address** — Benton Harbor, Mich. **Underwriter**—Lehman Brothers, N. Y. **Note**—This offering was indefinitely postponed.

● **White Photo Offset, Inc.**
July 13, 1962 filed 100,000 common. **Price**—$3.50. **Business**—Photo-offset printing. **Proceeds** — For debt repayment, equipment and working capital. **Office**—142 W. 26th St., N. Y. **Underwriter** — K-Pac Securities Corp., New York. **Offering**—Expected sometime in November.

Widman (L. F.), Inc.
Oct. 27, 1961 filed 162,000 common, of which 102,000 are to be offered by the company and 60,000 by stockholders. **Price**—$3. **Business**—Operates a chain of retail drug stores. **Proceeds**—Expansion, equipment and working capital. **Office**—738 Bellefonte Ave., Lock Haven, Pa. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y.

Wiegand (Edwin L.) Co.
March 30, 1962 filed 606,450 common. **Price**—By amendment. **Business**—Manufacture of electrical heating elements for industrial, commercial and household applications. **Proceeds**—For selling stockholders. **Office**—7500 Thomas Blvd., Pittsburgh. **Underwriters**—Eastman Dillon, Union Securities & Co., N. Y., Moore, Leonard & Lynch, Pittsburgh and Reinholdt & Gardner, St. Louis. **Offering**—Temporarily postponed.

Wiener Shoes Inc.
April 2, 1962 filed 80,000 common. **Price** — By amendment (max. $11). **Business**—Operation of a chain of shoe stores. **Proceeds**—For debt repayment, expansion and working capital. **Office** — 808 Dakin St., New Orleans. **Underwriter** — Howard, Weil, Labouisse, Friedrichs & Co., New Orleans.

Willpat Productions, Inc.
May 9, 1962 ("Reg. A") 160,000 common. **Price**—$1.25. **Business**—Production of full-length motion pictures. **Proceeds**—For new films, debt repayment and working capital. **Office**—1025 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—To be named.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. **Price**—$4. **Business**—Design and manufacture of precision electrical and electronic measuring devices and test equipment. **Proceeds**—For debt repayment and other corporate purposes. **Office**—1005 First Ave., Asbury Park, N. J. **Underwriter**—Amos Treat & Co., Inc., N. Y.

Wolf Corp.
Jan. 26, 1962 filed $4,500,000 of 6.5% convertible subordinated debentures due 1977 (with attached warrants) to be offered for subscription by stockholders of class A stock on the basis of $500 debentures for each 100 class A shares held. **Price**—$500 per unit. **Business**—Real estate. **Proceeds**—For debt repayment and realty acquisitions. **Office**—10 E. 40th St., N. Y. **Underwriter**—S. E. Securities, Inc., 10 East 40th St., New York.

● **Wolverine Aluminum Corp.**
March 5, 1962 filed 100,000 common. **Price** — By amendment (max. $6.50). **Business**—Processing and manufacturing of aluminum building products. **Proceeds**—For a new building and equipment. **Office**—1650 Howard St., Lincoln Park, Mich. **Underwriter**—F. J. Winckler & Co., Detroit. **Offering**—Expected sometime in October.

Work Wear Corp.
Mar. 26, 1962 filed 130,000 common. **Price**—By amendment (max. $27). **Business** — Manufacture and sale of work clothing. Company is also engaged in industrial laundering and garment rental. **Proceeds**—For debt repayment, acquisitions and working capital. **Office** — 1768 E. 25th St., Cleveland. **Underwriter**—Hornblower & Weeks, N. Y. **Offering**—Temporarily postponed.

World Scope Publishers, Inc.
July 31, 1961 filed 100,000 common shares and $350,000 of 6% senior conv. subord. debentures due 1972. **Price**—For stocks: $6; for debentures $90. **Business**—Publishing of encyclopedias and other reference books. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Office**—290 Broadway, Lynbrook, N. Y. **Underwriter**—Standard Securities Corp., N. Y. **Note**—This registration will be withdrawn.

● **Worth Financial Corp. (8/29-31)**
Mar. 22, 1962 filed 61,000 common. **Price**—$5. **Business**—Financing of commercial accounts receivable. **Proceeds**—For general corporate purposes. **Office**—114 E. 40th St., N. Y. **Underwriter** — D. A. Bruce & Co., N. Y.

● **Wulpa Parking Systems, Inc.**
June 7, 1962 ("Reg. A") 50,000 common. **Price**—$4. **Business**—Company plans to manufacture and operate in the U. S. a parking device called the "Wulpa Lift." **Proceeds**—For manufacture, purchase or lease of locations and working capital. **Office**—370 Seventh Ave., N. Y. **Underwriter**—I. R. E. Investors Corp., Levittown, New York. **Offering**—Imminent.

Zayre Corp.
April 20, 1962 filed 475,000 common, of which 175,000 are to be offered by company and 300,000 by stockholders. **Price**—By amendment (max. $20). **Business**—Operation of self-service department stores and apparel specialty stores. **Proceeds**—For working capital. **Office**—One Mercer Rd., Natick, Mass. **Underwriter**—Lehman Brothers, N. Y. **Offering**—Temporarily postponed.

Zero Mountain, Inc.
March 30, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Operation of underground cold storage facilities. **Proceeds**—Expansion, debt repayment and working capital. **Address**—Box 594, Fayetteville, Ark. **Underwriter**—Don D. Anderson & Co., Inc., Oklahoma City.

Zestee Foods, Inc.
June 8, 1962 ("Reg. A") 85,700 common. **Price**—$3.50. **Business**—Manufacture and sale of jellies and preserves. **Proceeds**—For equipment, advertising, plant expansion and inventory. **Office**—2808 S. Western Ave., Oklahoma City. **Underwriter**—F. R. Burns & Co., Oklahoma City.

Prospective Offerings

Adley Corp.
May 17, 1962 the company applied to the ICC for authority to issue 105,000 $2 par common shares. **Price**—By amendment (min. $10). **Business**—A motor vehicle common carrier operating in 18 eastern states. **Proceeds**—For working capital. **Office**—New Haven, Conn. **Underwriter** — Eastman Dillon, Union Securities & Co., New York.

Biologics International Inc.
Aug. 15, 1962 it was reported that this company plans to file a registration statement covering 125,000 common shares. **Price**—$3. **Business**—Company plans to breed and supply animals for biological research purposes. **Proceeds**—For general corporate purposes. **Office**—7520 Bergenline Ave., North Bergen, N. J. **Underwriter**—To be named.

Central Illinois Public Service Co.
July 10, 1962 it was reported that this company plans to issue about $10,000,000 of first mortgage bonds in 1963. **Proceeds**—For construction. **Office**—607 E. Adams St., Springfield, Ill. **Underwriters**—(Competitive). Probable bidders: Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; First Boston Corp.; Lehman Brothers-Bear, Stearns & Co. (jointly).

Columbia Gas System, Inc.
Aug. 1, 1962 it was reported that the company plans to sell $25,000,000 of debentures or bonds in October. **Office**—120 E. 41st St., N. Y. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Morgan Stanley & Co.-First Boston Corp. (jointly); Halsey, Stuart & Co. Inc.

Consumers Power Co.
June 14, 1962 it was reported that this company plans to sell about $40,000,000 of securities, probably first mortgage bonds in the 4th quarter. **Proceeds**—For construction. **Office**—212 West Michigan Ave., Jackson, Mich. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp. (jointly); Morgan Stanley & Co.

Delaware Power & Light Co.
March 9, 1962 it was reported that the company has postponed until early Spring of 1963 its plan to issue additional common stock. The offering would be made to common stockholders first on the basis of one share for each 10 shares held. Based on the number of shares outstanding on Dec. 31, 1961, the sale would involve about 418,536 shares. **Proceeds**—For construction. **Office**—600 Market St., Wilmington, Del. **Underwriters**—(Competitive). Probable bidders: Carl M. Loeb, Rhoades & Co.; W. C. Langley & Co.-Union Securities Co. (jointly); Lehman Brothers; First Boston Corp.; White, Weld & Co.-Shields & Co. (jointly); Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Florida Power Co.
March 19, 1962 it was reported that this company plans to offer stockholders the right to subscribe for about 457,265 additional common shares on a 1-for-20 basis. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—To be named. The last rights offering of common on May 4, 1959 was underwritten by Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc., N. Y. **Offering**—Expected in October, 1962.

Food Fair Properties, Inc.
May 11, 1962 stockholders authorized the company to issue 756,000 shares of a new convertible preferred stock which will be offered to stockholders through subscription rights on a 1-for-10 basis. **Price**—By amendment. **Business**—Development and operation of shopping centers. **Proceeds**—To retire outstanding 6% preferred stock and purchase up to $6,000,000 convertible debentures of Major Realty Corp., an affiliate. **Office**—223 East Allegheny Ave., Philadelphia. **Underwriter**—To be named. The last rights offering in December 1957 was underwritten by Eastman Dillon, Union Securities & Co., New York.

Georgia Power Co. (11/7)
On Jan. 12, 1962 it was reported that this subsidiary of the Southern Co. plans to offer $23,000,000 30-year first mortgage bonds in November. **Office**—270 Peachtree Bldg., Atlanta, Ga. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Harriman Ripley & Co., Inc.; Blyth & Co., Inc.; Kidder, Peabody & Co.-Shields & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); First Boston Corp.; Lehman Brothers; Morgan Stanley & Co. **Bids**—Expected Nov. 7. **Registration**—Scheduled for Oct. 5.

Georgia Power Co. (11/7)
On Jan. 12, 1962 it was reported that this subsidiary of the Southern Co. plans to offer $7,000,000 of preferred stock in November. **Office**—270 Peachtree Bldg., Atlanta, Ga. **Underwriters**—(Competitive). Probable bidders: Blyth & Co., Inc.; First Boston Corp.; Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Lehman Brothers. **Bids**—Expected Nov. 7. **Registration**—Scheduled for Oct. 5.

Hawaiian Electric Co., Ltd.
Aug. 1, 1962 it was reported that this company plans a rights offering to stockholders of approximately $8,000,000 of common stock. **Office**—900 Richards St., Honolulu. **Underwriter**—None. **Offering**—Expected in September.

Illinois Power Co.
Feb. 28, 1962 it was reported that this utility expects to sell $25,000,000 of debt securities in late 1962 or early 1963. **Office**—500 South 27th St., Decatur, Ill. **Underwriters**—To be named. The last sale of bonds on May 21, 1958 was made through First Boston Corp. Other bidders were: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Merrill Lynch, Pierce, Fenner & Smith, Inc. (jointly); Eastman Dillon, Union Securities & Co.; Harriman Ripley & Co., Inc.-Glore, Forgan & Co. (jointly).

Interstate Power Co.
Aug. 1, 1962 it was reported that the company plans to sell $6,000,000 of bonds in the second quarter of 1963. **Office**—1000 Main St., Dubuque, Iowa. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; White, Weld & Co.

Jamaica Water Supply Co.
March 20, 1962 it was reported that this utility plans to sell $3,000,000 of mortgage bonds and $2,000,000 of preferred and common stocks. **Proceeds**—For debt repayment, and construction. **Office** — 161-20 89th Ave., Jamaica, N. Y. **Underwriters**—To be named. The last sale of bonds on May 3, 1956 was made by Blyth & Co. Other bidders were: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co. The last several issues of preferred were sold privately. The last sale of common on May 9, 1956 was made through Blyth & Co., Inc.

Japan Development Bank
July 3, 1962 it was reported that the Japanese Finance Ministry has authorized the bank to issue an additional $22,500,000 of bonds in the U. S. It is expected that a major portion of this financing will be completed by March 31, 1963. **Business**—The bank was incorporated to 1951 as a Japanese Government financial institution to supply long-term funds to Japanese industry for the promotion of economic reconstruction and industrial development. **Office**—Tokyo, Japan. **Underwriters** — First Boston Corp.; Dillon, Read & Co. Inc.; Smith, Barney & Co., Inc., N. Y.

Jersey Central Power & Light Co. (11/13)
June 6, 1962 it was reported that this company plans to sell $11,000,000 of first mortgage bonds due 1992 in the fourth quarter. **Address**—Madison Ave., at Punch Bowl Rd., Morristown, N. J. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder, Peabody & Co.; White, Weld & Co. **Bids**—Expected Nov. 13, 1962 at 80 Pine St., N. Y. **Information Meeting**—Nov. 9, 1962 at same address.

Kentucky Utilities Co.
Aug. 1, 1962 it was reported that this utility plans to sell approximately $15,000,000 of 30-year first mortgage bonds, in the first quarter of 1963. **Office**—120 So. Limestone St., Lexington, Ky. **Underwriters**—(Competitive). Probable bidders: Blyth & Co., Inc.; Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

● Louisville & Nashville RR. (8/28)
July 31, 1962 it was reported that this road plans to sell approximately $4,860,000 of 1-15 year equipment trust certificates. **Office**—220 E. 42nd St., N. Y. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Expected Aug. 28, (12 noon EDST) at company's office.

Maust Coal & Coke Corp.
Aug. 6, 1962 it was reported that this company plans to file a registration shortly covering $5,000,000 of debentures due 1977. The statement would also cover 250,000 outstanding shares of common to be sold by J. R. Maust, President and Chairman. **Business**—Mining and processing of coal. **Proceeds** — For construction of new coal preparation facilities at Johnstown, Pa. **Office**—530 Fifth Ave., New York. **Underwriter**—Eastman Dillon, Union Securities & Co., N. Y.

Metropolitan Edison Co. (11/27)
Aug. 1, 1962 it was reported that this subsidiary of General Public Utilities Corp., plans to sell $15,000,000 of 30-year first mortgage bonds, in the fourth quarter of 1962. **Office**—2800 Pottsville Pike, Muhlenburg Township, Berks County, Pa. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co.-Drexel & Co. (jointly); Blyth & Co., Inc. **Bids**—Expected Nov. 27, 1962. **Information Meeting**—Scheduled for Nov. 21.

National Airlines, Inc.
May 8, 1961, it was reported that the CAB had approved the company's plan to sell publicly 400,000 shares of Pan American World Airway's Inc., subject to final approval of the Board and the SEC. The stock was originally obtained under a Sept. 9, 1958 agreement under which the two carriers agreed to a share-for-share exchange of 400,000 shares and the lease of each others jet planes during their respective busiest seasons. The CAB later disapproved this plan and ordered the airlines to divest themselves of the stock. **Price** — About $20 per share. **Proceeds**—To repay a $4,500,000 demand loan, and other corporate purposes. **Office**—Miami International Airport, Miami 59, Fla. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Natural Gas Pipeline Co. of America
June 12, 1962 it was reported that this subsidiary of Peoples Gas Light & Coke Co., plans to sell $35,000,000 of senior securities later this year. **Business**—Operation of two natural gas pipeline systems extending from Texas to the Chicago metropolitan area. **Proceeds**—For expansion. **Office** — 122 So. Michigan Ave., Chicago. **Underwriter**—Dillon, Read & Co. Inc., New York City.

Nevada Northern Gas Co.
Feb. 28, 1962 it was reported that this subsidiary of Southwest Gas Corp., plans to sell $2,000,000 of common stock. **Office**—2011 Las Vegas Blvd., South, Las Vegas, Nev. **Underwriter**—Eastman Dillon, Union Securities & Co., N. Y.

New England Power Co.
May 8, 1962 it was reported that this utility plans to sell $12,000,000 of 30-year first mortgage bonds in November, 1962. **Proceeds**—For debt repayment and construction. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Kidder, Peabody & Co.-White, Weld & Co. (jointly); Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers-Equitable Securities Corp. (jointly); First Boston Corp.; Kuhn, Loeb & Co.

Nippon Telegraph & Telephone Public Corp.
July 3, 1962 it was reported that the Japanese Finance Ministry has authorized the company to issue an additional $20,000,000 of bonds in the U. S., by March 31, 1963. **Business**—The company was formed in 1952 to take over from the Government the furnishing of public telephone, telegraph and related communication services in Japan, and is the only company furnishing such services in Japan. **Office**—Tokyo, Japan. **Underwriters**—Dillon, Read & Co., Inc.; First Boston Corp.; Smith, Barney & Co.

Northern Illinois Gas Co.
Feb. 28, 1962 it was reported that the company expects to raise $125,000,000 to finance its 1962-66 construction program. About $25,000,000 of this, in the form of a debt issue, will be sold in the second half of 1962. **Office**—615 Eastern Ave., Bellwood, Ill. **Underwriters**—To be named. The last sale of bonds on July 14, 1960, was handled by First Boston Corp. Other bidders were: Halsey, Stuart & Co., Inc.; Blyth & Co., Inc-Equitable Securities Corp. (jointly); Glore, Forgan & Co.

Northern Natural Gas Co.
Feb. 28, 1962 it was reported that the company's 1962 expansion program will require about $40,000,000 of external financing to be obtained entirely from long or short term borrowing. **Office**—2223 Dodge St., Omaha, Neb. **Underwriter**—To be named. The last sale of debentures on Nov. 16, 1960 was handled on a negotiated basis by Blyth & Co., Inc., N. Y.

Oklahoma Gas & Electric Co.
Aug. 1, 1962 it was reported that this company plans to sell $12,000,000 of 30-year first mortgage bonds, in the second quarter of 1963. **Office**—321 No. Harvey St., Oklahoma City. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co. Inc. (jointly); First Boston Corp.; Harriman Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.

Pan American World Airways, Inc.
Oct. 30, 1961 it was reported that the CAB had approved the company's plan to sell its 400,000 share holdings of National Airlines, Inc. However, it said Pan Am must start selling the stock within one year and complete the sale by July 15, 1964. The stock was originally obtained under a Sept. 9, 1958 agreement under which the two carriers agreed to a share-for-share exchange of 400,000 shares and lease of each other's jet planes during their respective busiest seasons. The CAB later disapproved this plan and ordered the airlines to divest themselves of the stock. **Office**—135 East 42nd St., N. Y. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

Panhandle Eastern Pipe Line Co. (10/24)
Aug. 15, 1962 it was reported that this company expects to sell about $60,000,000 of debentures and $20,000,000 of preferred. **Office**—120 Broadway, N. Y. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., N. Y.

Pennsylvania Power & Light Co.
Feb. 20, 1962. Jack K. Busby, President and C. E. Oakes, Chairman, stated that the company will require about $93,000,000 in debt financing in the period 1962 to 1970. **Proceeds**—For construction and the retirement of $17,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody &Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

● San Diego Gas & Electric Co. (9/18)
Aug. 21, 1962 it was reported that directors had authorized the issuance of 500,000 additional common shares to stockholders on the basis of one new share for each nine held of record Sept. 18. **Proceeds**—For debt repayment, and expansion. **Office**—861 Sixth Ave., San Diego, Calif. **Underwriter**—To be named. The last rights offering on Nov. 4, 1959 was handled by Blyth & Co., Inc., N. Y.

South Carolina Electric & Gas Co.
Aug. 1, 1962 it was reported that the company plans a rights offering to stockholders of approximately $8,500,000 of common stock. **Office**—328 Main St., Columbia, S. C. **Underwriter**—To be named. The last rights offering in February, 1958, was underwritten by Kidder, Peabody & Co., N. Y. **Offering**—Expected in the first quarter of 1963.

Southern California Edison Co.
July 3, 1962 it was reported that this company plans to sell $50,000,000 of first and refunding mortgage bonds, series P, due 1987. **Proceeds**—For debt repayment and construction. **Office**—601 W. 5th St., Los Angeles. **Underwriters**—(Competitive). Probable bidders: Blyth & Co., First Boston Corp.-Dean Witter & Co. (jointly); Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.-Equitable Securities Corp. (jointly). **Note** — The bnod sale, previously scheduled for Aug. 28, has been postponed.

Southern Electric Generating Co. (11/28)
On Jan. 12, 1962 it was reported that this subsidiary of the Southern Co. plans to offer $6,500,000 30-year first mortgage bonds in November. **Office**—600 N. 18th St. Birmingham, Ala. **Underwriters** — (Competitive) Probable bidders: First Boston Corp.; Halsey Stuart & Co., Inc.; White, Weld & Co.-Kidder, Peabody & Co. (jointly) Merrill Lynch, Pierce, Fenner & Smith Inc.-Blyth & Co., Inc. (jointly); Eastman Dillon, Union Securities & Co.-Equitable Securities Corp.-Drexel & Co. (jointly); Morgan Stanley & Co. **Bids**—Expected Nov. 28. **Registration**—Scheduled for Nov. 1.

Southern Railway Co. (9/11)
June 12, 1962 it was reported that this road plans to sell $9,450,000 of 1-15 year equipment trust certificates in September. This is the second instalment of a total $18,900,000 issue. **Office**—70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Sept. 11, 1962 (12 noon EDST).

Southern Union Gas Co.
Aug. 15, 1962 it was reported that this utility plans a rights offering of $10,000,000 of convertible preferred stock in the first quarter of 1963. **Office**—1507 Pacific Ave., Dallas. **Underwriters** — To be named. The last rights offering of preferred stock in April 1959 was handled by Snow, Sweeny & Co., Inc., N. Y., and A. C. Allyn & Co., Chicago.

Washington Gas Light Co.
Aug. 1, 1962 it was reported that this company plans to sell $12,000,000 of 25-year bonds, in the second quarter of 1963. **Office**—1100 H. St., N. W., Washington, D. C. **Underwriters**—(Competitive): Probable bidders: Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; Kidder, Peabody & Co.; First Boston Corp.; Halsey, Stuart & Co. Inc.

Western Light & Telephone Co., Inc.
Aug. 1, 1962 it was reported that the company plans to sell approximately $5,000,000 of common stock through a rights offering to stockholders, in the second quarter of 1963. **Office**—2015 Forest Ave., Great Bend, Kan. **Underwriter**—To be named. The last rights offering in January, 1957, was underwritten by Dean Witter & Co. San Francisco.

Windjammer Cruises, Ltd.
April 18, 1962 it was reported that the company plans to register 90,000 ordinary shares. **Price**—$4. **Business**—Operation of "Windjammer" sailing ship cruises. **Proceeds**—For acquisition of additional vessels. **Office**—P. O. Box 918, Nassau, Bahamas. **Underwriter**—J. I. Magaril Co., Inc., N. Y.

Businessman's BOOKSHELF

Airline Traffic and Financial Data—Quarterly Review—Air Transport Association of America, 1000 Connecticut Avenue, N. W., Washington 6, D. C. (paper).

An American Farmer Discusses Freedom to Work—Chamber of Commerce of the United States, 1615 H Street, N. W., Washington 6, D. C. (paper), single copies on request.

Cambridge Books—Catalogue of publications scheduled for July-December, 1962—Cambridge University Press, American Branch, 32 East 57th Street, New York 22, N. Y. (paper).

Conflict Management in Organizations—Report of a meeting sponsored by the Foundation for Research on Human Behavior on conflict resolution and its significance to business and industry—Foundation for Research on Human Behavior, 1141 East Catherine Street, Ann Arbor, Mich. (paper), $3.

Corporate Liquidations for the Lawyer and Accountant—Howard A. Rumpf—A book designed for the accountant, attorney, tax advisor and businessman, covering a detailed and practical explanation of requirements necessary to consummate the liquidation and eventual legal dissolution of a corporation—Prentice Hall, Inc., Englewood Cliffs, N. J. (cloth).

Corporation Finance — Eli Schwartz — A textbook designed to fill the needs of a one-semester basic course in corporation or business finance, combining both the external and managerial approaches to the subject — St. Martin's press, Incorporated, 175 Fifth Avenue, New York 10, N. Y. (Cloth).

EEI-Nema Standards for Physical and Electrical Interchangeability of *Light Sensitive Control Devices* used in the Control of Roadway Lighting—Edison Electric Institute, 750 Third Avenue, New York 17, N. Y. (paper), 30¢.

In-Laws and Outlaws and Parkinson's Third Law—Professor C. Northcote Parkinson—Prof. Parkinson's newest excursion into the secrets of business administration —Houghton Mifflin Company, 2 Park Street, Boston, Mass. (cloth). $4.

Making of Economic Society—Robert L. Heilbroner—A study of history as the most interesting approach to economic problems, with particular reference to the growth of the market system — Prentice-Hall, Inc., Englewood Cliffs, N. J. (cloth), $4.95.

Management Investment Companies—Monograph covering the development of the investment company concept, and a brief review of the history of investment companies in the United States, factors bearing on their use, and their effects upon the securities market place and the economy—Prentice-Hall, Englewood Cliffs, N. J.

New Depreciation Guidelines and Rules—Memorandum of Recommendations of Bureau of National Affairs Tax Management Office—Tax Management, Inc., 1231 24th Street, N. W., Washington 7, D. C.

New Housing Units Authorized By Local Building Permits—Annual Summary 1960-1961—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 50¢.

1961 Loss and Expense Ratios—New York State Insurance Department, 123 William Street, New York 38, N. Y., $1.

Price of Prosperity — Peter L. Bernstein — An appraisal of the future of our national economy, with an outline of specific action, especially on the part of government, to help achieve greater prosperity for the nation as a whole in the '60's and '70's.—Doubleday & Co., Inc., Dept. 2-CI-8, Garden City, N. Y. (cloth), $4.50.

Property Tax Assessments in the United States — Preliminary Report No. 4—Bureau of the Census, Washington 25, D. C. (paper), 25¢.

Right of the Right to Work—The Moral Case for Voluntary Unionism; views of clergymen and church leaders—Chamber of Commerce of the United States, 1615 H Street, N. W., Washington 6, D. C. (paper), 50¢ (quantity prices on request).

Savings and Loan Fact Book, 1962 —United States Savings & Loan League, 221 North La Salle Street, Chicago 1, Ill. (paper).

Tables for Applying Revenue Procedure 62-21—Three statistical tables to be used in applying the new depreciation guidelines—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 15¢.

The State of TRADE and INDUSTRY

Continued from page 16

written off as a steel recovery month, *The Iron Age* reported.

This could still happen, and some of the earlier hopes for September fulfilled. But time is running out, the magazine said.

The *Iron Age* says the big problem remains. This is the high level of steel stocks held by major steel users. These will have to be worked off before there is a major improvement in steel production.

The rate of new orders from general business is picking up. But as long as the big users are ordering only a percentage of normal tonnages, there can not be a significant upturn in steel production.

The magazine cautioned that steel production could even dip a few points in the next few weeks. Some mills have been producing at rates higher than their shipments in anticipation of a boost in demand in September. If this does not show up soon, these mills will have to reappraise their production schedules.

The inventory logjam can virtually be pinpointed in the auto industry, and specifically in General Motors. GM divisions are reported loaded with steel, although the order rates of the other automakers are nothing to rave about.

From Detroit, it is estimated that GM is buying at about 60 to 65% of normal rate, Ford at from 45 to 50%, and Chrysler at 30 to 35%. These rates can change overnight as production of 1963 models gets going.

However, it is known that GM will be liquidating throughout the rest of this year. In fact, there are some rumors that GM will accelerate its liquidation program, a development that would cut further into the recovery rate.

There are still several factors working for a September recovery. One is a broad belief that users are holding out as long as possible before making September commitments. Another is the relative lateness of the auto model changeovers. The bottom of auto production was reached much earlier a year ago than this year. And it is still not too late for additional automotive orders for September.

Further, the general level of the economy indicates a higher rate of steel operations. In spite of some spottiness in business and some loss of confidence, steel consumption has been well ahead of production for several months.

If auto sales are good for 1963 models, and business does not lose momentum, the steel inventories could take care of themselves in short order.

There is evidence that availability of steel and willingness of mills and service centers to make concessions has given the market an appearance of weakness that is not entirely justified. The psychology of a buyers market may be vastly overdone, and a few major steel orders could alter the market state of mind overnight.

Auto Output Reached 6,685,000 Units and GM's Share Rose To 53.9%

The U. S. auto industry's 1962 model run, reaching its terminus at a Ford Motor Co. plant in Chicago, Wednesday, of last week, totaled more than 6,685,000 passenger cars, according to *Ward's Automotive Reports* latest weekly report.

The statistical agency said that 1962 model assembly increased 23.6% from the 5,408,625 units produced in the 1961 model session, and was the second-highest total in automotive history, bettered only in the 1955 model year.

Ward's said that of the '62 cars, General Motors Corp. built 3.6 million units, or 53.9% of the total. This was an increase of more than a million cars for that company alone. GM accounted for 47.7% of the industry total a year earlier.

Ford Motor Co. accounted for 27.9% of the '62 model total; Chrysler Corp. 10.2%; American Motors 6.6% and Studebaker Corp. 1.4%.

Chrysler Corp. and American Motors began recalling workers to retooled assembly lines. Both are expected to start regular '63 model output before the end of this week.

General Motors which ended '62 making on Aug. 10, plans '63 start-ups in two divisions late this month, with Buick, Oldsmobile and Pontiac regular assembly beginning Sept. 4.

Ward's said the carryover of '62 production into August was 150,000 units, compared with 62,500 '61 models made in the month last year.

Electric Output 7.5% Higher Than in 1961 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 18, was estimated at 16,838,000,000 kwh., according to the Edison Electric Institute. Output was 321,000,000 kwh. below that of the previous week's total of 17,159,000,000 kwn. and 1,173,000,000 kwh., or 7.5% above that of the comparable 1961 week.

Freight Car Loadings Down 4.3% Compared to Last Year

Loading of revenue freight in the week ended Aug. 11 totaled 565,881 cars, the Association of American Railroads announced. This was a decrease of 2,543 cars or four-tenths of 1% below the preceding week.

The loadings represented a decrease of 25,181 cars or 4.3% below the corresponding week in 1961, and a decrease of 34,140 cars or 5.7% below the corresponding week in 1960.

There were 14,052 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Aug. 4, 1962 (which were included in that week's over-all total). This was an increase of 3,291 cars or 30.6% above the corresponding week of 1961 and 3,175 cars or 29.2% above the 1960 week.

Cumulative piggyback loadings for the first 31 weeks of 1962 totaled 409,843 cars for an increase of 71,313 cars or 21.1% above the corresponding period of 1961, and 83,000 cars or 25.4% above the corresponding period in 1960. There were 60 class I U. S. railroad systems originating this type traffic in this year's week compared with 58 one year ago and 55 in the corresponding week in 1960.

Intercity Truck Tonnage Registers 0.6% Year-to-Year Gain

Intercity truck tonnage in the week ended Aug. 11 was 0.6% ahead of the volume in the corresponding week of 1961, the American Trucking Associations announced. Truck tonnage was 1.9% behind the volume for the previous week of this year.

The year-to-year gain is the smallest reported since September 1961. However, the narrowness of the gain is influenced by the general recovery in freight volume experienced at this time a year ago.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Department of Research and Transport Economics. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

The terminal survey for last week showed increased tonnage from a year ago at 17 localities, while 17 points reflected decreases from the 1961 level. Denver, Jacksonville, Houston, and Dallas-Ft. Worth terminals reflected year-to-year tonnage gains of 16.1, 15.1, 12.9, and 12.6%, respectively. No sizable year-to-year decreases were reflected.

Compared with the immediately preceding week, 13 metropolitan areas registered increased tonnage, while 21 areas reported decreases.

Lumber Output Rises 5.3% Above 1961 Level

Lumber production in the United States in the week ended Aug. 11, totaled 235,208,000 board feet compared with 229,626,000 in the prior week according to reports from regional associations. A year ago the figure was 223,339,000 board feet.

Compared with 1961 levels, output advanced 5.3%, shipments 0.7% and new ordsr 5.1%.

Following are the figures in thousands of board feet for the weeks indicated:

	Aug. 11, 1962	Aug. 4, 1962	Aug. 12, 1961
Production ----	235,208	229,626	223,339
Shipments ----	228,002	227,688	226,390
New Orders ----	235,462	221,634	224,030

Downturn in Business Failures

Commercial and industrial failures dropped to 285 from 306 in the preceding week, reported Dun & Bradstreet, Inc. Casualties fell short of the 366 occurring in the similar week a year ago, although they remained above the 279 in 1960 and exceeded by 13% the pre-war level of 253 in 1939.

Failures with liabilities topping $100,000 declined to 39 from 43 a week ago, but held even with the 1961 level. Among casualties involving losses under $100,000, the toll dipped to 246 from 263 in the previous week and from 327 in the corresponding week a year ago.

Wholesaling casualties dropped to 26 from 32 and manufacturing to 40 from 48. Tolls changed only slightly in other industry and trade groups—retailing failures were down to 140 from 143, construction declined to 52 from 54, and commercial service to 27 from 29. In all industry and trade groups, mortality ran above 1961 levels.

Four geographic regions reported fewer failures in the week just ended. Casualties in the Middle Atlantic dropped to 72 from 93 and in the West South Central States to 16 from 26 while milder declines prevailed in the East South Central and Mountain States. In contrast five areas had heavier tolls, including the New England States, up to 15 from 10 and the East North Central up to 54 from 49. Business mortality dropped below last year's levels in all regions.

Forty - eight Canadian failures were reported as against 35 in the preceding week and the same in the comparable week of 1961.

Wholesale Commodity Price Index Edges Up From Prior Week

After easing off early in the latest week, the general wholesale commodity price level rose fractionally, reported Dun & Bradstreet, Inc. Increases in prices at wholesale for wheat, corn, oats, sugar, hogs, steers and lambs accounted primarily for the week's rise. Only three commodities were quoted lower — rye, coffee and cotton.

The Daily Wholesale Commodity Price Index stood at 272.54 (1930-32=100) on Monday, Aug. 20, compared with 272.25 in the prior week and 271.30 in the corresponding week of July. However, compared to the similar day of 1961, the Index fell from 274.46.

Wholesale Food Price Index Dips Fractionally in Latest Week

Compared with the prior week, there was only a fractional change in the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., but it was down from a year ago. On Aug. 21 it slipped 0.2% to $5.93 from the $5.94 of a week earlier, and it was down 0.8% from the $5.98 of the corresponding date a year ago.

Commodities quoted higher in wholesale cost this week were barley, beef, sugar, steers and hogs. Lower in price were rye, oats, hams, bellies, cottonseed oil and potatoes.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Back-to-School Buying Strong

Purchases of back - to - school merchandise gained momentum in the week ended a week ago yesterday and together with lively activity in furniture promotions boosted total retail volume noticeably above the comparable year-ago level. Weather varied widely by regions, with coolness and rain stimulating interest in fall apparel and "big ticket" home goods in some areas while excessive heat and humidity boomed summer clearances and air condtioners in the South West and California.

The total dollar volume of retail trade in the reported week ranged from 2 to 6% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1961 levels by the followings percentages: New England —2 to +1; West North Central and Mountain 0 to +4; East South Central +1 to +5; Middle Atlantic and Pacific +2 to +6; East North Central and West South Central +3 to +7; South Atlantic +4 to +8.

Nationwide Department Store Sales Up 6% From 1961 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index reported a 6% advance for the week ended Aug. 11, 1962, compared with the like period in 1961. For the week ended Aug. 4, sales were ahead by 4% from the corresponding 1961 week. In the four-week period ended Aug. 11, 1962, sales advanced 5% over the corresponding period in 1961.

According to the Federal Reserve System department store sales in New York City for the week ended Aug. 11 were 11% higher when compared with the same period in 1961.

The Housing Outlook

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in business investment. And personal income is rising and with the greater relative satisfaction provided by existing supplies of consumer durables — houses, household equipment, etc. — the pressure for purchasing is not rising faster than incomes. So family savings, like business savings, are rising. The estimated savings rate for 1962, used by government agenecies is about 7% of disposable income.

State and local borrowing is rising but not enough to take up much of the slack, for state and local revenues are up, too. The Federal Government is left as a major borrower, but the Federal Government paid out about $7 billion more in 1961 than it took in. It may run a deficit of this order of magnitude in 1962, but the deficit probably will not increase much. For the economy as a whole, therefore, savings are expected to increase as much as or more than investment this year.

The New Commercial Bank Competition for Mortgage Lending

Because the demand for funds is not rising faster than the supply. Savings and Loans cannot expect to secure a higher yield from the same type of investment in 1962 than they got in 1961. Neither can banks. But with savings flowing into banks as well as S&Ls, the banks' search for profitable outlets will continue. This means banks will continue to look at the higher yield which mortgages provide, and they will show more interest in remodeling and rehabilitation markets. Even insurance companies are taking another look at single family home mortgages.

Insurance companies and banks have an advantage over S&Ls in that at least some of them can finance apartments more readily. A one million dollar loan on one apartment is easier to service than one hundred $10,000 loans at the same interest rate on 100 single family units. The overhead in handling the one million dollar mortgage is not much greater than than for handling one $10,000 mortgage. So the S&L competitors may be in a better position to go after the more profitable type of residential mortgages. But nevertheless, they will be looking at the possibilities in single family housing. Pressure for lower interest rates on mortgages will continue. This will affect S&Ls particularly.

As long as the Federal Reserve Board effectively restricted the rates commercial banks could pay, this reduced the incentive for commercial banks to push the home loan busines. This gave S&Ls an opportunity to outbid banks for money and to get a large proportion of the single family mortgage business. But conditions changed when restrictions were lifted somewhat and competition was allowed enter the field more vigorously. But our ideals call for a relatively free economy. I am sure in the long run S&Ls will be glad to compete with banks for business.

Would Liberalize S&L Assns.' Operations

I would hope, however, that if the S&Ls are going to be taxed that they will ask for more freedom for operations just as the banks legitimately now have freedom for their operations. The S&Ls should be able to loan on apartment houses, on automobiles, or on character. When S&Ls were first organized, they were organized to make loans in the one field in which families made large capital investments — in housing. New single family housing now represents less than half of the total annual outlays on housing. And familes now make large capital investments in other areas, such as autos and household equipment, but S&Ls do not serve these areas. The standard of living of American families has gone past the point at which housing is families' only important capital investment. S&Ls have not kept abreast of the rising standards of American families or of the shift in housing markets. Now that banks and other institutions are competing in the Savings and Loan field, why can't S&Ls demand the right to compete with banks, at least for the larger debt transactions which families make today. They should not be restricted primarily to the housing market, and kept out of nearly all other markets, too.

A word about the next three to five years. Births, as we know, started up in 1941. They rose nearly 20% by 1943. So there are about 20% more girls 19 years of age today than there were three or four years ago. Births dropped in 1944 and 1945, but started up again in 1946. There will be no appreciable increase in the volume of family formation in the next two to three years due to changes in the number of girls of this age, but there will be a modest increase three to four years from now.

But the fact is that the market is much more complicated than the figures suggest. As a single instance, the girl tends to look for a husband one to two years older than she is. But the number of boys born increased at the same time as did the number of girls being born. Boys were not born first and girls did not follow a year or two later. So more girls will have to accept husbands of their own age or not get married. This is cited as one simple illustration of the fact that marriage is not as simple as it used to be. You may well say girls will get married even if there are no older boys around. That may be true, but it may take a girl a few weeks, at least, to accept this hard reality of life.

The important fact for the next three to five years, however, is not the fact that marriages will not rise sharply in the near future, but rather that marriages represent less than 40% of the total market. Upgrading of housing, urban renewal, changing of family size, migration, etc., will be much more important during the next five years than the net volume of family formation. The builder who finds what the market is will succeed even should large vacancies develop (which I do not expect on a large scale) in the next three to five years. Good market analysis is the problem now more than interest rates, for instance.

I have been asked to comment also on the demands for and supply of funds in the latter part of the 60's, not just 1962. Many of the topmost financial experts of the country at one or more of these meetings have generally taken the position that the supply of savings would increase more than the demand during this decade. Whether the analysis was based on long term cyclical swings, or was an industry by industry analysis, the general concensus was that interest rates would probably be weaker at the end of the dacde than the beginning. The demand for housing will be greater at the end of the decade than it is now. Demand for other types of consumer durables may not rise as much as the demand for housing, and the supply of savings is expected to rise more than demand for long term credit. Financing of housing will be on a larger scale but the supply of funds with which to finance it should be more than adequate, and the interest rates may be somewhat lower.

Future S&L Assns.' Problems

Problems of the S&Ls 10 years from now will not be the supply of funds, but the competition of other opportunities for using funds. Housing will soon be competing with summer camps in Maine and Canada, or vacations in France or Guatemala. As incomes and standards rise, the opportunities open to families to spend their money rise as well. Forty years ago a family was content to have a modest equity in its home. Twenty years ago it wanted a house and an auto. Ten years ago it wanted a house, auto and a college education for the children. Today it wants at least a house, an auto, a college education, and pensions. Ten years hence, long vacations away from home? It is relatively unimportant what the new attractions will be, but it is important for S&Ls to remember that each new desire competes with the desire for a house. They can keep abreast of changing social and economic patterns, or you can wither on the vine. The choice is not entirely up to them, as for instance governments will interfere with them and make their problems more difficult. But the effectiveness with which they face the problems of the future will be important, and influence the degree to which they can be successful in meeting our growing competition. Average family incomes are reported by the Census to exceed $7,000. Ten years hence they may exceed $8,500. The capital requirements of families whose average incomes are $8,500 or more will be appreciably different and broader than they are today. What are the S&Ls doing to get ready for this changing market?

*An updated version of an address made by Mr. Newcomb on May 17, 1962 before the National League of Insured Savings Associations, Williamsburg, Va. While Mr. Newcomb has revised the talk as of Aug. 13 last, it should be noted that recent developments have tended to support the somewhat unorthodox and, generally speaking, minority views as to housing prospects originally expressed by the author.

The Role of Financial Intermediaries in the 1960s

Continued from page 15

findings of greatest pertinence to us are these:

(a) Americans save from offensive rather than defensive motives. Most Americans are convinced that the bare necessities of life will be provided even in emergencies, and they now save for the extras — rather than the bare necessities of life. People still talk about savings goals and feelings toward money as if they were living in past eras. Emergencies and a rainy-day rationale are quite normal, but the motivation folks say people do not mean what they say. Their actions and behavior as indicated by deeper explorations of their attitudes reveal contradictions and the emergence of new real values. Acceptance of cradle-to-grave security is a reality, even though there is much lip service paid to the necessity of saving for emergencies and security The good and leisurely retirement, a second home, a boat, travel to foreign lands, vacations—these have become the real reasons for saving.

(b) The financial age of Americans is rising and continued growth in financial sophistication lies ahead. There is increasing acceptance among all socio-economic groups that money itself can be a source of income, that money can work for its owner. One reason why savings and loans have been so successful is that they have introduced the American saver and investor to the world of investments. For the new investor they were the bridge leading from simple deposit-type institutions to the investment world. Over-all, public interest in the money and capital markets seems destined to grow. So say the motivation research folks.

(2) Survey of Large Savers

During January of 1961 the United States Savings and Loan League conducted a study of the characteristics of savers moving large amounts of money through our institutions. January was selected because this is a reinvestment period for virtually all our institutions; that is, it follows the dividend payment date and produces a peak of money flows.

Any saver who added or withdrew $1,000 or more from his savings account at any of 77 associations distributed throughout the country in 27 states and 46 cities was eligible for the study. In all, over 44,000 questionnaires were mailed and over 17,000 were returned, a response of almost 40%. The dollar flows represented by those receiving questionnaires accounted for between 40% and 50% of the total dollars moving through the surveyed institutions during the period in question. Checking responses by time of receipt and other known variables shows the data to be internally consistent and lends reliability to the results. The returns were quite similar from one broad region to another, and the findings were very definite.

Our largest and most important savers are a highly select group. They are older, better educated and among the higher occupational categories than the typical American. In addition, their incomes are well above average. About half of our larger savers classed themselves in the professional, executive and managerial categories. Retired individuals also were important. In terms of age, 48% of the savers were over 55 years old and one out of four was 65 or older. Educationally, we are attracting a very high proportion of our savers from the better educated segments of communities; 33.8% were college graduates and another 22% had attended college. Income-wise, over 37%, or three out of eight, of our more important customers had incomes over $10,000 in 1960.

The movements of amounts of the size considered in our survey in a concerted fashion by savers could have significant impact on funds available to the various sectors of the capital markets. For example, a switch from stock and bond investments to savings and loans would increase the supply of funds moving into the mortgage market and reduce the supply in other sectors. The possibility of anticipation surveys in this area deserves further research.

Looking ahead, on balance the changed character of consuming units as users of financial services and as suppliers of funds and their growing willingness to use these services and supply these funds will enhance the role of intermediaries. As more and more people reach the income level where the services performed by intermediaries become attractive, intermediaries will benefit. A negative influence will exist to the extent that the rise in income, wealth and financial sophistication brings about efforts by consumers to circumvent financial middlemen and to invest directly through open market and capital market instruments. During the 1960s the former trend will far outweigh the latter.

Market Role of Financial Institutions

The demand forces are only part of the story. What existing financial institutions do, how well they understand market forces and how well they adapt their operations to consumer demand in a competitive world will play a major role in their future success.

There seems to be little doubt that the middle years of the 1960s are going to be the most competitive the financial world has ever seen. The squeeze on earnings, a complaint which has been common in agriculture, manufacturing, construction and retailing, now afflicts financial firms. How are financiers reacting? Just like other businessmen. For an analogy, let me turn to retailing. The trend during the 1950s in retailing has been best described by the term "scrambled merchandising." Grocery stores "stole away" the fast-selling proprietary drugs, the heart of the drugstore line; drugstores retaliated by taking on fast-selling hardware items; the hardware store added lawn furniture and garden supplies and housewares, and so the pattern continued. The ultimate probably exists in the discount house.

A similar trend is occurring in finance. The recent interest of commercial banks in consumer and retail banking may be interpreted as a type of scrambling. Bankers, feeling the pressures of a generally controlled money supply and a slowing down in the rate of gain in demand deposits, decided the time had come to solicit time deposits. Furthermore, the sharp-pencil money management techniques of corporate treasurers and others have reached quite advanced stages. A number of savings and loan business managers, for example, use drafts rather than checks for payment of construction payouts and benefit from the float. Others follow the policy of drawing bank balances down to zero and investing under repurchase agreements over weekends in Treasury bills.

Savings banks in New York State are seeking the right to make personal loans and through Federal chartering to become more like savings and loan associations and to expand their activities outside of the northeastern states.

Close examination of the statements of the Commercial Credit Corporation through the years is quite revealing of what is happening in the sales finance field. Within the past few years CCC has purchased a life insurance company. City Loan and Savings, a small loan company in Ohio and a number of equipment leasing operations; also a manufacturing company on which it lost money. At the present time, only 41% of CCC's business comes from auto financing, compared with over 80% just a few years ago. Pacific Finance now makes second real estate mortgages in California in conjunction with the first liens of 11 savings associations belonging to Financial Federation.

In the small loan field, Household Finance has entered the college education loan field and secured the right to make loans up to $$3,500. One savings and loan manager has voiced the fear that if associations were to enter the small loan field as their attempt to scramble, the loan companies might retaliate by seeking the right to accept savings from the public and getting their accounts insured by an instrumentality of the Federal Government.

Real Estate Trusts That Are Non-Regulated S. & L. Assns.

Real Estate. Let us turn for a moment to the field of real estate, for here the changes have been particularly dramatic. In real estate markets the outstanding event of the 1950s was the restoration of the general public's confidence in real estate investments. The heritage of the 1930s is dying or dead, and we are seeing the beginnings of a switch in the mortgage market from debt capital to equity capital. These kinds of risks have no government guarantee backing them. In a sense, the price-earnings ratio in terms of income return on real estate has been cut about in half recently, dropping from 12-15% to 6-8%. For the first time since the 1920s, resources of the general investing public have been drawn as equities into real estate. Public stock issues by real estate investment trusts and syndicates have multiplied greatly.

One type of real estate investment trust, First Mortgage Investors and Continental Mortgage Investors are examples, turns out to be essentially a non-regulated savings and loan association. The two trusts have secured over $30 million of equity funds from the market, will leverage these by borrowing on short-term commercial paper up to 10 times this amount, and invest the proceeds in residential mortgages, construction and land development loans in competition with established institutional lenders.

Another development in the real estate field is the possible emergence of the large integrated builder. Major corporations, among the nation's 100 largest industrial concerns, are considering the possibility of buying forests and lumber mills, buying the land, building the homes with their own labor, selling the properties with their own salesmen and financing the consumer purchase. Such developments in volume will change the character of the real estate financing business. They may well make the mortgage markets in 1970 vastly different from what we know today. When the supposed baby boom turns into a shelter boom, the institutions doing the building and financing may not be so readily recognized by the standards of the 1950s.

In the savings and loan business, managers see the "Golden Age" as over. Their choice is to consolidate or scamble, and I think scramble it will be. Some managers talk about expansion of lending powers. They seek an opportunity to expand from thrift and home ownership to thrift and family financing. They would embrace the right to purchase municipal securities of various types, make consumer loans to finance the purchase of home appliances, provide funds for college education, etc. Such trends seem to permeate the entire field of intermediaries.

Summary

My conclusions regarding the role of financial intermediaries during the remainder of the 1960s are as follows:

(1) Intermediaries will continue to grow as consumer demands for their services grow during the decade ahead. Intermediaries will grow more swiftly than the monetary institution, the commercial bank. One crucial public policy issue is whether the primary commercial banking function should have appended to it various types of intermediary activities. The separation of demand deposits and credit creating functions from intermediary functions might clarify thinking, enhance control and contribute to monetary stability.

(2) The American consumer has reached a stage where financial understanding and the ability to utilize financial services is at an all-time peak and should continue to grow. Although the evolutionary trend will continue, for the 1960s, it will favor rather than hinder most intermediary-type institutions.

(3) Significant changes can be expected in the operations of existing intermediaries. These changes probably will be in the form of efforts to expand lending powers, to minimize specialization, and to seek diversification. The pace of the changes should accelerate to the degree that politics plays a part in determining where new intermediaries enter the system. It is my guess that state and local government finance is the area most likely to see new intermediaries come into existence.

(4) The road ahead tends to favor the large relative to the small institution. Competition for physical locations and branches will become even more intense than it is now. Automation, needs for the equivalent of consumer and product research in finance, the demands for specialized talent in appraising and underwriting risks, all tend to favor the large over the small institution.

(5) Finally a public policy question: Should financial institutions be permitted to "scramble" and how far should such a trend be permitted to go? Do such developments increase the risk to the depositor or saver at the various institutions? To answer these questions we need to develop criteria for evaluating a well-functioning financial system. Until the members of the academic community carry through and develop a series of theoretical concepts explaining the role and function of intermediaries in providing financial services, we will fall short in such an evaluation. If such concepts are forthcoming, we may be able to deal more effectively with the all-important public policy questions pertaining to the long-run growth of our economy and the role of financial institutions in contributing to that growth in modern financial markets.

Now Dishy, Easton & Co.

The firm name of Dishy & Co., 40 Exchange Place, New York City, members of the American Stock Exchange, has been changed to Dishy, Easton & Co.

Stillman, Maynard Admits

On Sept. 1 Eleanor F. Remick will become a limited partner in Stillman, Maynard & Co., 61 Broadway, New York City, members of the New York Stock Exchange.

Amer. Pac. Management

HONOLULU, Hawaii — American Pacific Management Corporation, is engaging in a securities business from offices at 1523 Kalakaua Ave. Officers are Roger S. Ames, President; Hugh M. Tuttle, Vice-President; Gordon L. Weggeland, Vice-President and Treasurer; and Francis M. Weggeland, Secretary.

D. R. Partyka Co.

GLEN OAKS, N. Y.—Donald R. Partyka is conducting a securities business from offices at 264-61 Langston Avenue under the firm name of D. R. Partyka & Company.

Life Security Branch

LOS ANGELES, Calif.—Life Security Corporation has opened a branch office at 733 North La Brea Avenue under the direction of Phillip Zats.

Open Miami Branch

MIAMI, Fla.—Palm Beach Investment Company, Inc., has opened a branch office at 2000 West Flagler under the management of J. D. Cohen.

Charles Seay Branch

MIDLAND, Tex.—Charles E. Seay, Inc., has opened a branch office in the Petroleum Life Building under the management of William J. Hill.

TAX-EXEMPT BOND MARKET

Continued from page 6

1965 to 3.65% in 1988, this issue attracted immediate demand with the present balance only $470,000. The bonds due 1989 to 1991 were not offered.

The Housing Award

The largest loan of the week, $106,210,000 Public Housing Administration serial (1963-2003) bonds came to market at noon EDT on Wednesday. Involved were 35 local agencies and bids had to be made separately on each issue. The bulk of the bonds, consisting of 19 loans totaling $58,225,000, was awarded to the so-called merged Dealer-Bank group. This group is managed jointly for the dealers by Lehman Brothers-Blyth & Co. and Phelps, Fenn & Co. and for the banks by The Chase-Manhattan Bank and the Bankers Trust Co. These 19 issues were offered on three yield scales depending on classification as to credit and local tax advantages. The "A" scale ran from 1.50% to 3.35%; the "B" scale from 1.50% to 3.45% and the "C" scale from 1.50% to 3.50%. Presale interest among commercial bank underwriters was very substantial and it is estimated that over 60% of the bonds have been sold.

The group headed jointly by F. S. Smithers & Co. and Goodbody & Co. submitted the best bid for two issues totaling $25,395,000 of bonds. Included in this total was the $24,870,000 New York City issue maturing (1964-2003) which carried a 3¼% coupon. The bonds were scaled to yield from 1.75% to 3.35%. Initial demand has been good, with 50% of the issue estimated to have been sold during the initial order period.

Equitable Securities Corp., Dean Witter & Co. and C. F. Childs & Co. submitted the high bid for $6,620,000 Boston, Massachusetts (1963-2002) bonds as 3¼s. This issue was offered to yield from 1.40% to 3.45%.

The remaining $15,970,000 of bonds were split among numerous smaller splinter groups and, due to time differences and geographical locations, no accurate estimate of the reception to these loans by investors is available at this writing.

Dollar Bonds Were Not Neglected

Dollar quoted turnpike and revenue bonds were not overlooked by investors during the past week and sizable gains were reported throughout the list. The *Commercial & Financial Chronicle's* revenue bond Index stands at 3.7801% this week as against 3.808% the previous week. In terms of dollars, this amounts to a gain of one-half point.

Issues which outperformed our average are Chesapeake Bay Bridge and Tunnel 5¾s up one point; Illinois Toll Highway 3¾s up one point; Kansas Turnpike 3⅜s up two points; Massachusetts Turnpike 3.30s up 1½ points; and New York Power 3.20s up one point. Some further gain seems in prospect for these bonds.

Next week's new issue calendar is unusually light and totals only $76,315,000 of bonds. The only sale of note is $33,300,000 Los Angeles, California, Electric Plant revenue (1963-1992) bonds for Wednesday, Aug. 29.

Looking Ahead

The Douglas County, Public Utility District, Washington has announced the appointment of Blyth & Co., Merrill Lynch, Pierce, Kenner & Smith Inc., John Nuveen & Co., Kidder, Peabody & Co., A. C. Allyn & Co., Inc., F. S. Smithers & Co. and B. J. Van Ingen & Co., Inc. to form an underwriting group to finance the $177,000,000 Wells Dam Hydroelectric Station on the Columbia River.

This dam, which will harness the river between the Rocky Reach Dam of Chelan PUD downstream and the Federal Chief Dam upstream, will be financed by revenue bonds about June of 1963. This is close to the last important power project which will come out of the Pacific Northwest. There is an issue of $94,000,000 Grant and Kittitas Counties PUD which is just in the talking stage and a long way off.

Another loan, which could come to market in the fall of this year, involves $75,000,000 Public Building Commission of Chicago, Illinois revenue bonds to finance the construction of a new Civic Center for the City of Chicago. This proposed issue will be secured primarily from the rental revenues to be derived from the leasing of the office space within the civic center to the City of Chicago under appropriate lease agreements. These bonds will be offered for competitive bidding.

Realism and Statesmanship Urged on Sav.-Loan Industry

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economy, because it cut short the recession by causing a rise in demand in a very important sector of our economy.

When the demand for other types of goods were on the increase and when business was perking up, consumers tended to shift to different kinds of investment. They bought automobiles, furniture or stocks or bonds. This cut the flow of liquid savings to the savings industry. It tended to reduce or at least limit the amount of money available for mortgages and it tended to reduce the volume of housing we were putting in place. To some important extent this helped level off demand in the economy and prevented even worse inflationary pressures than we experienced prior to 1958.

The savings industry began to take this pattern of events for granted. The commercial banks complained bitterly that regulation did not permit them to compete effectively with savings and loan associations and mutual savings banks. In 1961, when they adopted the tactic of paying daily interest, their competitive position improved tremendously. However, it should be noted that a lot of the increased saving in 1961 may have come from their own checking accounts. Certainly it does not appear to have come at the expense of the savings associations or mutual savings banks.

At the same time, savings associations and mutual savings banks took it for granted that if they could obtain the funds from the savers there would be adequate outlets in which they could place their receipts. One savings and loan executive said to me in a meeting one day, "Ours is a simple business. If we can get the dollars we can put them out." I think the difficulty today is, that business is no longer that simple.

Changed Economy

Our economy has changed. We have accumulated a very large capital stock, after many years of very rapid growth and investment, and we are experiencing an extremely sharp rise in our labor force as a result of the rise in birth rates toward the end of the 1930's and the even greater rise during the early 1940's. Consequently, we are confronted today with a situation in which the economy, after an exceedingly good record in recovering from the 1960-61 recession, still is not growing rapidly enough to absorb our accumulated surplus in the capital stock and cut sharply into our reserve of unemployed labor. Though we are making progress on both fronts, the progress is not as good as many people within government and outside government would like it to be. At the same time we are enjoying a very high rate of savings in liquid forms.

Perhaps the effect of this high rate of savings can best be illustrated by looking at the experience of the commercial banks. Last year was a record period for inflow of time money to the commercial banks. They received about $9 billion; slightly more than the savings and loan associations. At the first quarter of this year, banks picked up another $6 billion in time and savings money at a record rate of $2 billion per month. The inflow to banks in April dropped back about 20% from the average monthly level for the first three months of the year, and in May it fell to about half the monthly average in the first quarter. Nevertheless, the flow is still dramatically large.

Banks' Large Holdings of Governments

The banks have had some problem with their flow. This is best demonstrated by the fact that in this recovery, their holdings of government securities have increased almost without interruption, and that they now hold almost as much in short-term government securities as they held when the recovery started. By this date in earlier recoveries, government securities held by the commercial banks had fallen to or below the level at the beginning of the recovery. Plainly, the banks have been unable to find adequate lending outlets. Business loans have increased much more slowly than in the last two upswings. Consumer loans have yet to rise much above the recession low, in contrast to gains of about $1.5 billion during the same period in the last two recoveries. The really surprising development is in real estate loans. Banks have intensified their efforts quite sharply to get into the mortgage market. But as of this date, they have increased their portfolios by about $2.5 billion compared to gains of $3 billion in the 1954-56 recovery and $3.5 billion in the 1958-59 recovery.

Dilemma Facing Savings Industry

These figures illustrate the dilemma which faces the saving industry rather dramatically. Liquid savings are likely to rise most sharply after we have restocked our capital and after the surge in credit demands begins to level out. In part, the liquid savings in such a period move up sharply because of the practices of the institutions in the savings market. During the growth of the capital stock, credit demands have provided plentiful outlets for the several types of institutions and they have been able to increase their rates in order to compete with each other. Usually, there is a final burst of competition in the very late stages of the capital restocking process. It is brought on by the fact that after years of jockeying for position, all the institutions make one final effort to assert their position in the market.

The result is that savings flow in very sharply when rates paid savers are at an historical high, the demand credit is slackening, and yields on market instruments in which the money can be invested is either holding level or declining somewhat. This is the type of situation which Congress discovered existed in the late 1920s, during the investigation of the depression of 1929-33. Without suggesting or even hinting that we face the same prospect today, there are similarities between the present situation and that of the late 1920s. We have reached the top of a capital restocking boom even though that boom may resume in the very near future. At the present time, rates paid by savings institutions are at a postwar record high and the inflow of savings is also at a record high. At the same time, the demand for credit, as the figures for commercial banks amply illustrate, is somewhat weaker than it has been and yields are either holding steady or softening in many markets.

A Critical Question

Those of us who are engaged in the savings industry or concerned with its welfare face a critical question: namely, how much saving do we want? If my earlier remarks about the relationship of saving and investment have any meaning, I think we want an amount of savings which is consistent with the investment needs of the economy. At the present time, investment is not moving forward as strongly as in some earlier periods. This is not because of a lack of saving, rather as a result of the build up of a large capital stock without a commensurate increase in consumption. Today the need is for more consumption and more incentives to investment. Incentives to investment must come primarily from increased consumption. A higher rate of consumption would raise profits and place pressures on the capacity of business firms to produce, forcing them to expand.

While the Administration and Congress bend their efforts to generating an environment which will encourage consumption and investment, the savings industry has in its pouch a much larger volume of saving than can be put to work effectively at the level of interest rates which existed only a little over a year ago. This raises some critical questions to which attention should be directed. The first, involves the problem of whether we should seek continued expansion in savings at an increased cost to bankers that is not offset by a comparable rise in income. A number of commercial banks, for example, have found that the increased rates they pay have reduced their profits quite sharply. Savings and loan associations are beginning to find that their income, after dividends, is no longer as large a proportion of their assets, or their liabilities, as it has been for some years. In effect, both types of institutions are doing more work for a smaller return.

The second question, stems in part from the first. Historically, financial institutions have resisted declines in income. Instead of reducing the rates they pay, they have pursued higher yielding assets even if those assets contain more risk. The savings industry tends to be somewhat unrestrained in its competition for savings. There seems to be a tendency among savings institutions to place a high premium on growth. Growth convinces the public, apparently, that the institution is progressive, forward-looking, and dynamic. Unfortunately, financial institutions sometimes forget that growth without an appropriate increase in income can be costly. It means that the institutions are in a less favorable position to increase their equity accounts as rapidly as their savings grow. It also means, that they may have to seek assets that later can give them some problems.

Reexamined Aims of Savings Industry

In view of these circumstances, I would like to raise the issue about whether or not there should not be a reexamination of the aims and considerations which normally govern the operations of financial institutions, particularly those in the savings industry. It seems appropriate to ask the managers of savings institutions whether or not they shouldn't give consideration to protecting their earnings position; the growth of their equity accounts in relationship to their deposit or share account liabilities; and the quality of the assets in which they invest the funds they receive.

It is clear from many bits of evidence that liquid savings are growing faster than profitable, sound outlets for investment. In this type of an environment, it is incumbent upon the managers of financial institutions to set aside the question of growth alone and to review the relationship between income, liabilities, and the quality of the assets which they can obtain. It is always possible to place money to adopt easy enough terms, appraisals, and accept borrowers with questionable credit worthiness. The effect of this is evident in the foreclosure rates that some types of lenders are beginning to experience.

Some answers to the type of issues I have raised may sound quite proper, moral, and just. In fact, many of the answers I have heard have been prefaced by the remark, "Don't you think it's good that . . ." What is good? Isn't it good to encourage savings? Isn't it good to have more money for housing? Isn't it good to be able to serve our community? The answer to all of these questions generally is, "Yes", but I wonder if it is wise to try to pursue balance sheet totals when the profitable outlets for savings are limited, and perhaps even declining.

There is reason to wonder, too, if it is desirable to try to encourage housing merely by pumping credit into the market without giving due regard to the demand side of the market. Available data shows that demand today, relatively speaking at least, is substantially weaker than it was during most of the postwar period. It is also reasonable to ask what is meant by serving one's community. In some communities there is a substantial stock of unsold houses and foreclosure rates are rising. Romantic myths about savings and what can be done with them obscure the real issues. Today we need realism and statesmanship in the savings industry. You may want to think some more about the question, "How Much Saving Do We Want?" And, in particular, about how much saving you may want in your shop at the present time.

*An address by Mr. Schwartz at the annual stockholders' meeting of the Federal Home Loan Bank of Indianapolis, Indiana.

Rife Vice-Pres. of Blewer, Glynn & Co.

ST. LOUIS, Mo.—Howard W. Rife has been elected Assistant Vice-President of Blewer, Glynn & Co., 320 North Fourth Street, St. Louis investment firm founded in 1945. Mr. Rife will continue his activities in sales, specializing in Municipal bonds and general market securities.

Forms Financial Growth

Sheldon P. Hurwitz is conducting a securities business from offices at 120 West 57th Street, New York City, under the firm name of Financial Growth Plans.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—The Congressman who is expected to become chairman of the House Banking and Currency Committee next January is downgrading the Federal Reserve System.

Representative Wright Patman of Texas will step up to the chairmanship of the important committee with the retirement of Representative Brent Spence of Kentucky, presuming of course the Democrats continue in control of the House. The Republicans must pick up about 44 seats in November to capture control of the House, and this seems like a tremendous order.

Congressman Patman has long been a critic of some of the monetary policies of the Federal Reserve. Recently he jabbed sharply at the agency. Although it did not make the newspapers, the Congressman who currently holds the No. 2 Democratic position on the House committee, declared:

"In truth, the functions for which even the Federal Reserve banks were established have long since disappeared. The amount of credit which these banks extend by way of loans and advances to the private banks in the community is negligible, and has been for many years."

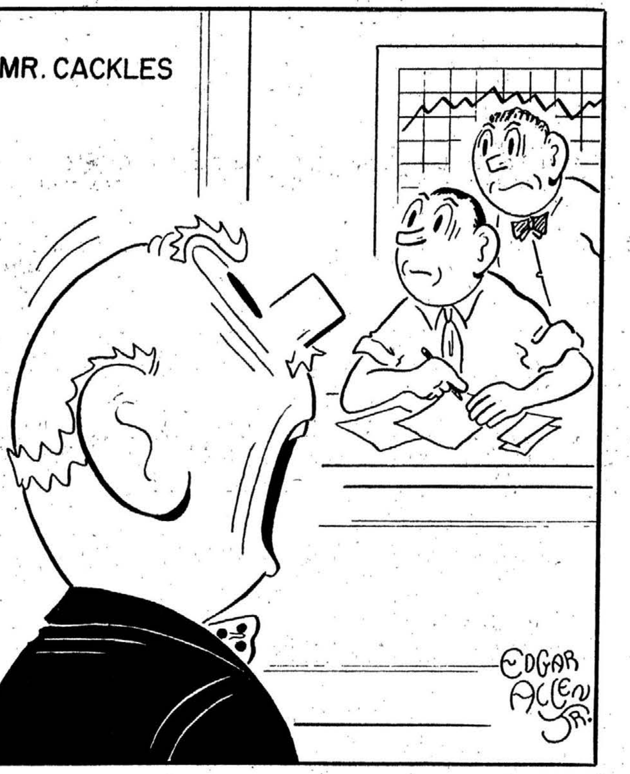
Congressman Patman's criticism was borne in a House Banking and Currency Committee report in connection with a proposed $30,000,000 authorization for construction of Federal Reserve Branch Bank Buildings, among other things. While the legislation passed the House, Mr. Patman was very much opposed to it.

If he becomes chairman of the committee in January and, it seems likely he will, there is not much doubt but the Federal Reserve System is going to be needled a great deal.

Established in 1913

Congress passed the Federal Reserve Act in 1913. The system comprises the board of governors; the Federal Open Market Committee; the 12 Federal Reserve Banks and their 24 branches in scattered sections; the Federal Advisory Council, and the member banks which include all national banks in the 50 states and certain State banks and trust companies that have been admitted to the system. The seven-member board, which sits in Washington, determines general monetary, credit and operating policies of the system, and has the power to influence credit conditions.

The House Banking Committee's majority report stated that the need for the $30,000,000 for the Federal Reserve branch banks grows out of the nation's growth. Certain Federal Reserve offices are being called upon to process more checks and handle more currency than can be done efficiently in their present quarters.



"How about spending a little more time on the Dow-Jones averages and a little less on the Mickey Mantle average?"

Patman's Arguments

Congressman Patman, who long has had a critical eye on Wall St., expressed his opposition to the Federal Reserve legislation in a minority report along with that of a fellow Texan, Representative Henry B. Gonzalez of San Antonio, also of the House Banking Committee.

Mr. Patman said the legislation abdicates Congressional responsibility over the spending of public funds by the powerful Reserve System, and that it amounts to a clear case of "back door" spending at its worst. Federal Reserve System is one of numerous Federal agencies which collects substantial amounts of funds from the public as a major part of their business.

Congressman Patman a couple of years ago conducted hearings on his bill that would have retired the stock the Federal Reserve Banks held by member banks. At the same time the proposal would have made membership open to all commercial banks, National or State for only a $10 fee.

In his new opposition to the Federal Reserve building additional branches, his and his colleague's dissenting report to Congress said:

"Almost without exception these bank buildings and branch bank buildings are marble temples—imposing edifices which suggest that momentous affairs are conducted behind their gilded and bronzed doors. To obtain a Federal Reserve branch bank for one city is an enviable objective, highly regarded by the business community of almost any city.

"Such a bank is thought to be a money center or at least a branch of a money center, and is vaguely assumed to bring influence and advantage to the business and financial enterprises of a city worthy of having such an edifice.

"In truth, the functions for which even the Federal Reserve banks were established have long since disappeared. The amount of credit which these banks extend by way of loans and advances to the private banks in the community is negligible, and has been for years. Furthermore, such credit as is extended could be handled by mail or telephone to some central office, as easily as by face-to-face dealings with an officer of one of these establishments.

". . . This is not to say that the Federal Reserve System extends no credit to the private banking system. Indeed, it does, but for many years now substantially all such extensions of credit have been made through the so-called open market operations in New York City. These credit extensions are all conducted by the manager of the open market account and a small staff of assistants housed in the Federal Reserve Bank of New York."

The 12 Federal Reserve Banks and the 24 FR branch banks during the calendar year of 1961 earned from interest on loans, fees, etc., about $4,033,000. On the other hand, their net expenses were $161,275,000.

Hits "Free Services"

"It is not improbable," said Congressman Patman and his concurring colleague, "that 90% or more of the $157,242,000 out-of-pocket cost of the government last year went to pay the cost of free services provided to the private banks. . . . By approving the spending of $30 million to build and enlarge branch banks, therefore, Congress would be approving another $30 million subsidy to the private banks, if, indeed, it will not be a waste."

When (and if) Congressman Patman becomes chairman of the House Banking and Currency Committee he is expected to step up his efforts for low interest rates. Also he probably will continue hammering away at the Federal Reserve System.

Meantime, the great majority of his colleagues do not feel the same way as he does about the FR branch banks. The House voted 314 to 50 in passing the $30 million authorization. Apparently quite a few of Mr. Patman's colleagues and some economists feel that the Texan is an inflationist, but Mr. Patman contends that they are mistaken.

The ranking member of the powerful House Committee was the sponsor of the first bill to pay World War I veteran bonuses back in 1931. In 1936 he was the author of the bill to pay the veterans of the first World War the remaining half of their so-called bonus. In 1958 he was co-sponsor of the Small Business Investment Act.

Mr. Patman, who hails from East Texas, received his law degree from Cumberland University in Tennessee. He also holds an honorary degree from East Baptist College at Marshall, Texas., in recognition to his "contributions to good government."

[*This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.*]

Bache Names Ellman

Sol Ellman has been named associate manager of Bache & Co.'s branch office at 1407 Broadway, New York City. Maurice N. Moes is manager.

Mr. Ellman, who has written for various financial periodicals and conducted lecture courses on the securities industry, joined Bache in 1955. Prior to this Mr. Ellman headed his own textile jobbing firm.