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EDITORIAL

As We See It

One of the aphorisms which has come out of General Eisenhower's campaigning is to the effect that politics is too important to be left to the politicians. The General made this remark in the course of an appeal to business men to "get into politics." To weigh the propriety and the wisdom of the appeal so passionately made, one must first go into the matter of definitions of terms. If what the General meant was that public policy is too important to be left to the politicians—or to any one other than the people themselves—he is, of course, on very strong ground. The destiny of the people as a whole will in the end be largely governed by the people themselves, as a matter of fact, no matter what appeals may be made to this, that, or some other element in the population. But, of course, the skill and the wisdom with which the people manage their own affairs is in very large degree controlled by the wisdom with which they choose their leaders and the judgment they exercise in following those leaders.

Study or discussion of such matters as these must, if they are to be fruitful, begin with a realistic understanding of how things are now done in the so-called political arena. The typical politician is a professional vote getter. He may appear to be deciding important public issues, and in a certain sense he is deciding them. The fact is though that his decisions, by and large, are those which he believes after careful study and observation will please most of the people most of the time. In his campaigning he may appear to have a mind of his own, but appearances are not always in accord with reality. He is past master at making voters believe that he is an original advocate of all those things (Continued on page 26)

The Growth Characteristics of Electric Utility Industry Stocks

By Frederick W. Page,* *Vice-President of Tri-Continental Corp., New York City*

There is nothing irrational in today's utilities being higher than they have been and on a relative basis they appear to have an upside potential. Mr. Page explains why he is bullish about future earnings and appreciation of utilities stock which he prefers to bonds and most industrial stocks. He is doubtful of further lows and optimistic about the long run price for growth equities including electric companies. Comparative analysis shows utilities merit top growth label.

In forming an opinion as to the present position and outlook for electric utility stocks, it is well to first examine the industry's background and history. If we look back 30 years, which roughly covers the period that I have been closely in contact with the industry, we find that the electric utility industry has faced one major obstacle after another, and has emerged stronger than ever with a greatly improved public image.

Frederick W. Page

In 1932, our economy was at the bottom of one of the most severe and protracted depressions in our history. Although the FRB index of production declined 46% from its 1929 high to its 1932 low, utility earnings held at approximately their 1929 levels through 1931. Late in 1931 they started to decline and fell rapidly in 1932 and 1933. The reasons for this delayed reaction to changes in economic conditions point up one of the chief characteristics of the electric industry—a strong growth that is relatively unaffected by mild recessions. Although the economy as measured by the FRB index started to decline in November of 1929, industrial use of electricity continued to rise until February of 1930, and the higher rate and more profitable domestic load continued to show gains over the previous year until November 1932.

Two factors accounted for the growth in domestic sales long after the general economy had turned down. They were increased consumption per customer and an increase in the number of customers. In 1930, the electric industry continued to gain domestic customers, but as the depression grew worse, families started to double up and family formation was delayed. Even the reduced number of newlyweds went home to live with their in-laws. As a result, the industry failed to add new customers to their lines in 1931, and actually lost customers in 1932 and 1933. I vividly remember Alex Dow in the Detroit Edison annual report making the philosophical statement, "Young lovers may postpone their weddings, but they can't wait forever."

In spite of the loss of customers in 1932, consumption per customer, which is most important earningswise, continued to increase at a strong enough rate to result in an increase in domestic KWH sales for the year as a whole. However, the length and severity of the depression finally had its effect on this factor in 1933. For the only time on record, consumption of KWHs per customer declined in 1933. Conditions had become so severe that practically no new appliances were sold, budgets often did not permit the repair of appliances that went out of (Continued on page 30)

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 34.

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.

This Week's Forum Participants and Their Selections

Air Products and Chemicals, Inc.—Leon Palmer, Analyst, J. W. Sparks & Co., New York City. (Page 2)

Divco-Wayne Corp.—Coleman M. Brandt, Analyst, Ira Haupt & Co., New York City. (Page 2)

LEON PALMER

Analyst, J. W. Sparks & Co., New York City; Members New York Stock Exchange

Air Products and Chemicals, Inc.

It has been frequently stated that "the stock market is always going up or going down but never standing still"; that it is a barometer, or a harbinger of things to come. The current period is no exception and the selection of securities for purchase, or for sale, appears to carry more than the normal measure of uncertainty. Consequently, I feel that investment decisions today must be made with an unusual amount of care.

For superior long-term results, I feel that issues commonly classed as "growth stocks," where they can be acquired at reasonable prices, will prove the most rewarding. Along these lines, I submit Air Products as my candidate for the The Security I Like Best. During the 1957-62 period, industry sales increased at an annual rate of about 10%; Air Products' sales rose from $56 million to approximately $100 million. The net income showing was even more impressive — mushrooming from $2.7 million to almost $6.0 million. Despite this outstanding showing, the common shares are selling at less than 20 times earnings of $3 per share estimated for the fiscal year ended September 30, 1962.

Air Products specializes in industrial applications of low-temperature processes—known as industrial cryogenics—primarily in the field of gas liquefaction and separation. It develops, engineers, manufactures, operates and services facilities for the generation, purification, transportation and storage of industrial and medical gases such as oxygen, nitrogen, hydrogen, acetylene, argon, methane, helium, ethylene, and fluorine. It was a pioneer in the concept of "on-site," or "point-of-use," oxygen production facilities; today, this methodology is a commonly-accepted, and growing, industry practice.

The commercial sale of industrial and medical gases is the most important operation of the company from a revenue and profit viewpoint, accounting for approximately 50% of sales and a somewhat larger percentage of income during fiscal 1962. Chief markets include the steel industry, where most of the 10 major company-owned and operated "point-of-use" oxygen generators are installed. Presently, the steel industry is the largest oxygen consumer, accounting for almost 45% of total domestic output. The use of oxygen within the steel industry has increased at an annual rate of 15 to 20% during the past 10 years. Oxygen converters, introduced domestically in 1954, currently have a total installed capacity of over 7.5 million tons and announced plans call for an additional 10 million tons to be added by 1964. In addition to requiring a smaller initial investment than open hearths, oxygen converters melt steel more quickly and cheaply and have a greater degree of flexibility.

The chemical industry ranks a close second to steel in terms of oxygen consumption and is expected to grow rapidly to number one position, perhaps by 1970.

Aside from the large individual users, Air Products has approximately 100,000 customers for its industrial and medical gases and related products. This diversified group of users ranges from large consumers to small customers who use only an occasional cylinder of gas. Moreover, this latter activity has expanded at a 40% annual rate during the past five years, exclusive of large special users, compared to a 10% rate for the industry.

The United States Government, as opposed to the previously described non-governmental activities, has played an important role in the company's development. Although government sales decreased in relative importance during fiscal 1962, they accounted for approximately 30% of total revenues and probably a lesser proportion of profits. The company is an important participant in the nation's aerospace efforts, having constructed and currently operating a number of liquid oxygen (LOX) and liquid hydrogen generating facilities for the Air Force and NASA. Company-produced facilities have furnished oxygen for the Mercury program and it is contemplated that liquid hydrogen will be used for such projects as Apollo and the Nerva, Saturn, Nova and Centaur vehicles.

The afore-mentioned activities constituted the sole business of the company until about two years ago. At that time, management decided that the chemical industry afforded a logical extension for the company's capabilities. Accordingly, it undertook a joint venture with Tidewater Oil for the production of oxo alcohols, used in the manufacture of plastic products. A further foothold in chemicals was gained with the acquisition of Houdry Process Corp. and the Catalytic Construction Co. in January of this year. Houdry is engaged in the production and sale of chemicals and catalysts and the development and licensing of processes principally for the petroleum refining and chemical industries.

Air Products is in sound financial condition with current assets, as of June 30, 1962, totalling $41 million, compared with current liabilities of $21.5 million. At the same date, long-term debt amounted to $41.8 million; however, most of this was secured by long-term, take or pay, contracts with many of the leading steel producers and such outstanding companies as duPont and Ford Motor. Approximately 20% of the some 1,980,000 common shares outstanding are owned by insiders or institutions. The nominal 5 cents quarterly dividend has been supplemented by small stock distributions during the past two years; the most recent declaration was 2% in January. The stock is listed on the New York Stock Exchange.

COLEMAN M. BRANDT

Analyst, Ira Haupt & Co., New York City
Members, New York Stock Exchange

Divco-Wayne Corporation

A dramatic change has recently taken place in Divco-Wayne Corporation, a manufacturer of specialized automotive equipment. Through its March 1962 purchase of Vought Industries, the former mobile home division of Ling-Temco-Vought, Divco has doubled its sales volume and established itself as the largest single factor in the $600 million mobile home industry. Benefits from this acquisition have already been reflected in the company's current operating statements and will become even more apparent in 1963 and later years.

Divco-Wayne Corporation was formed in 1956, through the merger of Divco Corp. and Wayne Works Co. After the merger, three corporate divisions were set up: Divco, Wayne and Miller-Meteor. The Divco division, largest of the three, manufactures multi-stop trucks, which are primarily used by retailers for home deliveries of dairy items and other food and non-food products. Wayne is one of the leading manufacturers of school bus bodies, which it constructs on custom supplied chassis, and also produces transit buses and military vehicles. Miller-Meteor, smallest of the three divisions, produces hearse and ambulance bodies which are mounted on Cadillac chassis. In 1959, the Divco-Wayne Sales Financial Division, a wholly owned subsidiary of the company, was formed to provide inventory financing and insurance for dealers, and consumer financing, insurance and leasing for their customers. In March of 1962, Divco-Wayne acquired the Vought Industries division of Ling-Temco-Vought. Purchase was made for 50,000 shares of Divco common and $1,885,000 in cash. A total of $1,250,000 in one year notes, owed by Vought Industries to Ling-Temco-Vought, and payable quarterly from August 1, 1962, also remained outstanding after the purchase.

Production of the specialized products of the Divco truck division, while representing less than 1% of total industry output, has grown more rapidly than the general field. Moreover, it has risen while industry production of the weight classes which Divco produces has declined. The expanding market for door-to-door services, together with new types of trucks being introduced by Divco point to further sales gains for this operation. Sales of the school bus bodies made by the Wayne division have shown steady growth, and future results should continue this pattern, deflecting

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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.)

Stocks Next Spring Will Be Higher Than Today

By J. Dabney Penick, General Partner, Reynolds & Co., New York City*

Wall Street partner explains why he believes the next 60 days provide unusual opportunities to buy equities. Mr. Penick disagrees with the current rash of soothsayers who predict a second wave of stock liquidation next Spring, and advises this is the period to buy. Backing up his advice is an analysis provided of a representative sampling of stocks which ". . . will be selling higher next Spring than the price at which they are available today."

No selection of individual securities is valid unless a general market thesis has been set up as a background for their choice. Usually, when it is the right time to buy stocks, one cannot prove it. This was the case in November-December of 1957 and it was true in September-October of 1960. Almost anyone will tell you that today conditions are different from what they were in those periods. We have no argument that general conditions are indeed different, but they are always different at different times. As a matter of fact, the market decline of 1957 was 19% from its high in August to its low in October, In 1960, the decline was 18% from the January high to the November low and this year the selloff was substantially larger—approximately 27% from the 1961 highs to the June 1962 lows. Also because of the excesses in the new issue markets during 1961, this year's decline was more damaging to individual accounts than the two preceding ones. We are aware of this fact and of the many existing factors and influences that are depressing investors and other stock buyers — namely "profit squeeze" "foreign competition," "further regulation of the investment business," etc.

J. Dabney Penick

Be that as it may, we think we can prove that now is one of the right times to be buying equity securities. While the decline in the Industrial Averages was roughly 27%, many individual securities have lost from 40% to 70% of their previous high valuations, and we know of several instances where the decline ran to 98%-99%. During the next 60 days, we expect further tax selling, which may bring new lows to scattered individual issues. We believe such a market pattern will spell opportunity to buy specific stocks.

Why Stock Prices Will Rise

Most buyers of stock in any October are looking towards next April at least, and those in November towards next May, etc. Current projections are a dime a dozen that by next Spring general business will be sliding off and that the stock market generally will be in a second phase of liquidation. We do not agree and cite three reasons therefor. First, that the factor of probable lower business activity is already in the price of most common stocks. Secondly, there is no weak member of our domestic credit structure, and thirdly, personal disposable income and savings continue to reach new record levels. A tax cut in 1963 will further swell this factor. Furthermore, should a corporate tax cut come about, coupled with the already broadened depreciation allowances, it might induce corporations to adopt more generous dividend policies. So we think that investors should be in a buying rather than a selling attitude.

There are said to be more than 40,000 investment clubs in the United States, each with its own investment policy. Obviously, no stock or group of stocks could be selected that would be suitable for all of them or even the majority of them. For many years, our firm has been active in helping groups establish their own clubs. From this experience, we have found that all 40,000 clubs do have one thing in common — unanimously they like to buy stocks which go up. In the next few minutes we shall review briefly a few stocks which we think will be selling higher next Spring than the price at which they are available today.

Pepsi-Cola

While the soft drink industry is well known for defensive characteristics, its record for growth may be less well understood. Wholesale volume of bottled soft drinks in the United States has risen both absolutely and relative to most indices in every recession since the Great Depression. During recovery periods, moreover, the advances made by the soft drink industry have averaged almost exactly those of Gross National Product. Consumption per capita was 53 bottles in 1929; 100 bottles in 1940; 158 bottles in 1950 and now stands at 200 bottles annually.

The American companies in the soft drink industry have been

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OBSERVATIONS . . .

BY A. WILFRED MAY

DEVALUATIONS AND THE SECURITY MARKETS

The news that the U. S. balance of payments has worsened again over the July-September quarter, reported this week by the Federal Reserve Board, together with the Labor Department's week-end announcement of a record increase in the Consumer Price Index, is re-stimulating investors' discussion of a possible future dollar devaluation. And in any event, whether we be experiencing Cold, Hot, or Tepid War, musings over its impact on the securities markets will recur.

Hence it is interesting to take a look at the effects on both stocks and bonds of past devaluations here and abroad. This is not to imply that they would supply valid precedents for forecasting major investment results in the event of a repetition of such monetary action here. On the contrary, they evidence the consequence of the unexpected; contradicting popular delusions as to both the direction and extent of resulting security price movements.

The "New Deal" Experience

President Franklin Roosevelt's so-called gold-purchase program, initiated in the blooming New Deal days of October, 1933, daily raised the price of gold (via purchases for the account of the Reconstruction Finance Corporation) by amounts determined by numbers game routine played with Treasury Secretary Morgenthau alongside the President's bedside breakfast tray.

Instituted to implement the "plan" of Professor George Warren, economist for the articulate Committee for the Nation, as a desperate effort to raise the general price level for the rescue of the farm population and all other debtor groups, it surely differed in mechanics and purpose from any presently foreseeable devaluation (currently, the government is committed to the prevention to price rises).

Then and Now

In their market setting too, do the two "then-and-now" periods sharply differ. In October, 1933, stock prices had only retraced a third of their post-1929 collapse, the most severe decline of all time. A dollar devaluation in present times, on the other hand, would presumably still have a market background of merely showing a loss of part of the long bull rise of the 1950's.

Despite the 1933 period's favorable market setting, and an ensuing business recovery, stock prices followed the devaluation with merely a short-lived rally, before settling back into a seesaw movement which kept them—below their devaluation-time level until mid-1935.

With consumer prices rising by only 3%, the real value of money invested in leading industrial stocks remained unchanged in the 1933-'35 post-devaluation period. But in terms of the real value of *income*, owing to dividend rises, they increased by 75%; while top-grade long term corporate bonds fell by 3%.

* * *

BRITISH EXPERIENCE

Britain's two major "devaluations," namely, her departure in September, 1931, from the gold bullion standard, cutting the pound loose from its fixed $4.80 valuation to an ensuing $3-$5 range; and in September, 1949 (as induced by balance of payment difficulties) cutting the pound's dollar price to the $2.80 level, elicited quite unexpected impacts.

Following Britain's 1931 "devaluation," share prices *declined* during a whole year. Consumer prices were steady-to-lower throughout the period to the 1939 outbreak of World War II.

Government bonds acted surprisingly well in the 1931 devaluation's aftermath. After a brief decline, they rose steadily until the end of 1934.

The 1949 Devaluation

From the time of the British Labour Government's coming to power in 1945 until the devaluation of September 16, 1949, stock prices had fluctuated narrowly, ending the interval with a 7% net decline.

From London during that month of devaluation (September, 1949) this writer reported the widespread expectation of severe controls and the fully managed economy to curb inflation — this assumption being endorsed all the way up to the Labour Party's leaders, Ernest Bevin and Sir Stafford Cripps. Devaluation was regarded as "one more major step in the country's road to evergreater planning, if not actual collectivism."

But what actually followed the 1949-devaluation time was absence of effective controls over the consumer price level, with their rise of about 25% until the Labour Government's 1951 demise. Fixed interest bonds (consols) followed inflation-time tradition with declining prices and rising yields.

But such orthodox behavior of consumer prices and bonds applied only to the comparatively long-term (a 2½-year minimum); *and not at all to common stocks.*

Those Unpredictable Stocks

During the three months, July, August, and September, preceding the actual 1949 devaluation, and including the hot-rumor stage, stock prices failed to reflect the inflationary tendencies—excepting for the gold shares, high-riding with a 12% rise. True, the stock averages rose by 3.9% in the devaluation-surrounding interval, Aug. 25 to Sept. 21. But after a further post-devaluation rise of only 1%, common stocks ended the year with a 12% decline from the preceding 1948 years-end.

The fixed interest 2½% consols more closely conformed to inflation expectations, showing a moderate decline from 72½ to 70½ in the immediate post-devaluation period. Twelve months previously they had stood at 81.

The exceptional anti-inflationary nonhedging behavior of common stocks in the U. K. has also been quite uniquely true over the longer term. In the interval 1937-1957 the cost of living rose by 163% but share prices increased by only 78%—with the result that merely 48% of the cost-of-living increase was offset by the stock rise. (And the price of the fixed interest consols actually *rose by 60%.*)

* * *

Thus the actual devaluation experience in the United States and United Kingdom evidences the non-uniformity of its impact on securities.

* * *

Devaluation experience in other countries will be presented in next week's column.

Southeastern IBA Group Elects

HOT SPRINGS, Va. — Millard F. West, Jr., Partner, Auchincloss, Parker & Redpath, Washington, D. C., was elected Chairman of the Southeastern Group, Investment Bankers Association of America, announced Glenn E. Anderson, President, Carolina Securities Corporation, Raleigh, N. C., retiring chairman of the Group. Election was held at the 42nd Annual Meeting of the Group, Oct. 26-28, at The Homestead, Hot Springs, Va., Elected with Mr. West were the following officers:

Millard West, Jr.

Vice-Chairmen—George S. Kemp, Jr., Abbott, Proctor & Paine, Richmond, Va.; W. Wallace Lanahan, Jr., Stein Bros, & Boyce, Baltimore, Md.

Secretary-Treasurer — William D. Croom, First Securities Corporation, Durham, N. C.

Members of the Executive Committee — Glenn E. Anderson, Carolina Securities Corporation, Raleigh, N. C.; Harvey B. Gram, Jr., Johnston, Lemon & Co., Washington, D. C.; John C. Hagan, III, Mason-Hagan, Inc., Richmond, Va.; W. Olin Nisbet, Jr., Interstate Securities Corporation, Charlotte, N. C.; Truman T. Semans, Robert Garrett & Sons, Baltimore, Md.

Mr. Gram has been elected a Governor of the IBA representing the Southeastern Group effective with the Annual Convention of the IBA, Nov. 25-30, at the Hollywood Beach Hotel, Hollywood, Fla.

Featured speakers at the meeting were Curtis H. Bingham, President, Bingham, Walter & Hurry, Inc., Los Angeles, and President of the Investment Bankers Association of America, and Thomas H. Davis, President of Piedmont Aviation, Inc., Winston-Salem, N. C.

Purcell & Co. To Admit Partners

Purcell & Co., 50 Broadway, New York City, members of the New York Stock Exchange, on Nov. 8, will admit Joseph B. Conway, George E. Maccaro and William J. Graham to partnership. Mr. Conway will become a member of the New York Stock Exchange. Mr. Graham will make his headquarters at the firm's Forest Hills office.

Holiday Inns of America, Inc.

By Dr. Ira U. Cobleigh, *Economist*

Reviewing a profitable and hospitable inn-keeping enterprise that, in just ten years, has grown into the largest motel chain in the world.

Motel is a rather cold and commercial word; so, when Mr. Kemmons Wilson opened his first motel in Memphis, in mid-1952, he called it "Holiday Inn." The "Holiday" sounded a note of happy, contented leisure, and the "Inn" conveyed the warm, gracious hospitality associated, for centuries, with roadside hostels in Europe and America. The choice of name was fortuitous. You'll now see it neonized in the "Great Sign" (reaching 55 feet above the shrub-swathed ground level, and 30 feet wide) which heralds, symbolizes and advertises each of the almost 300 Holiday Inns in 38 states, Canada and Puerto Rico. Of these, some 60 are owned by Holiday Inns of America, Inc.; and the balance, operated by licensees.

Totally, the chain provides, today, about 30,000 rooms, and a standard of hospitality, cleanliness, comfort and attractiveness that makes the Great Sign, the preferred roadside haven for hundreds of thousands of motoring Americans. At the day's end, a Holiday Inn provides home comforts, an attractive, budget-priced restaurant, air-conditioning, television; free ice and dog food, a swimming pool, coffee, ice water and TV in each room; you can park outside your door — and no itchy-palmed bell-hops to subsidize! A great idea has built a great company!

Professional Innkeepers

The success of Holiday Inns lies not only in physically supplying the growing need for off-highway lodging, but in defining and adhering to uniform high standards in design, functional comfort, operating efficiency, quality of service, and reasonable prices. To maintain these standards of excellence, which cause countless tourists to plan their trips around Holiday Inn nightfall reservations, the company has its own training course for Innkeepers. It also has six full-time Innkeepers, serving as inspectors, who visit every single motel unit in the chain—owned or leased — at least four time a year. If everything is OK, their report says so. If not, a licensee will be given 30 days in which to bring his Inn up to standard. If he fails to do this, he may lose his franchise and his Great Sign—and be "just another motel."

Franchising

This Holiday Inn franchise is no small thing. It now costs $10,000 plus a royalty (to H. I. A., Inc.) of $.15 per room, per day, or 2½% of daily gross room sales—whichever is greater. But, Holiday Inns can do a lot for its licensee: it will survey and evaluate a proposed site, recommend the precise location and preferable type of Inn to be built, line up the mortgage financing, fully equip the Inn, hire and train its operating personnel, and make a long-term projection of probable profits. So you see the licensee gets a lot for his money. Later on, he may get even more—he may be offered an opportunity to exchange his equity for shares in Holiday Inns of America, Inc. In this way, a private, closely held equity may swiftly be converted into a respected security, with a ready market. Often, this tax-free exchange may create a rewarding capital gain.

Diversity of Revenue

Holiday Inns derives substantial income from rental of rooms in the Inns it owns. In addition, the company is expanding its flow of revenue from a diversity of other operations: from the licensing business just outlined, from restaurants operated by the company and leased out to others, and from miscellaneous service revenues.

There are also five rapidly growing subsidiaries: (1) Inn Keepers Supply Co., which sells furniture and fixtures, construction materials and supplies to motels (principally licensees); (2) Merchants Hotel Supply Co., which sells equipment and supplies for kitchens and dining rooms in Holiday Inns and in other institutions; (3) Coffee Host, Inc., supplier of units and ingredients for in-room service of coffee, tea or hot chocolate; (4) Holiday Manufacturing Co., at Camden, Ark., which manufactures trailer-style Cabana units; and (5) Holiday Press, one of the largest printing establishments in the Mid-South. All of these companies tie in with, and contribute to, the business of building, furnishing and operating Inns.

The New Look

Holiday Inns is also responsible for some dramatic changes in motel architecture. It has designed a 32 room Compact unit, with the rooms on the second floor, and parking space and a functional restaurant on the first floor, underneath. The Compact is planned for areas where parking space is at a premium. The company has also come up with the Cabana — four fully equipped rooms built in a unit on assembly line methods. This unit can be towed, like a king-sized trailer, to any site, and put up on pylons. The units can be joined together to meet any expanded requirements for low cost, temporary, permanent or transient housing.

Finally, there is the Metropolitan, a vertical Holiday Inn, with 10 rental floors (25 rooms on each), a floor for meeting rooms and, on top, a swimming pool, bar, and revolving glass enclosed restaurant. Sixteen of these Metropolitan motels (costing around $2½ million apiece) are planned for various sections of the United States.

The company's unceasing drive for operating efficiency, is illustrated by its recent installation of a $500,000 IBM Data Processing System. This will do the over-all accounting for company owned Inns, and provide almost instant cost and profit projections, which used to take an accounting staff weeks to produce.

Profit Progress

How well, you may ask, has all this progress fed the cash register? Splendidly! Assets of Holiday Inns have risen from $3 million at June 30, 1957, to $59.8 million at June 30, 1962; and, in the same period, Capital and Surplus surged forward from $781,759 in mid-1957, to $14,826,762 in mid-1962. Again, net profits rose from

$447,300 in fiscal 1957, to $1,793,850 for fiscal 1962.

Long-term stockholders have been well rewarded. Holiday Inns shares were first publicly offered in August, 1957, at $9.75. Allowing for stock dividends and splits, this original investment is now represented by shares having current market value of over $100. (There was a 3-for-2 split in March, 1961, and a 2-for-1 split in November, 1961). As of June 30, 1962, there were, outstanding, 2,486,637 capital shares currently traded OTC, at around 22. Per share net, $.78 for 1962, is expected to reach $1.20 this year.

When many companies are suffering from a "profit squeeze," here at Holiday Inns we view an enterprise that has been consistently earning over 20% annually on its net worth. Gifted and imaginative executive guidance is provided by Kemmons Wilson, Board Chairman, and Wallace E. Johnson, President, ably supported by an energetic, progressive and efficient across-the-board management team. As a multiple hostelry, and as stock for investment, Holiday Inns basks in an atmosphere of serenity and success.

McCollester With Hornblower & Weeks

Hornblower & Weeks, 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange, has established a mutual fund department, it was announced by Clifton P. Walker, an administrative partner and member of the executive committee. Roger S. McCollester has been named as manager.


Roger S. McCollester

Mr. McCollester was previously with F. Eberstadt & Co. Inc., manager and distributor of Chemical Fund, and prior to that with Calvin Bullock, Ltd., manager of Bullock Fund, Ltd., Dividend Shares, Inc., Nation-Wide Securities Co., Inc., Canadian Fund, Inc., and Carriers & General Corporation.

Wood, Gundy International

TORONTO, Canada — Wood, Gundy (International) Limited, has been formed with offices at 36 King Street, West Toronto. C. L. Gundy is President; W. P. Scott Chairman; J. K. McCausland, J. J. West and W. P. Wilder, Vice-Presidents; J. N. Abell is managing director.

Wood, Gundy (Bahamas) Limited, has also been formed with offices at Rawson Square, Nassau. I. S. A. Fraser is resident director of the firm.

Both new organizations are affiliated with Wood, Gundy & Company Limited of Toronto, and Wood, Gundy & Co., Inc. of New York City.

Debt Management Policy And the Capital Markets

By Hon. Robert V. Roosa, Under Secretary of the Treasury for Monetary Affairs, Treasury Department, Washington, D. C.*

A top Treasury official makes crystal clear: (1) not to expect over-issuance of short-terms — held akin to "greenback" financing; (2) the importance of maintaining a balanced Federal debt structure; (3) intention to issue long-terms even though no time seems propitious for such a step; and (4) the independence of the Federal Reserve will not be infringed upon. The only deviation from these policies, insofar as Federal debt financing is concerned, is that the objective of maintaining a balanced maturity may be temporarily subordinated to shorter-term considerations. Dr. Roosa explains the reasons for present emphasis on short-term borrowing; couples to this explanation the Treasury's concern of not inhibiting the Federal Reserve's operations; warns that endless short-term borrowing does not assure lowering debt interest cost; avers sparing use has been made of debt financing through the banking system; and looks to future helpfulness of reformed tax policy to aid the economy's growth.

A meeting of the Mortgage Bankers Association is a particularly appropriate forum for a discussion of debt management — the problems, the policies, and the results. For mortgage bankers and the managers of the Federal debt have a vital interest in common: a continuing concern with the state of the capital markets, with the forces of supply and demand at work in them, and with the behavior of interest rates that results from these forces.


Robert V. Roosa

The mortgage market is by far the largest single component of our long-term capital markets in this country. The net increase of mortgages outstanding in a single year consistently exceeds the entire outstanding total of all Federal debt in the 20-year-and-over maturity range. For example, after allowing for all repayments and refundings, the industry placed last year a volume of long-term debt that was larger than the total of long-term Federal debt now in existence as the combined and cumulative result of everything that all of the managers of the Federal debt have been able to accomplish in that area of the market since World War II.

I would like to review the range of varied objectives that we have to try to fulfill, and to reconcile, in managing a Federal debt that is distributed through all maturity sectors of the money and capital markets. And, in the light of that review, I will then trace through some of the results we have had in working toward those objectives during the past 20 months.

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The process of decision-making in debt management is complicated by the sheer number and diversity of objectives which we must pursue simultaneously. Some are the cost and efficiency considerations appropriate to any borrowing operation; some are peculiar to the inescapable fact that our operations must almost always be large; and some relate to the special responsibilities and opportunities inherent in any exercise of public policy. This means that anyone engaged in Federal debt management must, among other things, keep in mind the impact of any given Treasury debt operation on the liquidity needs of the domestic economy, on the long-term capital markets, on our balance of payments position, and on the interest cost of carrying the debt as a whole. Moreover, against the inexorable pressure of the passage of time, the debt manager must continually strive to turn over to his successor a suitably balanced debt structure.

Very broadly, these objectives of debt management may be divided between those that are more largely of a "housekeeping" character and those that are more closely related to the Government's economic policy.

One of the first on either list is the aim of minimizing interest costs and the burden of the debt on the taxpayer, to the fullest extent consistent with other compelling objectives. Another housekeeping aim is that of promoting and maintaining an active and broadly-based market for Government securities, not only in the interest of the Treasury and of investors in Government securities, but also in the interest of the Federal Reserve, which must operate through this market in adjusting, on a day-to-day basis, the reserve position of the banking system.

Our further housekeeping objectives must be to establish and maintain a maturity structure for the debt which will assure a reasonable range of flexibility for the Treasury debt managers in the future, a structure which will also facilitate rather than inhibit the execution of appropriate monetary policies, and one which will provide appropriate quantities of securities in the various maturity areas to meet he needs of the investing public.

Dangers of Excessive Short-Term Financing

Very often we are asked why the Treasury does not finance solely through short-term securities. Such borrowing seems always to be more easily carried out. And, since short-term rates are usually lower than long-term rates, would not such a policy also save the taxpayers money? Not many of those who ask this sort of question would carry it to its ultimate extreme and argue that the Treasury ought to finance its operations solely through "greenbacks" — demand obligations which carry a zero interest cost. The hazards of "greenback" financing are well known. Unfortunately, the hazards of an excessive concentration of short-term financing are less well known.

Perhaps our housekeeping objectives can best be understood by pointing up some of these hazards. First and most important, if we were to concentrate our financing entirely in short-term securities, we would be courting the danger of excess liquidity and the inflationary potential which excess liquidity creates. Short-term Government securities are a close substitute for money; they can be turned into money very quickly and with little risk of loss. To be sure, an advanced economy, such as ours, has need for a large stock of liquid instruments that are free of credit risk; such a stock is needed for the ready reserves of our financial institutions and other organizations. And, as our economy grows, the size of the appropriate stock of liquid instruments will also grow. But this does not mean that all of the debt can be in short form. For the stock of liquid instruments can exceed the needs of the economy at going prices and practicable rates of output. And, to the extent that such an excess occurs, a threatening inflationary potential will have been created in the economy—even an economy that is not, throughout its many sectors, fully employed.

Furthermore, it does not follow that, if the Treasury were to concentrate its financing solely in the short-term area, the interest cost on the Federal debt would be reduced. The level of interest rates for any given maturity area reflects not only the state of expectations, but also the quantity of securities supplied to the market in that maturity area. If the Treasury were to add to the supply of short-term securities well beyond the needs of the economy for this kind of instrument, short-term rates on Treasury securities would inevitably rise relative to long-term rates.

This sort of situation is illustrated by the actual experience of 1959 and early 1960, when the Treasury was forced to concentrate an excessive amount of its financing in the one-to-five year maturity area. As a result, a "humped" yield curve was produced, with yields in the one-to-five year area being substantially higher than yields on the longest-term Government securities. And partly as a result, total budgetary interest costs for the fiscal year ending June, 1960, were larger than those for either of the two following fiscal years, even though the total outstanding debt was actually increasing over those later years, and at the same time, a considerable lengthening of the average maturity of the debt was being accomplished.

Another major hazard of an excessive concentration of short-term Government securities is that it may severely inhibit the execution of monetary policy. It can do so in several ways. To the extent that more of the Federal debt is concentrated in short maturities, other than Treasury bills, there will inevitably be a need for more frequent, large refunding operations by the Treasury.

Today's Short-Term Ratio

The reason that the turnover of our short debt is now accomplished with relatively little disturbance to the money market, and without serious impact on the flexibility of the Federal Reserve, is that the volume of short-term securities is still well within the absorptive capacity of the economy. However, if the Treasury, because of an excessive concentration of short debt, was forced to engage in very frequent and very large refunding operations of the sort whch might be disruptive to the money markets, the Federal Reserve would find itself with only very short intervals of time within which it could freely and independently work out gradations of change, or shifts, in monetary policy without risking an undue disruption not only of the markets but also of the Treasury financing operations themselves.

Since February, 1961, the Federal Reserve has extended open market operations throughout the entire maturity range of Government securities, instead of concentrating its efforts solely on the short-term sector. This is a change in procedure which the Treasury has welcomed. However, if the Federal Reserve is to be able to release or absorb reserves through transactions in any part of the maturity range that is appropriate for its policy objectives, the quantity of outstanding securities in the various maturity areas must be adequate to provide an active and broadly-based market in which such transactions can actually be conducted.

Maturity Spread of Fed's Portfolio

It is particularly important, so far as the implementation of monetary policy is concerned, that the maturity composition of the Federal debt include a significant volume of long-term debt. For at times when monetary controls should be reaching through to the longer maturity areas—influencing the supply of funds that may

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Tax-Exempt Bond Market

BY DONALD D. MACKEY

Markets for state and municipal bonds fluctuated further this past week as a genuine war scare rather than economic and political factors motivated the markets for all types of securities. Robust gains had been made throughout the bond lists, and particularly in municipal bonds, following the lowering of reserve requirements on time deposits which unleased lending potential to the extent of $4,600,000,000.

However, with the heigtening of the war scare during the latter part of last week, markets were nervous and easier. Although they were lower, they were nontheless orderly and, from previous experiences involving drastic international tensions, the reaction was limited to moderate proportions before the weekend relaxation in world tensions.

About Face

Before traders could remove their hats and coats and grab the *Blue List* on Monday morning the markets were considerably better as if by a persuasive intuition. There was very little trading early Monday but by noon the numerous issues quoted in dollars were up from one-half to 1½ points. Spreads were widened and nobody apparently acquired much cheap inventory. Quiet strength prevailed for the remainder of Monday's session as there was but little new issue activity to stir up enthusiasm. Tuesday was also quiet as dollar bonds made fractional gains and investors apparently picked away quite sparingly at the well marked up secondary market offerings.

Tuesday offered nothing in the way of interesting new issues and thus the day's activity failed to develop any lustrous upturn. The few small new issues that were reoffered in the early week however, did meet with an unusually warm reception as will be later detailed.

Upward Price Trend

The Commercial and Financial Chronicle's high grade general obligation 20-year bond yield Index averages cut at 2.913% on Oct. 31 as against 2.923% a week ago. This portrays a market improvement of less than one-quarter of a point, but more than that it indicates the continuing trend towards higher tax-exempt bond prices and the lessening of yields.

Although climactic international negotiations daily becloud the total scene, with potential repercussions looming particularly in the financial sphere, and national economic problems are further confused by a further cold war buildup at least, the tax-exempt bond market seems likely to show further improvement barring any serious shooting.

Poor Timing

The most recent minor confusion was generated by Secretary Hodges at a news conference on Tuesday. He proposed that Congress cut taxes quickly next year and leave tax reform until later.

With at least $8,000,000,000 of deficit looming and perhaps an accelerated rate of defense expenditures about to be set in motion, the bare intrusion of this subject during the present crisis might at least be characterized as unfortunate timing. At any rate such tax cut talk doesn't appear to diminish investor appetite for tax-exempt bonds.

Scarcity Factor

Scarcity continues to be a basic factor in the municipal market's advance. Whereas many of the bond market commentators as well as many of the dealers have been warning of heavy new issue volume since June and have thus been reluctant to participate fully in the market's advance in the interim, the volume of new issues has been subnormal and appears likely to be for at least the year's remainder. The calendar, scheduled and tentative, at present totals less than $300,000,000.

Many are reluctant to ascribe definite reasons for this abrupt turnabout in state and municipal financing. Our direct and perhaps too simple reasoning leads to the conclusion that grass roots economy is finding some expression. It almost goes without saying that our representatives are beginning to view ever increasing budgets, debts and tax rates as no assurance of a roseate political future. We believe that the tempo of municipal finance is in for a relative slowdown. There should still be plenty to go around, however.

Comfortable Inventories

The dealer inventories appear to have changed but little during the past week. By measures of both volume and cost most dealers appear in very comfortable circumstance. Many are not doing much business but this reflects a condition of over-competition more than any other factor.

The *Blue List* of state and municipal bond offerings totals $379,244,000 as of Oct. 31. A week ago it totaled about $331,000,000. The slight increase is largely attributable to the reappearance at mark-up of items withdrawn from offering two or three weeks back when the total was around $379,382,787.

Recent Awards

The past week's new issue schedule, while totaling only $90,000,000, had numerous smaller issues offered for competitive bidding and competition to purchase these new flotations continued to be very keen. Wednesday (Oct. 25) saw two issues sell at competitive bidding and both are worthy of brief comment. The City of Florissant, (St. Louis County), Missouri sold $2,125,000 public improvement (1964-1982) bonds to the group headed by *Commerce Trust Co., Kansas City* at a net interest cost of 3.1654%. The second bid of a 3.199% net interest cost was made by First National Bank, St. Louis and associates.

Other members of the winning group include Stern Brothers & Co., Goodbody & Co., George K. Baum & Co., Luce, Thompson & Crowe, Inc. and Zahner & Co. It is refreshing to see a local bank and group of Missouri dealers buy an issue in their home area instead of a group of outsiders buying the issue and hoping that the local boys can sell the bonds. The bonds were offered to yield from 1.80% to 3.25% and initial demand has been moderate with the present balance $960,000.

Richfield, Minnesota awarded $1,500,000 Water (1965 - 1984) bonds to the account managed by *Glore, Forgan & Co.* The runner-up bid of 3.31% was made by the Harris Trust & Savings Bank syndicate.

Other major members of the winning account include Shearson, Hammill & Co., Hayden, Stone & Co., Koenig, Keating & Stead, Inc. and Robert L. Conners & Co. Scaled to yield from 2.05% to 3.40% about 50% of the bonds have been sold.

Friday saw the sale of $2,935,000 Dover, New Jersey School District (1963-1992) bonds to *Halsey, Stuart & Co.* and associates on their bid of 100.388 for a 3.30% coupon. The runner-up bid of 100.3198, also for a 3.30% coupon, was made by the group managed jointly by Boland, Saffin, Gordon & Sautter and Fidelity Union Trust Co.

Other members of the winning syndicate include White, Weld & Co., First of Michigan Corp., Fahnestock & Co., R. D. White & Co., Lyons, Hannahs & Lee, Inc., Cooley & Co. and Herbert J. Sims & Co. The bonds were offered to yield from 1.70% to 3.50% and initial demand has been moderate with the present balance in account $1,569,000.

The Current Week's Business

Monday of the current week was void of any important new flotations but Tuesday was a busy day, not in the volume of bonds sold but because there were five issues to prepare for and competitively bid for. The City of Boston, Massachusetts awarded $6,550,000 various purpose (1963-1982) bonds to the syndicate managed jointly by the *Morgan Guaranty Trust Co.* and *Drexel & Co.* at a net interest cost of 2.7097%. This bid compared very favorably with the runner-up bid of 2.71% which was made by Chemical Bank New York Trust Co. and Lehman Brothers.

Other members of the winning syndicate include: C. J. Devine & Co., First National Bank of Oregon, Portland, Hayden, Stone & Co., Wertheim & Co., Barr

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MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.15%	3.00%
Connecticut, State	3¾%	1981-1982	3.05%	2.90%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.00%	2.85%
New York, State	3¼%	1981-1982	3.00%	2.80%
Pennsylvania, State	3⅜%	1974-1975	2.75%	2.60%
*Delaware, State	2.90%	1981-1982	2.90%	2.75%
New Housing Auth. (N.Y., N.Y.)	3½%	1981-1982	3.00%	2.85%
Los Angeles, California	3¾%	1981-1982	3.20%	3.05%
Baltimore, Maryland	3¼%	1981	3.00%	2.85%
*Cincinnati, Ohio (U.T.)	3½%	1981	3.10%	2.90%
Philadelphia, Pennsylvania	3½%	1981	3.20%	3.05%
*Chicago, Illinois	3¼%	1981	3.25%	3.10%
New York, New York	3%	1980	3.20%	3.18%

October 31, 1961 Index=2.913%

*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.

November 1 (Thursday)			
Douglas County, Neb.	2,750,000	1963-1972	10:00 a.m.
November 5 (Monday)			
Euclid, Ohio	1,300,000	1964-1983	Noon
State Teachers' College Board of Regents (Austin, Texas)	2,170,000	1966-2012	10:00 a.m.
November 7 (Wednesday)			
Benson School District 777, Minn.	1,135,000	1964-1990	3:00 p.m.
Chesterfield County, Va.	8,000,000	1963-1989	Noon
Cincinnati, Ohio	12,250,000	1964-1998	Noon
Edison Township, N. J.	2,075,000	1963-1978	8:00 p.m.
Palos Verdes Peninsula Unified School District, Calif.	1,200,000	1965-1987	9:00 a.m.
Roseville, Minn.	1,000,000	1963-1982	8:00 p.m.
Whittier Union H. S. Dist., Calif.	3,185,000	1964-1982	9:00 a.m.
November 8 (Thursday)			
Galveston, Texas	4,000,000	1965-1988	2:00 p.m.
Hunterdon Central H. S. D., N. J.	1,600,000	1963-1982	8:00 p.m.
Meriden, Conn.	1,520,000	1963-1982	11:00 a.m.
Nashville, Tenn.	6,750,000	1963-1993	7:30 p.m.
Plainview Indep. Sch. Dist., Texas	1,500,000	1963-1986	2:00 p.m.
Port of Portland, Ore.	2,000,000	1963-1982	10:00 a.m.
Port of Seattle, Wash.	2,500,000	1964-1972	11:00 a.m.
University of Oklahoma	1,800,000	1968-1978	10:00 a.m.
November 12 (Monday)			
Richmond, Ky.	2,190,000	--------	7:30 p.m.
November 13 (Tuesday)			
Hempstead, N. Y.	5,543,000	--------	11:00 a.m.
Las Virgenes Mun. Water D., Calif.	2,000,000	1967-1992	8:00 p.m.
November 14 (Wednesday)			
Amherst & Tonawanda Cent. Sch. District No. 7, N. Y.	2,750,000	1963-1989	2:00 p.m.
East Bay Municipal Util. D., Calif.	33,000,000	1963-1992	10:00 a.m.
Fauquier County, Va.	2,350,000	1963-1982	Noon
Houston (Waterworks Rev. Bonds), Texas	14,000,000	--------	--------
Lincoln School District, Neb.	12,000,000	1964-1982	10:00 a.m.
Parkersburg, W. Va.	1,000,000	1971-2002	10:00 a.m.
Tulane University of Louisiana, New Orleans, La.	4,220,000	1964-2001	1:30 p.m.
November 15 (Thursday)			
Leland Stanford Jr. Univ., Calif.	2,250,000	1963-2002	2:00 p.m.
Oklahoma City Municipal Improvement Auth. (Rev.), Okla.	10,000,000	--------	--------
Philadelphia, Pa.	26,640,000	1964-1993	Noon
St. Louis, Mo.	6,000,000	1964-1993	11:00 a.m.
Shreveport, La.	9,200,000	1965-1987	10:00 a.m.
South Carolina (State of)	5,000,000	1963-1982	Noon
Syracuse, N. Y.	6,730,000	1963-1976	11:00 a.m.
Univ. of Calif. (The Regents of), Berkeley, Calif.	8,750,000	1963-2000	10:00 a.m.
November 19 (Monday)			
Florida Development Commission, Tallahassee, Fla.	4,160,000	1964-1990	2:00 p.m.
November 20 (Tuesday)			
Cupertino Sanitary District, Calif.	1,700,000	--------	--------
Jefferson Union High S. D., Calif.	1,430,000	1964-1983	10:00 a.m.
La Porte Indep. Sch. Dist., Texas	1,500,000	--------	--------
Lake County Ela-Vernon Consol. High Sch. Dist. No. 125, Ill.	1,600,000	--------	--------
Meridian Township, Mich.	1,890,000	1964-1982	8:00 p.m.
Miami University, Ohio	1,050,000	1964-2001	11:00 a.m.
Simi Valley Unified S. D., Calif.	1,242,000	1963-1982	11:00 a.m.
University of Mass. Bldg. Auth.	5,100,000	--------	--------
Wake County, N. C.	1,000,000	--------	--------
November 27 (Tuesday)			
Norman, Okla.	4,400,000	1964-1981	11:00 a.m.
Northwest Wayne County Community College Dist., Mich.	2,435,000	1963-1980	8:00 p.m.
Purdue University, Ind.	9,800,000	1966-2003	2:00 p.m.
St. Landry Parish Consolidated School District No. 1, La.	4,000,000	1966-1988	2:00 p.m.
November 28 (Wednesday)			
Oklahoma City Municipal Imp. Authority (Revenue), Okla.	10,000,000	--------	--------
November 29 (Thursday)			
Buena Vista Township, Mich.	2,200,000	1965-1992	7:30 p.m.
December 1 (Saturday)			
Los Angeles County Malibu Waterworks District No. 29, Calif.	1,600,000	--------	--------
December 3 (Monday)			
Dallas County (General Obligation County Bonds), Texas	8,000,000	--------	10:00 a.m.
El Monte Elementary S. D., Calif.	3,500,000	--------	--------
Florida Devel. Commission (Road Rev. Bonds), Broward Co., Fla.	9,000,000	--------	--------
December 4 (Tuesday)			
Salt Lake Co. Granite S. D., Utah	5,500,000	--------	--------
December 5 (Wednesday)			
Georgia State Hospital Authority, Atlanta, Ga.	6,500,000	--------	--------
Macon County Special Charter School District No. 61, Ill.	3,655,000	--------	--------

Federal Power Commission And the Natural Gas Industry

By Hon. Joseph C. Swidler,* Chairman, Federal Power Commission, Washington, D. C.

Federal utility head reviews expeditious progress made, and principle applied, in settling cases before the FPC. Also detailed are current views on pieces of unfinished business as: (1) cost-rate problems posed by combined pipeline and producer companies; (2) lack of information regarding pipeline reserves and costs; (3) need to apply flexibility to the 12-year reserve rule; and (4) present rate-of-return formula. Mr. Swidler asks for more suggestions and particularly calls upon the gas industry or its customers to suggest a better substitute for the present application of the same rate-of-return irrespective of individual company performance. Strong defense is made for present use of area rate proceedings conforming with the Natural Gas Act's standards and not with the so-called fair field price. The Federal Administrator roundly criticizes the individual rate proceedings-method and its accompanying individual cost-of-service approach to individual company pricing.

To my mind, the new Federal Power Commission's greatest achievement has been to stimulate a greater degree of cooperation between the natural gas industry and the FPC than has existed in many years. The Commission has attempted to run its affairs on a business-like basis and in full recognition of the seriousness and complexities of the problems confronting the industry. It has reviewed sympathetically every industry proposal and has adopted a great many ideas which originated in industry sources. The industry has reciprocated by treating the Commission with consideration and respect, and by accepting in good spirit the procedural improvements instituted by the Commission, whether or not they followed industry recommendations.

Hon. J. C. Swidler

One industry study of FPC procedures merits a special word of praise. After the President had announced his intention to appoint me to the Commission, the Senate apparently decided that I would profit more from an opportunity for study and rumination than from immediate assumption of the burdens of office, and my confirmation was postponed for several months. I tried to take advantage of this leisure to do some reading and thinking. Among the materials relating to the Federal Power Commission that I studied, I found none more helpful than the report of American Gas Association's Special Committee of Executives on Regulatory Affairs, which was published on March 7, 1961. Its report was on a very high level of competence and objectivity. I have reviewed it recently and compared its recommendations for procedural reform with the changes and improvements in procedures instituted by the Commission in the last year. Of the nine Committee suggestions for improvement which did not require legislative action, eight have been put into effect in whole or in part. Only one of these suggestions has failed to commend itself to the Commission as helpful in the dispatch of its business.

In view of the many important changes in Commission procedures which have occurred since the report was written, the Association might want to consider reconstituting the committee so that the Commission would have the benefit of its further suggestions based upon the Commission's current rules and practices.

Cases Settled and Rate Reductions

The spirit of mutual respect which has developed in the past year has helped the Commission make a substantial reduction in its backlog of rate cases through the settlement process. The detailed statistics which reflect the extent to which this settlement program has benefited both the industry and its consumers have been recited on a number of occasions, and I will not repeat them here, except to bring the totals up to date. In the past 15 months, we have disposed of 50 major pipeline rate cases in which we ordered refunds for past service of over $154,000,000, including interest, and reduced existing rates by over $27,000,000 a year.

Many pipelines for the first time in years have firm rates and financial statements that are not clouded by staggering contingent refund obligations. I am sure they will all agree that the situation is greatly improved over that which existed a year ago. The distributors which have enjoyed large rate reductions, and many of which can count on substantial moratoriums on future rate increases, also have a measurable standard of the progress which has been achieved. The distribution of refunds is a wearisome chore in itself but I am sure it is one that the industry can tackle with a great deal more pleasure than applying for further rate increases before the FPC or the state regulatory commissions.

Guidelines for Producer Cases

In recent months we have also begun to make progress in the settlement of producer cases. We have disposed of over 200 producer cases and ordered refunds of approximately $19,000,000 and rate reductions of $12,000,000 annually. These refunds are of course passed on to the distributors and we trust to the ultimate consumers.

We are gratified at the progress we have made on producer settlements, but it is obvious that we have hardly scratched the surface in this, the largest area of our backlog. The Commission in recent months has provided new guidelines, which I do not claim are complete, for the disposition of producer cases. I believe that the producers, both large and small, who have rate and certificate cases pending before the Commission, the royalty owners whose money in many cases is being withheld pending their completion, and the pipelines, distributors and consumers who may be paying inflated rates, have an interest in exploring fully the possibility of settlements based on the guidelines we have established. I hope that the next few weeks will further clarify the ground rules.

The Commission staff is available for discussions of settlements and we are especially anxious to be of assistance to the many small producers who have rate increases pending before the Commission which, in many instances, would not justify the expense of litigation. I am hopeful that in the next year we can make the same sort of progress settling out producer cases as we have made in the past year on pipeline cases.

Perhaps I should say a word not only about the cases which have been settled but also about the cases where settlement negotiations were not successful. There have been a good many cases in which the parties and the Commission staff have spent countless hours over a period of weeks and even months in negotiations which ultimately fell through. I suppose that all those who participated in negotiations which ended in a stalemate wondered how the other side could have been so lacking in intelligence and understanding as to turn down their offers. The Commission has attempted to be philosophical about the dry holes in its settlement program. On the one hand we have instructed staff that settlement results must be reasonably consistent with what might be expected in litigation, but on the other hand we have scrupulously avoided exerting any pressure upon the industry to enter into settlements other than on a voluntary basis.

We have not forced settlements from either direction, and considering the wide differences in the positions of staff and the companies in many of the pending cases, not to mention the intervenors, I think it is to the credit of everyone concerned that the proportion of successful settlement negotiations has proved to be very high.

Area Rate Proceedings

I hardly ever make a speech any more without saying at least a few words about the area rate proceedings. When the new Commission took office it inherited the area rate proceedings in the Permian Basin and Southern Louisiana, but many responsible segments of the industry and large groups of distributors and consumers questioned whether the area rate concept was even worth a try. Practically no progress had been made on these two cases, and the Commission was faced with the alternative of proceeding with them and attempting to make area pricing an effective instrument of regulation, or of abandoning these cases and reverting to the system of individual rate proceedings for the thousands of independent producers. I gave this matter the most careful and intensive study that was possible under the pressure of time to come to a speedy decision, and concluded that area pricing offered the best possibility of sound and effective regulation of producer prices. The other members of the Commission reached the same conclusion. I have kept this question under continuous review in my mind as the months have gone by, and my conclusion has only been strengthened by what I have seen and learned in the past year.

An obvious advantage of the area rate approach is that it enables the Commission to decide in a single proceeding what otherwise would require hundreds of individual rate cases. However, the difficulty of securing from Congress enough money for the army of additional staff which would be required by the individual company approach, and of finding enough good people to carry on the work if the money were made available, are the lesser of the problems which seem to me to be involved in this approach. My objection to the individual company approach is not primarily with its difficulty but with its results, taking the most optimistic assumptions as to appropriations and staffing.

Fallacy of Individual Company Cost-Pricing

The basic fallacy in the individual company cost-of-service approach to producer regulation is that it purports to reimburse all producers for their full costs, which is contrary to the inherent nature of an enterprise hedged with variables, uncertainties and risks. A system of regulation which holds out the promise of full reimbursement to every producer no matter how many dry holes he drills is an illusion to him, and is an ineffective vehicle for providing gas to consumers at just and reasonable rates. Moreover, the individual company cost-of-service approach results in regulated prices with wide variations in the price of gas in the same area, or even for the various ownership interests for gas from the same well when ownership is divided, which is a typical situation.

The side effects of an individual company pricing system in diverting the lowest cost gas into the intrastate market, in forcing royalty owners to deal with the least fortunate producers in order to maximize their own return, and in minimizing the incentive of self-interest to hold down production costs, present hazards to the public interest for which I see no ready solution.

On the other hand I think it is clear by now that the area price

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Airline Industry—Review—Calvin Bullock, Ltd., 1 Wall Street, New York 5, N. Y.

Airlines—Review with particular reference to **American Airlines, Flying Tiger Line** and **United Airlines**—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Aluminum—Review with particular reference to **Aluminium Limited** and **Canadian British Aluminium**—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Brewing Industry—Analysis with patricular reference to **Anheuser Busch Inc., Joseph Schlitz Brewing Company** and **Pabst Brewing Company**—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis.

Canadian Common Stocks—Comparative figures—Equitable Brokers Limited, 60 Yonge Street, Toronto 1, Ont., Canada.

Canadian Industrial Expansion—Review—Bank of Montreal, P. O. Box 6002, Montreal 3, Quebec, Canada.

Canadian Oil & Gas Stocks—Review with brief comment on 64 companies—Draper Dobie & Company Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Cincinnati Bank Stocks—Comparative operating results—Pohl & Company, Inc., Dixie Terminal Building, Cincinnati 2, Ohio.

Cleveland Area Business Activity—Bulletin—Cleveland Trust Company, Cleveland 1, Ohio.

Cleveland Area Business Index—Bulletin—Central National Bank of Cleveland, Cleveland, Ohio.

Convertible Bonds—Memorandum—Garvin, Bantel & Co., 120 Broadway, New York 5, N. Y.

Convertible Debentures—List of issues which appear attractive—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of **Aldens Inc.** and **El Paso Natural Gas.**

Current Market Perspectives—Monthly chart service covering each of 960 listed stocks, with up to date charts of 10 key technical indicators, etc.—$10 per copy; $72 per year—Trendline Corporation, 82 Beaver Street, New York 5, New York.

Department Stores—Analysis—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a memorandum on **Brown Engineering Co.**

Domestic Trunk Airlines—Review with particular reference to **United Airlines** and **Eastern Air Lines**—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, New York.

Farm Equipment Stocks—Survey—Thomson & McKinnon. 2 Broadway, New York 4, N. Y.

Five Per Cent Plus—Bulletin on issues providing attractive dividend income—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Food Processing Companies—Analysis—David L. Babson and Company Incorporated, 89 Broad Street, Boston 10, Mass. Also available is an analysis of the **Automobile Industry.**

Japanese Economy—Survey—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. Also available is a memorandum on **Hokushin Electric Works.**

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

Japanese Market — Review — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are data on **Asahi Asbestos Co., Nippon Asbestos Co., Nippon Toki Kaisha,** and **Toyo Toki Co.**

Michigan Business Activity—Summary of economic trends—Raymond E. Danto Associates, 20111 James Couzens, Detroit 35, Mich.

New York City Bank Stocks—Third quarter comparison and analysis of 10 New York Bank stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

OTC Institutional-Type Utilities, Gas Producers/Pipelines and **Independent Telephones**—Brochure on 56 issues — Troster, Singer & Co., 74 Trinity Place, New York 6, 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.

Over 5% Yields—Bulletin on 10 good quality high yielding issues—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a list of high grade **Bonds for Yield** and **Capital Gain** and memoranda on **Great American Insurance, Maryland Casualty** and **Providence Washington Insurance.**

Philadelphia Banks—Memorandum—Stroud & Company Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Selected Stocks — List of issues selling at or near 1962 lows—Courts & Co., 111 Marietta Street, N. W., Atlanta 1, Ga.

Stock List for Tax Switches—Brochure—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y.

Switching for Tax Benefits—Report—H. Hentz & Co., 72 Wall St., New York 5, N. Y.

Tax Free Income—Information on 5½% tax free income general obligation bonds of the San Francisco Bay Area—Grande & Co., Inc., Hoge Building, Seattle 4, Washington.

Treasury Refunding — Discussion—New York Hanseatic Corporation, 60 Broad Street, New York 4, N. Y. Also available is a memorandum on **Bank and Trust Company Stocks.**

Treasury Refunding—Report—Continental Illinois National Bank and Trust Company, 231 South La Salle Street, Chicago 90, Ill.

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Allied Petro-Products Inc.—Analytical brochure—H. A. Riecke & Co., Incorporated, 1620 Chestnut Street, Philadelphia 3, Pa.

American Can—Review—Colby & Company, Inc., 85 State Street, Boston 9, Mass. Also available are reviews of **E. W. Bliss Co.** and **Rockwell Standard Engineering.**

American Sugar Refining — Comment—Filor, Bullard & Smyth, 26 Broadway, New Yok 4, N. Y. Also available are comments on **Southeastern Public Service.**

American Variety Stores—Analysis—G. E. C. Securities of Florida, Inc., 350 Lincoln Road, Miami Beach 39, Fla.

American Viscose Corporation—Analysis—Springarn, Heine & Co., 37 Wall Street, New York 5, N. Y.

American Zinc, Lead & Smelting Company—Report—Hemphill, Noyes & Co., 8 Hanover Street, New York 4, N. Y.

Anheuser Busch Inc.—Analysis—Scherck, Richter Co., 320 North Fourth St., St. Louis 2, Mo.

Associated Transport Inc.—Bulletin—Frank Ginberg & Co., Inc., 25 Broad St., New York 4, N. Y.

Bank of California, N. A.—Analysis—Hooker & Fay, Inc., 221 Montgomery Street, San Francisco 4, Calif.

Banner Industries — Bulletin — R. Warren Co., 818 Olive St., St. Louis 1, Mo.,

Bishop & Babcock Corp.—Memorandum—J. N. Russell & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.

Bonded Homes, Inc. — Analysis—Gateway Stock & Bond, Inc., Law & Finance Building, Pittsburgh 19, Pa. Also available is a report on **Albert Voigt Industries.**

Buttrey Foods, Inc. — Analysis — Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis 2, Minn.

Caribbean Cement Company Limited—Analysis—Annett & Company Limited, 220 Bay Street, Toronto 1, Ont., Canada.

Caterpillar Tractor Company — Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y. Also available are comments on **American Airlines, American & Foreign Power, Kennecott, Universal Oil Products, Ex-Cell-O, Douglas** and **American Distilling.**

Chemical Enterprises, Inc.—Analysis—Johnson, Lane, Space and Co., Inc., 16 N. Laura Street, Jacksonville 2, Fla. Also available is an analysis of **Lenahan Aluminum Window Corporation.**

Clarance River Basin Oil Exploration Co. — Report — Brown, Allen & Co., Inc., Texas Bank Building, Dallas 2, Texas. Also available are reports on **Oil Development N. L., and Australian Oil** situation.

Crown Cork & Seal— Report—Colby & Company, Inc., 85 State Street, Boston 9, Mass. Also available are comments on **Fruehauf Trailer, New York Air Brake** and **Thor Power Tool.**

Dorchester Gas Producing Company—Report—Kerr & Company, Kerr Building, Laguna Beach, Calif.

Drackett Company—Analysis—F. S. Moseley & Co., 50 Congress Street, Boston 2, Mass. Also available is a review of **Retailing** trends.

Dulany Industries—Memorandum—Blair & Co. Incorporated, 20 Broad Street, New York 5, N. Y.

Edwards Engineering Corporation—Analysis—Kerns, Bennett & Co., Inc., 52 Broadway, New York 4, N. Y.

Electronic Specialty Co.—Report Bear, Stearns & Co., 1 Wall Street, New York 5, N. Y.

Energy Component Corporation—Analysis—Albion Securities Co., Inc., 52 Broadway, New York 4, New York.

Equity Life Insurance Company—Report — Qualls & Company, Frank Nelson Building, Birmingham 3, Ala.

Equity Life Insurance Company—Analysis—Qualls & Company, Frank Nelson Building, Birmingham 3, Ala.

FMC Corp.— Report—Fahnestock & Co. 65 Broadway, New York 6, N. Y. Also available is a report on **Consumers Power Co.** and a list of recommended common stocks.

Financial Corporation of America—Analysis—Walston & Co., Incorporated, 265 Montgomery St., San Francisco 4, Calif.

First Mortgage Investors—Bulletin—Wm. H. Tegtmeyer Co., 105 South La Salle Street, Chicago 3, Illinois.

Gateway Chemicals Inc.—Analysis—Splaine & Frederick Inc., 800 North Marshall, Milwaukee 2, Wis.

General Dynamics—Bulletin—Purcell & Co., 50 Broadway, New York 4, N. Y.

Girard Industries Corporation — Analysis—Edwards & Hanley, 100 North Franklin Street, Hempstead, N. Y.

High Voltage Engineering Corp. — Analysis — Ferguson Research Associates, Inc., 120 Broadway, New York 5, N. Y.

Kuhlman Electric Company—Analysis—Murray Frumin & Company, Penobscot Building, Detroit 26, Mich.

Lake Dufault Mines Ltd.—Comment—Isard, Robertson, Fasson Co., Ltd., 217 Bay Street, Toronto 1, Ont., Canada.

MSL Industries, Inc.—Analysis—Brand, Grumet & Seigel, Inc., 67 Broad Street, New York 4, N. Y.

Marley — Memorandum — B. C. Christopher & Co., Board of Trade Building, Kansas City 5, Mo.

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

Martin Marietta Corp. — Analysis—Gregory-Massari, Inc., 9465 Wilshire Boulevard, Beverly Hills, Calif.

May Department Stores Company—Analysis—Dempsey-Tegeler & Co., Inc., 1000 Locust Street, St. Louis 1, Mo.

McGraw Edison Co.—Bulletin—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available is a report on **P. R. Mallory & Co.**

Minneapolis Honeywell Regulator Company—Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

National Western Life Insurance Company — Analysis — Peters, Writer & Christensen Corporation, 724 17th Street, Denver 2, Colo.

Nissen Corporation — Analysis — Securities Corporation of Iowa, Merchants National Bank Building, Cedar Rapids, Iowa.

Oglebay Norton Co.—Comment—J. N. Russell & Co., Inc., Union Commerce Building, Cleveland 14, Ohio. Also available are comments on **Glidden Company, Warner & Swasey Co., White Motor Co.** and **Eaton Manufacturing Co.**

Ohio State Life Insurance Company—Analysis—Sanford & Company, 233 Sansome Street, San Francisco 4, Calif.

Ohmart—Memorandum—R. P. & R. A. Miller & Co., Inc., Philadelphia National Bank Building, Philadelphia 7, Pa.

Ohmart Corporation — Report — R. P. & R. A. Miller & Co., Incorporated, Philadelphia National Bank Building, Philadelphia 7, Pa.

Pacific Vegetable Oil Corporation—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Pepsi Cola Company—Data—The Illinois Company Incorporated, 231 South La Salle Street, Chicago 4, Ill. Also available are data on **Beech Nut Life Savers, Ekco Products, and Holt Reinhart and Winston, Inc.**

Placer Development Limited—Review—James Richardson & Sons, Inc., 14 Wall Street, New York 5, N. Y.

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Interest Rate Outlook for Remainder of This Decade

By Dr. James J. O'Leary,* *Vice-President and Director of Economic Research, Life Insurance Association of America, New York City*

An improving supply-demand balance of loanable funds in the remainder of this decade is expected to keep interest rates fluctuating within the same narrow range which prevailed from the early 1960 high to the present lower level. Not until the end of the 1960's can we anticipate an upward surge similar to the 1950's. If these forecasts prove accurate, Dr. O'Leary observes, this would mean that life insurance companies average rate of return on their investment will continue to rise significantly from the 4.22% overall rate in 1961 to 4¾%-5% by 1970. Dr. O'Leary specifies the assumptions upon which his forecasts rest; and reviews the past behavior of interest rates and the dissimilar economic conditions between the 1950's and 1960's.

As shown in Charts I and II, the postwar rise of interest rates reached a peak in early 1960. Since that time interest rates have as a general thing receded somewhat and moved sidewise within a comparatively narrow range. Before asking the question of what the behavior of rates is likely to be in the remainder of this decade, it will be useful to analyze briefly the movement of rates since early 1960.

James J. O'Leary

As is evident in Chart I, the average yields on government securities declined markedly during the first half of 1960. Chart II shows a similar movement in corporate bond yields. The forces behind this decline were twofold. First, general business activity began to soften in early 1960 and consequently demands for loanable funds declined. Secondly, the monetary authorities shifted from a restrictive to an easy credit policy in order to cushion the general business decline. As the Federal Reserve moved to expand the free reserve position of the commercial banks, the average yield on Treasury bills fell in two stages from better than 4½% at the end of 1959 to about 2¼% in mid-1960. Similarly, the average yield on long-term government bonds declined nearly three-quarters of 1% in the same period.

It should be noted, however, that the drop in the yield on Treasury bills in 1960 was not as deep as was the case in the two prior periods of easy credit policy by the Federal Reserve. In mid-1954, for example, the bill rate fell to scarcely more than one-half of 1%, and the same thing occurred in mid-1958. The reason why the bill rate did not go as low in 1960 as in the earlier recessions is highly significant. It was not because the authorities lacked the power to drive the bill rate to a much lower level. Rather, the monetary authorities and the Treasury began in mid-1960 to act in concert to prevent the bill rate from falling below a given target level. The authorities wanted credit as easy as possible and therefore wanted the Treasury bill rate and other interest rates to decline in order to encourage expansion in general business activity. But at the same time they could not afford to have the bill rate and other short-term rates fall below the level which would precipitate an outflow of funds held by foreigners in the U. S. As the result of deficits in our international balance of payments of $3.5 billion in 1958 and $3.7 billion in 1959, and smaller deficits in prior years, foreigners had built up huge holdings of liquid assets in the U. S. which it was feared would be transferred to other money centers if short-term rates in the U. S. moved down to a level not competitive with rates in other markets. The result would be, of course, an outflow of gold.

Describes "Operation Nudge"

The means which were taken by the authorities to prevent the bill rate from falling below a target level deemed safe from an international balance of payments viewpoint were twofold. The Treasury, in both its new money financing and its refunding, fed a large supply of bills to the market. The Federal Reserve authorities, in their open market operations, departed from their "bills usually" policy. Depending on their objective for the free reserve position of the commercial banks, the authorities became more active in the purchase of intermediate-term governments and reduced their holdings of bills. Thus, the open market operations not only had the goal of supplying the banks liberally with reserves, they also had the objective of preventing the Treasury bill rate from falling below a given target level and at the same time encouraging a decline in yields on intermediate and long-term investments. The joint efforts of the Treasury and Federal Reserve have been dubbed "operation nudge."

Referring again to Charts I and II, it is apparent that since mid-1960 interest rates have moved within a comparatively narrow range. The Treasury bill rate fluctuated around the 2¼% level until the latter part of 1961, at which time the target rate of the authorities, in view of international balance of payments considerations, was raised to the 2¾-3% level. Long-term interest rates although fluctuating, have shown notable steadiness. The explanation for this is largely in the fact that during the past two years there has been a good balance between the supply of loanable funds and the demand for financing. During the recovery in general business activity since early 1961 the overall demand for both short-term and long-term credit has been high, but the available supply of funds has been adequate to meet the demand without upward pressure on rates. In addition, the comparatively high rate of return on Treasury bills and other short-term loans has served to make it less necessary for investors, particularly the commercial banks, to reach out for long-term investments.

In a sense, therefore, the need to maintain a comparatively high short-term rate has made it difficult for the authorities to nudge long-term rates downward. This has been less true since early this year when a revision of the Federal Reserve Regulation Q permitted the commercial banks to pay as high as 4% on savings and time deposits held for one year or longer. As the commercial banks raised their rate to compete more effectively with the mutual savings banks and the savings and loan associations, they have experienced a huge increase of $8.4 billion in time deposits in the first eight months of this year. The need to earn 4% or better on these deposits has brought the commercial banks much more actively into the long-term capital markets and at the present time their appetite for mortgages and term loans to business and industry is an important force toward some easing of long-term interest rates.

The Outlook for Interest Rates In the Remainder of this Decade

So much for the past behavior of interest rates. In the light of experience, what can be said about the outlook for interest rates in the remainder of this decade?

In approaching this question, it is essential that I be explicit about an assumption I shall make with regard to international political conditions. My assumption is that the cold war will persist throughout this decade and that an atmosphere of tension between the East and West will continue. I am assuming, however, that although there may be new localized fighting such as in Viet Nam, there will not be an all-out nuclear war. This may prove to be too optimistic an assumption, but it must be made or it is rather pointless to discuss the future of interest rates or anything else. Despite the assumption that all-out nuclear war will be avoided, it seems logical to expect a world of tension and fierce competition of ideologies. For the U. S., this means that huge Federal spending seems assured, with probably a rising level of government expenditures for foreign and domestic purposes combined. It also means, significantly, that regardless of what political party is in power, great stress will be placed by the Federal Government upon the objectives of full employment of our labor force and accelerated economic growth of the country.

In considering the prospects for interest rates, it seems to me that there are likely to be some important differences in general economic conditions between the 50's and the 60's which will affect the course of interest rates. After reviewing these differences it will be possible to make a more balanced judgment about the outlook for rates.

First, throughout most of the 50's there was still a large backlog of demand for durable consumer goods, automobiles, and housing which resulted from the lean years of the Great Depression and World War II. There is abundant evidence that this backlog of demand has now been pretty well satisfied and that in this decade the economy will be required to operate on currently generated demands. There is little doubt that as the result of the wartime austerity, plus the record high rate of an average of 1.5 million family formations in the period 1947-1950, the 50's were favored with a huge backlog of demands. This was especially true in the single-family house field in which the GI Bill of Rights aided to encourage a solid core of demand. The great expansion of housing was, of course, facilitated by increasingly liberal financing terms in all sectors of the residential mortgage market, culminating in very little or nothing down and 35 to 40 years to repay the loan.

Hand in hand with the great boom in home ownership in burgeoning suburbia came the lush market for automobiles, washing machines, television sets, and other durables. Hand in hand also came the rising expenditures by state and local government units for schools, roads, and other public improvements. Behind it all was the fact that this kind of an economy generated rising jobs and rising incomes, and armed further with liquid assets accumulated during the War and very easy credit the American people were able to make their large demands effective.

Producing for a Non-Pent Up Demand

As we move into the 60's it is becoming more apparent that the backlog of demand which characterized the 50's has been pretty well exhausted. The annual rate of family formations will average only 750-800,000 in the first five years of this decade, with not a great increase in the period 1965-1970. The next burst of family formations is not likely to occur until the late 60's and early 70's. Even though credit is readily available, we hear more and more today about the difficulties builders are having in selling new houses. It seems apparent that the backlog element has been squeezed out of the single-family house field, although residential construction today is receiving a stimulus from an increase of activity in apartment building. Similarly, the market for automobiles and consumer durables is much more competitive today, an evidence of the exhaustion of backlogs of demand.

The importance of the change which has occurred, from the viewpoint of the outlook for interest rates, is that with the large backlog of demand in the 50's manufacturers were encouraged to think that their markets were virtually limitless. The result was that through most of the 50's there was a very favorable climate for expansion of productive capacity by industrial firms. Rising demands for capital funds, not only in housing but also in industry, were the natural outcome. Today, without the assurance of a sizable backlog of demand for housing, automobiles, and durables generally, business and industrial firms are more hesitant about expanding productive capacity.

A second important difference in general economic conditions as between the 50's and the 60's which has a bearing on the future course of interest rates is the fact that until the late 50's the U. S. Government was able to formulate and carry out domestic economic policies with little regard for the implications such policies would have for our international balance of payments. Since 1958, however, the balance of payments position of the U. S. has exercised an important influence over domestic economic policies, and this

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"Our Baloney Dollars"

By Haller Belt, San Francisco, Calif.

The late Gov. Al Smith's use of the phrase "baloney dollars" in denying, back in 1933, that the Democratic Party would pursue cheap currency certainly has boomeranged according to Mr. Belt. The writer's comparative analysis of the two fiscal years of 1934 and of 1962 traces the dilution of our currency and the chaotic condition of our Federal finances, and admonishes Washington to give the most careful heed to Al Smith's views on "baloney dollars."

As will be seen below, I have purloined, without hesitation, this somewhat controversial title from a terse, caustic public statement of a generation past by the late Alfred E. Smith, Democratic Presidential candidate in 1928, former Governor of New York State and, also, at one time a close personal friend of Franklin Delano Roosevelt.

Haller Belt

A careful study and an equally careful analysis of the history of our Federal finances since that time would seem to justify fully the caustic comment by Governor Smith made at the height of the "GOLD CRISIS" of 1933.

One has but to examine carefully a few pages of the *Historical Supplement of the Federal Reserve Chart Book on Financial and Business Statistics* to realize that the year of 1933 was indeed a most critical one for our national welfare and our national economy. It was a year that witnessed the complete reversal of our economic philosophy of "cash and carry," so to speak, to one that "deficit-debt financing and stimulated consumer spending will beget prosperity."

March 4, 1933, then, can be taken as the turning point of this philosophic reversal, for on that date Franklin D. Roosevelt was inaugurated as the 32nd President of the United States and, with his Inauguration, began this procedure of the repudiation of the gold clause in our monetary system, of the vesting of the title to our monetary gold in the Federal Government and, finally, of resorting to the monetary conception of deficit-debt expenditures supported by an inconvertible managed currency for domestic purchasing and debt paying obligations.

Dillon Sees No Legal Limits To Debt

At this point, it is well to give most careful thought to the statement made recently by Secretary of the Treasury Douglas Dillon at the Hearings of the Senate Finance Committee to the effect that "there is no legal, no real limit to the public and private debt that can be created and handled through the Federal Reserve System" and, also, to the contents of the address to the Senate on May 14, 1962 by Senator Harry F. Byrd of Virginia wherein he summarized the state of our national economy, both present and pending; a brief excerpt is quoted as follows:

"This nation has been on a deficit financing basis for 25 of the past 31 years. There was a $4 billion deficit last year; there will be a $7-to-$10 billion deficit this year; and there will be another deficit of $3-to-$5 billion in the coming fiscal year.

* * *

"The hard fact is that continuing deficits ultimately end in bankruptcy. When a nation goes bankrupt, its assets are not taken over and sold to satisfy its debts. Its money becomes worthless; its economy disintegrates; its form of government falls and changes."

Senator Byrd appears to have been rather accurate in his estimate of a $7-to-$10 billion deficit in fiscal 1962 for the Treasury recently reported the final figure as $6.3 billion; on the other hand, he was a bit modest in his estimate of $3-to-$5 billion in fiscal 1963 for, with the Administration's contemplated tax cuts of as much as $7 billion in 1963, revised estimates recently have mentioned deficits in fiscal 1963 anywhere from $4-to-$12 billion.

Thus, unless the President and his corps of Economic Advisers give heed promptly to these admonitions and, in so doing, actually exercise true monetary discipline during the remaining two years of his Administration, Jan. 20, 1965, undoubtedly, will prove a most critical date of far greater import to our national welfare and our national economy than did that of March 4, 1933. Otherwise, on Jan. 20, 1965, the financial problems facing the new Administration will be tremendous and almost wholly insurmountable.

So, to revert to the 31-year history of Federal finances mentioned by Senator Byrd, it is well to consider for comparative purposes only the barest fundamentals of these finances as compiled and published at the end of but two fiscal years, those of 1934 and of 1962. These fundamentals of Public Debt, of Gold Stock, of Deposits and Paper Currency and, finally, of Consumer Food Price Indices show the resulting tremendous inflation over the years of the volume of Deposits and Paper Currency and the consequent depreciation in the purchasing and debt paying value of our dollar.

Both the inflation and the depreciation of our money have been brought about by the lack of proper monetary discipline in Washington that has resulted in the unlimited creation of billions of Deposits and Paper Currency, not on the basis of the reserve stock of our monetary gold but rather on that of innumerable quantities of acceptable and negotiable securities.

Quotes F.D.R. on a Stable Dollar

On the evening of Sunday, Oct. 22, 1933, President Roosevelt gave a "Fireside Chat" over the radio of supreme importance to his every listener—it bore upon the state of our economy, of our finances and of our price structures and, to an extent, to gold and the revaluation of the dollar. The following are brief extracts from that "Fireside Chat" that are pertinent today:

"When we have restored the price level, we shall seek to establish and maintain a dollar which will not change its purchasing and debt paying power during the succeeding generation. * * * Therefore the United States must take firmly in its own hands the control of the gold value of our dollar. * * * We are thus continuing to move toward a managed currency."

This "Fireside Chat" stirred up a furor of controversy on all sides even among some of the President's strongest supporters and, particularly, that of his close friend, former Governor Alfred E. Smith, at that time the Editor of the magazine, *The New Outlook*.

Al Smith on "Baloney Dollars"

Shortly thereafter, in answer to a request from the Chamber of Commerce of the State of New York, Editor Smith published a splendid analytical article in the December, 1933 issue of that magazine entitled, "SOUND MONEY; An Open Letter to the Chamber of Commerce of New York State," in which appears his terse, caustic comment in the following brief extract:

"I do not believe that the Democratic Party is fated to be always the party of greenbackers, paper money printers, free silverites, currency managers, rubber dollar manufacturers and crackpots. * * * I am for gold dollars against baloney dollars. * * * In the end the country will rally to the gold standard * * *."

Was Governor Smith justified fully in making this terse, caustic statement of 30 years ago and now long past? The chaotic situation of our U. S. dollar, today, appears to vindicate wholly both Governor Smith and his every word.

The 16 months that followed the Inauguration of March 4, 1933 until the end of June, 1934 were months of momentous importance to the United States: the Banking Holiday of March 6 to March 9, 1933; the Emergency Banking Act; the Executive Orders and Proclamations and the Orders of the Secretary of the Treasury pertaining to gold; the NRA, the AAA and other emergency legislation and, finally, the Gold Reserve Act of 1934. By that Act, the title to all monetary gold was vested in the Federal Government, the President authorized to devalue the gold content of the dollar and the monetary system established of the present inconvertible managed U. S. currency for domestic usage.

On Jan. 31, 1934, the President, then, fixed the new price of gold at $35 per fine ounce.

Compares Fiscal 1934 and 1962

So, to resume the comparative study of these two fiscal years of 1934 and of 1962, the simplest of fundamental statistics are tabulated as follows:

Item	—(In Billions)— 1934	1962	Quantitative Increase
a. The Gross Public Debt	$24.0	$298.9	12.5
b. Our Gold Stock	7.9	16.4	2.1
c. Our Paper Currency & Deposits	47.1	359.1	7.6
d. Ratio (c) to (b)	5.95	21.95	3.7
e. Consumer Food Price Index	46.4	103.2	2.23

In support of these fundamental figures, it is most appropriate to quote briefly from Senator Byrd's statement of June 5, 1962 to the Senate, "The Financial Condition of the U. S. Government":

"The U. S. Government in fiscal year 1963, beginning July 1, will have current authority to obligate funds, outstanding Federal debt and other commitments of at least $1,242 billion."

The statement is supported by accompanying tables giving details of the following monetary classifications:

	Billions
a. Current Authority to Obligate	$188
b. Outstanding Federal Debt	296
c. Promise to Pay Under Contingencies	338
d. Other Moral Commitments	420
Grand Total of Debt and Commitments	$1,242

The foregoing brief but fundamental summaries actually demonstrate the extreme dilution of our U. S. currency and, consequently, the extremely chaotic condition of our Federal finances. The chaos would be doubly confusing were the foreign countries and international financial institutions, now holding short-term dollar liabilities well in excess of our stock of gold, to approach our Treasury Department with the demand to convert these short-term dollar liabilities promptly to our gold at $35.00 per fine ounce as promised.

Hence, my cautious admonition that the President and his corps of Economic Advisers give the most careful heed to that terse, caustic statement by Editor Smith in his article, "SOUND MONEY," in the December, 1933 issue of *The New Outlook*. There is much truth, especially today, in his derisive comment about "baloney dollars."

N.Y.S.E. Speeding Ticker Service

Keith Funston, President of the New York Stock Exchange, has announced changes in abbreviating procedures for the Exchange's stock ticker network which should substantially reduce tape delays in heavy volume markets.

Mr. Funston said the procedures involve elimination of all volume figures in prints on the tape and increased "bunching" of individual sales at the same prices, when serious tape delays seem imminent.

Volume deletion and "bunching" will be put into effect when the volume of transactions on the Exchange network causes the tape to become more than two minutes late in reporting transactions, and it appears tape lateness will otherwise increase, Mr. Funston said.

The new measure is an extension of present abbreviating procedures under which digits are deleted from numerals and as many sales as possible are "bunched" in one print on the tape, with combined volume, to eliminate or reduce tape lateness. Under the new procedure, only stock symbols and last digits of sales prices will be printed when serious tape lateness is indicated.

The Exchange hopes to use this new measure only sparingly, Mr. Funston said, and separate records of price and volume by individual sales will be maintained when the tape is not printing all of this information. Changes in physical facilities and staff procedures to implement this plan have been under study by a special membership committee, and Exchange personnel are working at top speed on these new procedures.

Volume deletion and "bunching" in busy periods will serve largely as an interim measure until early 1964, Mr. Funston said, when faster new tickers are scheduled to be installed throughout the Exchange's system. These will be capable of speeds of up to 900, and possibly 1,000 characters per minute—80% more and faster than the Exchange's present 500-character ticker and other high-speed telegraphic printers now in commercial use.

The Exchange's Stock Clearing Corporation will test a "compared clearance" method aimed at enabling clearing firms to concentrate on the resolution of uncompared transaction data with a minimum of telephone calls, particularly during busy periods.

Special time clocks on which brokers may stamp orders given to stock specialists will be installed, on a test basis, at Post 2 on the trading floor, supplementing clocks inside the post now used only occasionally for that purpose. If this test proves workable and useful, such additional time clocks will be installed at all other trading posts.

The Board also authorized the printing of last sales for the day on the ticker shortly after the 3:30 p.m. close on days—if there should be any—when tape lateness may extend to one hour and it appears that the last sale may not appear until 5 o'clock.

Big Business and Economic Progress Are Interdependent

By Birny Mason, Jr.,* President, Union Carbide Corp. New York City

Neither business nor government should be criticized solely on the ground that they are "big" but should be if they do not perform their jobs properly. Bigness, Mr. Mason adds, is clearly a function of the size of the job that has to be done. If business-bigness "per se" is condemned then the only alternative to accomplishing many large-scale and diversified projects handled by large firms is nationalization. Thus, a clear-cut decision between free or nationalized enterprise would have to be made. Mr. Mason decries our vacillating attitude toward, and shackling of, free enterprise; appeals to the advertising industry for better communications to help dispel the false notions existing today about business and government; and contends that we are not realizing our potential economic and military strength because so many influential people in government and public life do not understand our business system.

It is a pleasure for me to be with you today, and to participate in the Eighth Annual Conference of the Foundation, because advertising plays an increasingly important role in our entire economic system and has become a major factor in the pursuit of our national goal of economic growth.

Birny Mason, Jr.

As you well know, the purpose of advertising is to provoke thought and, in turn, action — by projecting ideas and images; and it is a conflict of ideas and images that I wish to talk about today — in particular, the image of big business. You in the advertising field, as well as we in big business, have been under increasing attack in recent years. One government official has remarked that in his opinion advertising will be the most regulated industry in this country within five years. So we have a common problem, and I believe that you are every bit as concerned about your image as we in the manufacturing industries are about ours.

There can be little question that the objectives of both industry and government in this country are basically the same. We are both striving for military and economic strength. To me, there is a real question at the present time as to whether we are taking full advantage of our industrial strength in the effort to reach these objectives. I think that we are not—in large measure because of a lack of understanding of business by the government, as well as by the public.

I believe that there is a national need for better communication between business and government—as well as between business and the general public. If we can somehow achieve a fresh and full understanding of the proper role of private enterprise, I would hope that a positive image of business would emerge—not just big business, but all of the businesses, large and small, that make up our economy.

Myth of Bigness as a Crime

Certainly, the image of big business should not be burdened with the myth that bigness is somehow a crime — that it is inherently monopolistic, cold-hearted, ruthless, and predatory toward small business — a Goliah doing battle with little David.

And yet, today, the term "big," when applied to a business enterprise, seems to have come into disrepute — so much so that even businessmen shy away from referring to their own companies as "big." Instead we call them diversified, integrated, and growing—and perhaps even large—but not "big."

In most situations, it is difficult to see yourself as others see you. However, being associated with a big company, I find little difficulty in seeing myself or my company as at least a few of our contemporaries seem to see us.

In some influential quarters, big business is under a continuing cloud of suspicion. Big business has been deplored, denounced, and even, on occasion, dismembered. It has not fared too well among writers, editors, and educators, as can be seen in the frequently negative image of businessmen projected in novels, plays, television scrips, and movies. Today the businessman — especially the big business executive — is commonly viewed as a Cash McCall, or the Status Seeker, or the Waste Maker. And if he hasn't achieved the top management rank, he is seen more often than not as the stereotyped Organization Man.

Current Sentiment

We find similar thinking in other influential groups. The Supreme Court, for example, declared in 1948 that "size is, of course, an earmark of monopoly power." A former President said: "I would rather see a hundred steel companies than one United States Steel Corporation, and I would rather see a thousand banks than one National City Bank." Going even further, a memorandum recently distributed to the Senate Judiciary Committee states the point rather clearly by suggesting two alternatives for big business. One is that if the size of a company is justified by efficiency, then its prices should be regulated by the government—as is the case with public utilities. The other suggestion is that if efficiency does not result from size, then the company probably should be dissolved.

Unfortunately, these sentiments are not limited to a few intellectuals, or to a few government officials, but seem to be rather widely held by the general public —as has been shown by several recent surveys.

Size a Function of Job to Be Done

Actually, it is a distorted view of our total business society to characterize it as either small business or big business. Ours is a business system—it is creative and productive; and it is constantly changing in order to stay attuned to the needs of the American consumer. All businesses—small, middle-sized, and big—have specific functions to fulfill. The size of any particular business is clearly a function of the size of the job it has to do. And because, in a growing economy, some of the jobs to be done grow in size, it follows that we need larger functional businesses, with size related to function, and function in turn related to technology, markets, and costs. For example, the first automobile plants of some six decades ago were little more than converted barns turning out hand-crafted models at the rate of one a month. Today, automobiles are mass-produced at the rate of one a second to meet the over-all demand.

It would seem that neither nature, itself, nor human society is concerned with size—so long as it is in non-business form. In nature, as Darwin long ago discovered, all the earth's living matter evolves into sizes and shapes best fitted to environment and need, from the amoeba to the whale, from a mouse to an elephant. Like nature, society also adapts its institutions to environment, and likewise relates size to function. Religious institutions vary in size from the small country church to St. Patrick's Cathedral in New York. Newspapers range in size from the small country weekly, with a circulation in the hundreds, to the big city dailies with circulations in the millions; hospitals from small rural buildings, with a few beds, to big urban institutions with thousands of beds. In higher education, institutions vary from small liberal arts colleges, with student bodies of several hundred, to a University of California with an enrollment of more than 50,000.

So in both nature and society, size and function are indeed related; and, except in business, we seem to find little or no animosity toward size. Yet the size of a business is also determined by function—in effect, by the needs of the consumer. Size is highly sensitive to shifts in consumer demand and the flexibility of markets. When markets and functions are small, businesses are small. Restaurants are generally within the category of small businesses. Brick and sand firms, lumber dealers, printing shops, television repair services, and so on, usually fall into the small business category. My own company, for example, is dependent upon 42,000 different suppliers and, in turn, supplies 52,000 industrial customers and distributors — most of which are are small businesses. And the reason for this is plain: the specific jobs to be done or the functions to be performed by these thousands of business entities are often best fulfilled by a small business.

How Big Is Big?

Even so, generalizations on size are misleading. How big is big? How small is small? Size is relative. A barber shop, for example, with ten employees would be ranked in the top 1% in its particular field. It would be a "big" barber shop. Independent dress shops and gasoline stations with ten or more employees would also be "big" in their fields.

But, as the job to be done increases in magnitude, small business sooner or later can no longer shoulder the burden. To make an automobile today at reasonable cost requires "big" companies. Even the smallest auto company is a big business, employing thousands of people. The same is true if you wish to produce economically a synthetic fiber, a Telstar communications satellite, a bomber, or a missile.

This is generally true in the chemical industry. Only a relatively big business can have the resources required to forge new paths in techology, to cross-fertilize the different fields of science, and thereby create and develop new wonder products for the consumer, while at the same time developing new defense weapons for our armed forces and new strategic materials to lessen our dependence on vulnerable supplies from overseas.

World War II Crash Programs

To illustrate, one of the most critical problems of World War II was to develop a crash program that would produce a large new synthetic rubber supply. The key material needed to make synthetic rubber—a chemical called butadiene—had never been produced commercially. The Government turned to several large companies, including Union Carbide, for help. These companies were able to put their extensive resources to work at top speed and to telescope into 20 months—and ahead of schedule —the research, development, engineering, and construction work that would have required 10 years of effort under normal conditions. The butadiene plants that were built made industrial history, and in a sense, military history in the Second World War, for they prevented the complete breakdown of military operations that would otherwise have resulted from the loss of natural rubber.

Again, under the pressure of that war, the Government called upon industry to use its resources to develop the raw materials, engineering skills, and production experience needed to produce the atomic bomb. Several large companies had the major responsibility for designing, constructing, and operating the spectacular gaseous diffusion plant at Oak Ridge, Tennessee, for the production of uranium 235. Starting with only the scientific theories of brilliant men such as Ernest Lawrence, Harold Urey, and John Dunning, we were able to design and operate fantastically huge and complex facilities to produce a weapon that many believe shortened the war by a year and probably saved many lives. As in the rubber program, industrial companies were asked to take giant steps from the laboratory to full-scale production and it was done successfully — but only because these companies were big enough to spend the time, money, and manpower required to carry out such programs.

The part played by industry in all these great undertakings depended on the technical skills it was able to bring to bear on large-scale production problems. And obviously those skills are possessed only by companies that have acquired them through actual experience in large-scale operations.

Size and Survival

Now, there are some who feel that bigness provides an unfair advantage in the competitive struggle. But, certainly, size confers no guarantee of survival. According to a recent National Industrial Conference Board study, almost two-thirds of the companies rated among the top 100 at the turn of the century had been eliminated from this select list by the year 1958. Among the newcomers in the 1958 list were producers of aircraft, electrical and

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Competition as a Criterion in Commercial Bank Mergers

By Dr. Frances Wells Quantius, *Associate Professor of Economics, The Ohio State University, Columbus, Ohio*

Several bank mergers are before the courts and the Supreme Court this term will review the Philadelphia National and Girard Trust Corn Exchange Banks' merger arguments. Dr. Quantius notes the lessening emphasis given to competition as the sole determinant of mergers and the Justice Department's challenge to the Bank Merger Act of 1960 which reduced the heretofore heavy reliance on the competition yardstick. The Ohio economist questions the exclusive importance of competition; points out the regulatory emphasis against interbank competition, and the extensive competition between banks and other financial and non-financial institutions; and observes the stable preference for business-banking connections. Article favors a broader view of the competitive factor in banking and opines that the adoption of this liberalized view would bring about a more realistically oriented policy toward banking scale and branching.

In recent months the Anti-Trust Division of the Justice Department has brought before the courts a number of merger cases centering around the competitive factors involved. Included among these cases are proceedings against several commercial banks in such widespread areas as New York, Philadelphia, Lexington, Chicago and Milwaukee. Undoubtedly other such cases will follow. Litigation to date in all instances has been concerned with two main issues—the manner in which active competition in the market area will be affected by the proposed merger, and the determination of a meaningful definition of the relevant market areas of consolidating firms. Present rulings appear to establish the fact that either an actual or a potential lessening of competition in a market, even a very small market, has become the sole decisive criterion in judging mergers.

Frances W. Quantius

For several reasons recent emphasis on this particular criterion is questionable in its application to commercial banks. They represent an industry that is already highly regulated at both the state and Federal levels. Much of this existing legislation is aimed specifically at the limitation of competition. For example, proof of community need is required before the opening of either a new bank or new branch offices of established banks. This lessens the competition faced by existing banks and helps to assure their profitability. Prohibition of interest payments on demand deposits and the establishment of interest rate ceilings for the various types of thrift deposits prevent competition of this type from running rampant as it did prior to the Thirities. There are restrictions and limitations on loans of all types as well as regulations governings the purchase of investment securities. Through these laws it is recognized that, while financial monopoly is certainly undesirable, too much competition may well lead to relative inefficiency and higher operating costs in affected institutions. These banks would t. n be prevented from growing with their customers to achieve an appropriate size from a functional standpoint—a size which makes possible the enhancement of profits through the adoption of automation and other innovations and techniques. Bank profitability has its repercussions both upon the public, depending as it does on the banks, and upon the Federal Deposit Insurance Corp. which, as an insurer, is interested in bank efficiency and economy of operation.

Two years ago Congress realized the unfeasibility of heavy reliance upon the competitive standard when it passed the Bank Merger Act of 1960. This legislation, now challenged by the Justice Department, provides the Federal banking agencies — the Comptroller of the Currency, the Federal Deposit Insurance Corp., and the Board of Governors of the Federal Reserve System — with uniform standards for deciding upon proposed mergers under their respective jurisdictions. Competitive factors, as spelled out by the Attorney General, are to be carefully weighed. However, they are not necessarily the prime consideration. Instead, such criteria as adequacy of bank capital structure, the character of bank management, the financial history and prospects of involved institutions, as well as the convenience, needs, and welfare of the community may well be overriding. It is recognized that even if a lessening of competition should occur as a result of a merger, there might be a net gain through the merged institution's greater capacity to contribute to the rate of economic growth in the region and to serve by retaining its market position among its expanding customer firms.

Relevant Market Area's Size

In any case effective application of the competitive standard to commercial banks would be most difficult to achieve. The Philadelphia bank merger case which the Supreme Court is expected to review this autumn serves as one illustration. There a major problem is the definition of the relevant market area. Without this, attempts to measure competition would be meaningless. Last January in an earlier ruling in this case in the Philadelphia District Court, Judge Thomas J. Clary declared that the Justice Department viewed the market too narrowly and that a commercial bank in one city, to the extent that it competes, may be in active competition regionally as well as locally and with banks far beyond its immediate area. With regard to the proposed merger between the Philadelphia National Bank and Girard Trust Corn Exchange Bank this meant that not only the four county area of Metropolitan Philadelphia but also the Delaware Valley, New York City, and New England constituted the market area. Since all major city banks follow the practice of actively soliciting loans throughout the nation, this difficulty of definition will be compounded in the future.

Do Banks Compete?

Another obstacle in application of the competitive criterion to banks in these merger cases lies in the prevailing conception of what constitutes banking competition. Commercial banks are assumed to compete strongly and effectively with each other. They have been ranked in size both before and after a proposed consolidation and conclusions as to monopolistic tendencies have been drawn almost entirely on this basis, without giving due cognizance to the fact that competition may be increased after a merger if the merger results in more nearly equalizing the sizes of the banks in the market area. More realistically however, banks often do not compete keenly, or solely, nor even chiefly with one another. The stiffest competitor of a bank may well be some other financial institution such as a savings and loan association, an insurance company, or a credit union.

Competition may be experienced in varying degrees and in a variety of ways in many areas of a bank's activities. Its role may best be assessed through a few illustrations. Traditionally the primary function of a commercial bank has been viewed as the accommodation of the business community. Therefore, for purposes of illustration, consider the role bank competition plays in the financial practices and attitudes of business firms.

This is revealed in the recent Katona survey undertaken at the University of Michigan.[1]

The survey appears to be representative. It covers approximately 300 respondents who were business executives in both medium-sized and large non-financial firms in manufacturing, wholesaling, retailing, public utilities, transportation and mining. Almost two thirds of those interviewed were presidents or treasurers of their firms. The sample was compiled with the aid of Dunn and Bradstreet, Inc. and covered all geographic regions in the nation though the largest portion of the firms was in the northeast and north central sections and in cities of population of 100,000 and over. Net worth was selected as the size criterion, and the lowest limit considered was $1,000,000. Smaller firms, although numerous, were disregarded because their economic and financial impact was much smaller than their number would indicate. Large firms (net worth of more than $9,000,000) in the sample typically operated with several primary banking connections and with at least ten secondary banks, while medium-sized firms (net worth $1,000,000 to $9,000,000) had accounts at one or two primary banks and a few more secondary banks.

Findings in this study show that banking connections of business firms are usually stable. The great majority of business firms has not changed banks since World War II, and many have retained their banking connections much longer than that. They believe in the stability of banking connections as a general principle with the result that accounts are not moved even when positive attractions to particular banks are weak and when there are inducements of a competitive offer. The view prevailed that old and established customers of banks may expect and receive advantages withheld from others.

Less than one-third of the firms changed their primary banking connection in the decade following World War II. And the majority of these made the change only by adding more banks to their list, for example, rather than by dropping certain bank accounts for the purpose of adding others. The fact that relations between banks and borrowers are built up intimately over a period of time makes change difficult. Even when firms do make shifts in the relative importance of their accounts among several banks, Katona finds that often this reflects the geographical spread of the firms and their structural change in function and size, and it can not be attributed solely to the competitive pressures exerted by banks.[2]

In the interviews one of the main questions raised was—Do business executives see banks as competing with each other? Most executives did believe that banks are competitive but chiefly through the personality traits, abilities, and knowledge of their officers. Respondents felt there is little usefulness in bank advertising or in calls by representatives of banks. There were repeated statements to the effect that an understanding of a customer firm's operation, necessary in major banking connections, must develop through many years of cooperation.

In summation the Katona survey seems to show that there is not so much interbank competition in business lending as is commonly supposed and that the form the competition has taken to date has not been very effective.

To turn to the question of the role of competition in investing, very few banks are really investment-oriented as yet in the sense that a specialized staff manages a truly dynamic investment portfolio. Even when there is such a staff and portfolio, there are legal and practical limitations to the investing that may be undertaken. Thus competitors are likely to be other types of financial and non-financial institutions rather than other commercial banks. An investment bank in underwriting a new security issue finds it expedient to begin by contacting companies prepared to take a sizable block of securities. Often the commercial bank is passed over because other firms, in all likelihood non-financial, are able to out-do banks in the bidding.

A few brief comments on the behavior of the various types of financial savings in the postwar period will show that here too the competitors of banks in their deposit function are apt to be other types of financial institutions. Since 1945 the share of financial savings held by savings and loan associations has tripled, and credit unions savings have grown even more, while the share held by commercial banks has increased lightly and less consistently.

After January, 1962, when member banks and insured nonmember banks were permitted to increase their maximum interest rates on thrift deposits, a shift of funds to the commercial banks from other financial institutions failed to materialize. During the first quarter of 1962 there was a rapid increase in time deposits at commercial banks, but at the same time savings at savings and loan associations exceeded their growth rate in the first quarter of 1961. Therefore the evidence seems to indicate that the associations are not losing ground to the commercial banks but remain strong competitors.

These brief comments have shown that interbank competition is not so effective as is ordinarily assumed and that this situation often reflects customer preferences and is also economically justifiable. On the other hand the chief competitors of commercial banks are very typically other financial institutions which have been ignored in the antitrust cases. In summary one might say that a broader view of the nature of the competitive factor in banking is imperative for a more realistic policy orientation.

1 Katona, Geo., *Business Looks at Banks*, University of Michigan Press, 1957.

2 *Ibid.*, Ch. 8.

Adair Joins F. Eberstadt Co.

Theodore F. G. Adair has joined F. Eberstadt & Co., Managers & Distributors, Inc., 65 Broadway, New York City, as national sales manager in charge of distribution of Chemical Fund.

Theodore F. G. Adair

Before joining Eberstadt, Mr. Adair was manager of the mutual fund department of E. F. Hutton & Co., Inc., a member firm of the New York Stock Exchange. Prior to that, Mr. Adair was New York representative for R. P. Burroughs & Co., Inc., consultant for corporate pension and profit sharing programs.

Mr. Adair graduated from the U. S. Military Academy, West Point, in 1945, and served as Captain in the U. S. Army airborne infantry until 1954.

Norton Named Treasury Adviser

Treasury Secretary Douglas Dillon on Oct. 29 announced the appointment of A. Sidney Norton, recently retired Vice-President of Bankers Trust Company of New York, as the Treasury's consultant on matters relating to the plan to sell long-term bonds through competitive bidding.

Mr. Norton retired from Bankers Trust Company on Sept. 30 of this year, after a total of 25 years service with that institution. He held the post of Vice-President since 1950. His principal area of responsibility was the purchase of securities for pension funds administered by the Bank as trustee.

Mr. Norton first went to the Bankers Trust Company in 1920, after service in the First World War as an Ensign in the United States Navy, on duty in the North Atlantic. He resigned from the bank in 1928 to serve with various firms on Wall Street over a period of 16 years. In 1944 he returned to the Bankers Trust.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

It looks now as though President Kennedy's action in calling Khrushchev's bluff will develop to be one of his most successful undertakings. If it does succeed it will prove what this writer has always contended, namely, that the great Russian military might was one of the greatest myths ever perpetuated upon the world. The reason they would brook no international inspections was not the fear that we would learn something of their strength but that we would learn there was not the strength so ardently propagandized.

Why the Delay?

The question arises as to why Mr. Kennedy should have waited this long before calling the bluff. That he did it after being on the road, out in the country for several weeks, was because he became worried about the effect his inaction in Cuba would have on the November elections. It was looming up as the Republicans' biggest issue. Everywhere he went he heard this.

It is unrealistic to believe that the missile build-up was only discovered a few days ago. We have been talking about it for months. And if it is true that the Administration has just discovered it, there is something terribly wrong with the CIA.

Senator Richard B. Russell, D., Ga., had a lot to do with bringing things to a head. He urged the immediate wiping out of Soviet missiles by bombing—an hour's work. This was at the first White House confab on Monday a week ago. The President said no. Russell was believed to be echoing the sentiments of top military chiefs with whom he is very close by virtue of his being Chairman of the Senate Armed Forces Committee.

Now a blockade of Cuba and the elimination of the missile sites is the twin objective of the President, and Khrushchev has announced he will give in on both of them.

Senator Goldwater, R. Ariz., said the U. N. won't do a "damned thing" about the U. S. demand that a U. N. observation team inspect the dismantling of missile sites and that bringing in the U. N. is a weak spot in Kennedy's quarantine plan. Washington observers who agree with Goldwater recall how the U.N. treated us in Korea. It was more harmful than helpful.

U. S. Acted First

There is gratification and surprise at the unanimity with which Latin American states are supporting the United States. Had the United States dilly-dallied, the belief is that this would not have been the case. Instead, the United States acted first and sought support of the Latin American nations afterwards. It proves the fallacy of the United States policy of taking no action because we were afraid the neutrals would not understand.

The "victory" of the President should help him in the elections. However, the fact that he did not act until he got the feel of the country argues for the election of more Republicans. It is a cinch that the Democrats, although there were a few exceptions, didn't warn him of the country's mood. It took the Republicans to do this. The Republicans are expected to launch a vigorous campaign against the President's advisers: Arthur Schlesinger, Jr., McGeorge Bundy, Walt W. Rostow, Richard Goodwin, Chester Bowles, Adlai Stevenson and Dean Rusk. Also Senator J. William Fulbright of Arkansas, was remiss. As head of the Senate Foreign Relations Committee, he was in favor of no drastic action, but one of just rolling along, protesting and making occasional empty threats.

Fulbright said in the Senate a year ago: "I suppose we shall all be more uncomfortable if the Soviets did install bases in Cuba, but I am not sure that our national existence would be in substantially greater danger than is the case today."

Cheatham Joins Paribas Corp.

R. Warren Cheatham is now associated with Paribas Corp. in its municipal bond department. Paribas, a New York City investment firm with offices at 40 Wall St., is an affiliate of the Banque de Paris et des Pays Bas, the largest private bank in France.

New Walston Office

PEBBLE BEACH, Calif.—**Walston & Co., Inc.**, Del Monte Lodge Shopping Center. William Bingham is resident manager.

Goodian Now With Public Relations Firm

NEW YORK CITY — **Tromson Financial**, a division of Mario Trombone Associates, Inc., public relations firm, has expanded its staff with the addition of Paul Goodian as analyst and brokerage consultant. Mr. Goodian has been a registered representative with W. E. Hutton & Co. since 1960.

Before joining W. E. Hutton & Co., Mr. Goodian had been an auditor with Irving Trust Co. and, previously, a bank examiner for Federal Deposit Insurance Corp. and Peat, Marwick, Mitchell & Co., all in New York City.

Protecting the Dollar When a Crisis Arises

By Paul Einzig

Dr. Einzig warns Western Europe and the U. S. A. to make preparations now to absorb heavy Russian sales of dollars whenever they occur. The noted economist speculates on the size of Russian Euro-Dollar holdings and on the possibility of their being used on a massive interventionary scale during a vulnerable period of dollar weakness. Dr. Einzig praises the current swap arrangements being made with European central banks but advises much more must be done in the way of: (1) substantial European long-term loans to the U. S. A. and prepayment of debt, and (2) U. S. A. prevention of the flight of U. S. capital even if it necessitates exchange controls on the out-flow of funds. Stressed is the importance of the dollar to the Free World; folly of seeking a safe haven for refugee capital in the event of war; and the fact that the fate of the dollar rests primarily on what we do here.

LONDON, Eng.—The crisis over Cuba produced a revival of the demand for gold and a marked selling pressure on the dollar. The latter was mitigated somewhat by the weakness of the D. mark which currency came also under a cloud, owing to fears of trouble over Berlin. It is difficult to understand the firmness of other Western European currencies, seeing that it is almost certain that a war over Cuba would soon spread over Europe. On that assumption it is a mistake to look even upon the Swiss franc as a safe haven. For it is most unlikely that the Soviet Government in case of war would respect Swiss neutrality.

However this may be, the possibility of a prolonged crisis foreshadows continued pressure on the dollar. Moreover, it would be a matter of elementary caution to envisage the possibility of a deliberate aggravation of that pressure through operations by the Soviet Government's agents in the foreign exchange markets.

There can be no doubt that the Soviet Government has the financial power to intervene heavily in that sense, at a moment when a natural weak trend of the dollar would make its intervention particularly effective. Although I have always kept strictly aloof from the pseudo-intellectual parlour-game of trying to guess the size of the Russian gold reserve, the favorite estimate is about $8 billion. Anyhow, even if this figure is exaggerated to the extent of some billions it must be borne in mind that in the case of the Soviet Union there are no foreign balances or other external short-term liabilities the amount of which would have to be offset against that of the gold and foreign exchange holding.

U. S. S. R. Owns Substantial Dollar Deposits

Needless to say, so long as the Russian reserve is held in gold and not in dollars, the Soviet Government would first have to buy dollars in order to be able to throw them on the market at the phychological moment. Any such purchases would provide welcome support while they lasted. But there is reason to believe that the Soviet Government has very substantial dollar holdings, disguised in the form of Euro-dollar deposits. During recent months foreign exchange dealers were often puzzled by the inexplicable firmness of Euro-dollar deposit rates. It is, to say the least, possible that this was due to a large degree to demand for such deposits by the Moscow Narodny Bank in London, the Banque Commerciale des Pays du Nord in Paris, and other agents acting for the Soviet authorities. These institutions were operating on a very large scale in both ways, and quite openly, but in all probability they were also operating through agents not known to operate on their behalf. For this reason it is impossible to form an idea about the size of Soviet controlled Euro-dollar deposits. They must be assumed, however, to be very considerable. Had these agents been buying up dollars in the foreign exchange market, the resulting increase of the gold reserve or decline of foreign balance would have greatly strengthened the dollar. As it is, the acquisition of Euro-dollar deposits merely meant that part of the dollar balances are now in hostile hands.

It is therefore of the utmost importance for the United States and the Western world to make the necessary preparations for absorbing any heavy Russian sales of dollars immediately whenever they should occur. The swap arrangements concluded by the Federal Reserve with various European Central Banks are of course useful, but their total is negligible compared with the potential pressure they have to cope with. In any case, since these swap arrangements are only for brief periods, evidence of their use would create some measure of uncertainty owing to the possibility of their non-renewal in the near future. The right solution is indicated by the announcement that the American short-term credit facilities in Switzerland are to be consolidated. This should be done also in other Western European countries. In fact the ideal solution would be the granting of much more substantial long-term loans by the governments of France, Italy and other countries with a favorable balance of payments. Even Britain could and should help by repaying in advance part of the dollar loan of 1946. For the last two generations the United States has been extremely generous with financial support to Western Europe. Now is the turn of Western Europe to repay part of the favors received. This is to the interest of the Western European countries themselves for the maintenance of the strength of the dollar is of vital importance to them.

In addition to such long-term arrangements, the United States should arrange with the International Monetary Fund a stand-by credit of an impressive size. The very existence of such facilities would be sufficient to make the Soviet Government realize the futility of any attack on the dollar. It would also strengthen the confidence of other foreign holders of dollar balances.

U. S. A. Exchange Control on Out-Flow of Funds

But the fate of the dollar rests in the hands of the American people themselves. Even the largest possible amount of external aid would melt away as a result of a flight of American capital. At the present moment no indications of such a flight can be ascertained on this side, but the possibility should not be ignored. It might be advisable for the United States Government to reconsider its attitude towards the imposition of exchange control on capital transactions by residents in the United States, on lines similar to those existing in Britain and other European countries.

Above all, in view of the national emergency, a strong appeal should be addressed to Americans not to send any money abroad during the present crisis. And it should be declared to be a patriotic duty of Americans with holdings abroad to repatriate their capital, in order to play their part in the defence of the dollar in the hours of need. In any case, as I pointed out at the beginning of this article, in a war no haven for refugee capital would be safe.

The other day I received a visit of an investment counsellor from San Francisco who was on a sight-seeing tour. When I asked him whether he was here partly on business he replied in an emphatic negative. "Neither I nor my clients are interested in investing abroad," he said. "We neither know nor care whether the dollar is likely to be devalued. It is our currency and our country, so we just take our chance." That is the spirit in which the true strength of the dollar lies.

"Whether you're bless'd or doomed by Fate,

"Here you must live, here die!"

It is, to say the least, equally risky for Americans to keep their capital abroad. Any attempt to seek safety in that way would be sheer gamble. An appeal for patriotism would be powerfully reinforced by arguments of sheer common sense.

Toronto Traders Elect Officers

TORONTO, Canada—At the Annual Meeting of the Toronto Bond Traders' Association, the following officers and Board of Governors for the 1962-1963 term were elected:

M. A. Brown

Chairman: M. A. Brown, Gairdner & Co. Ltd.

The balance of the Board of Governors was comprised of the following:

Vice-Chairman: A. E. St. Marie, Midland Securities Corp.

Secretary: R. J. Putnam, James Richardson & Sons.

Treasurer: D. M. Carnell, Greenshields & Co. Inc.

Governors: J. M. D. De La Cour, Osler, Hammond & Nanton Ltd.; P. D. Ferriss, Bartlett, Cayley & Co. Ltd.; T. J. Ormesher, A. E. Ames & Co. Ltd.; M. H. Seagram, The Bank of Nova Scotia; and A. D. Thomas, Wood, Gundy & Co. Ltd.

The State of TRADE and INDUSTRY

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

The economy is said to be relatively free from significant imbalances according to the late October analysis of the Northern Trust Co. The Chicago bank's *Business Comment* for October observed that "economic activity in the U. S. continues at advanced levels, with recent reports following the pattern of mixed changes yet gradual over-all expansion which has characterized the business trend since last spring. Personal income in September continued at August's record annual rate of $443.0 billion, with manufacturing earnings down for the second month. This marks the first time since last January that personal income failed to show a monthly gain, although the September figure was some 5.5% above a year ago. The index of industrial production remained at 119 (1957=100) in September for the third month in a row. The fluctuating trend in new orders for durable goods also continued, with this key indicator declining by 3% in August after a somewhat larger percentage advance during July. Construction expenditures, however, rose to an all-time record in September of $63.0 billion after seasonal correction, following a leveling off during the summer, with spending for housing, nonresidential and public construction all at higher rates.

Reports on consumer buying are also mixed. Retail sales declined slightly between August and September, but were 7% above a year ago. A more than seasonal reduction in new car sales was apparently responsible for this decline, with sales restricted by the limited inventories of 1962 model cars. Private nonfarm housing starts increased for the second successive month in August to an annual rate of 1,492,000 units after seasonal correction.

Economy Free From Imbalances

At the present time the economy appears to be relatively free from significant imbalances: inventory-sales ratios generally are well controlled; consumer installment buying has been orderly; and, except in commercial structures, business investment in plant and equipment has been in moderate volume. Business and individual confidence seems improved from last spring, recovering at least to some extent from the unsettling effects of the sharp stock market decline and the President's intervention in steel. On the other hand, evidence of strongly advancing sectors in the economy is also lacking, and important business indicators such as manufacturers' new orders, weekly hours of work, and construction contract awards show erratic and inconclusive movements. The fall months, when business activity normally accelerates, may provide a more decisive test of the underlying trend.

Bank Clearings Rise 12.4% 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, Oct. 27, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 12.4% above those of the corresponding week last year. Our preliminary totals stand at $31,406,689,426 against $27,936,451,933 for the same week in 1961. Our comparative summary for some of the principal money centers follows:

Week End. Oct. 27—	(000s Omitted) 1962	1961	%
New York	$17,785,543	$14,628,966	+21.6
Chicago	1,308,937	1,278,044	+ 2.4
Philadelphia	1,097,000	1,109,000	— 1.1
Boston	905,919	904,951	+ 0.1
Kansas City	535,899	530,308	+ 1.1

Steel's Weekly Output Rose First Time Since Sept. 29 but Is Down 14.2% From Last Year's Week

According to data compiled by the American Iron and Steel Institute, production for the week ended Oct. 27, 1962, was 1,768,000 tons (*94.9%), as against 1,739,000 tons (*93.3%) in the week ending Oct. 20.

Data for the latest week ended Oct. 27, 1962, shows a production decline of 14.2% compared to last year's week output of 2,057,000 tons (*110.4%).

Production this year through Oct. 27 amounted to 81,781,000 tons (*102.1%), or 3.9% above the Jan. 1-Oct. 28, 1961, period.

The Institute concludes with Index of Ingot Production by Districts for week ended Oct. 27, 1962, as follows:

	*Index of Ingot Production for Week Ended Oct. 27, 1962
North East Coast	85
Buffalo	92
Pittsburgh	85
Youngstown	83
Cleveland	97
Detroit	143
Chicago	101
Cincinnati	105
St. Louis	121
Southern	95
Western	89
Total	94.9

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

Cuban Crisis May Spur Steel Buying

Steelmakers do not expect the Cuban crisis to trigger any panic buying, but they are fairly sure it will cause most users to reevaluate their inventories, *Steel* magazine reported this week.

Reason: Stocks at many plants are so close to minimum working levels that a sudden extension of mill deliveries could halt production.

If our blockade proves effective and does not touch off a shooting war, its effect on steel buying will be slight. Users will not have to worry about shortages of products made in volume, but they will have to keep a close check on the availability of certain specialty grades, such as vacuum melted, high temperature steels.

If the crisis deepens, military requirements will increase; mobilization plans will go into effect; and some steel products may be put on allocation.

If our enemies start little wars all over the world in an attempt to drain our resources, the steel market will undoubtedly tighten —even in tonnage products. Users will try to build inventories before restrictions are slapped on production of consumer durables.

In 1950, the market tightened rapidly after the Chinese invaded South Korea, but operations were at a fairly high level when the invasion started. Today, with operations at less than 60% of capacity, there is no reason for panic buying.

Steel industry executives are keeping a close check on developments in the Cuban situation to help them determine tonnage requirements during the immediate future.

Gradual Steel Orders Uptrend Detected

Steel orders continue on a gradual uptrend, the magazine reported. Mills say bookings are running 5 to 10% ahead of last month's pace.

Automakers, the steel industry's best customers, are driving toward record production of 715,000 cars this month and are boosting their November schedules from 640,000 cars to 660,000. They have tentatively slated 525,000 cars for December and 1.9 million for the fourth quarter (vs. 1,830,000) a year ago.

This week, steel operations will be maintained at about the same level in effect since the start of October. Output will be near the 1,739,000 ingot tons that *Steel* estimates the industry poured last week.

Scrap dealers are also assessing the Cuban crisis. Traders think prices will strengthen quickly in event the situation deteriorates. *Steel's* price composite on the key grade, No. 1 heavy melting, was unchanged last week at $24.67 a gross ton.

Steel reported the Russians are stepping up steel purchases from Japan.

Since September, Japanese mills have signed contracts for 100,000 tons of carbon and alloy steel for "structural use" in the Soviet auto industry, Japanese sources claim. Possible significance: Expansion of auto plants in Russia.

Six Reasons Cited for Steel Pick-Up

The world crisis will be a strengthening force in the steel market, *The Iron Age* reported. There will be no overnight change in the rate of new orders for steel. But changes in industry buying plans and consumer attitudes are sure to result in a stronger steel market.

The magazine lists these factors in predicting a stronger steel market:

(1) *Industry inventory plans.* Steel users will re-evaluate their inventory policies. Although the steel industry's ability to deliver is not likely to be challenged, users will play it safe with balanced steel supplies.

(2) *Fear of possible government controls* if the world situation worsens later this year. Most steel users believe the administration would not hesitate to institute controls to dramatize a crisis, even if not absolutely necessary.

(3) *Changes in consumer attitudes.* Although panic buying is out of the question, there will be less tendency to defer purchases of "easily deferable" items. In other words, consumer durables are likely to show new strength.

(4) *A military buildup.* Although no great changes are likely in military spending, there will be new emphasis on conventional weapons and additions to, and modernization of, the navy.

(5) *Probably increased military aid abroad.*

(6) *Price considerations.* Although prices of many steel products continue to be soft, as world tensions build up, there will be less pressure for lower

Continued on page 45

Current News in the Field

These items are supplemental to similar notices appearing elsewhere in this issue

NEW FIRMS

CHEYENNE, Wyo.—**Bullock and Company** 1509 Bent Avenue. Warren P. Bullock is President and Treasurer, and Russell W. Bartels, Vice-President and Secretary. Mr. Bullock formerly conducted his own investment business in Cheyenne and Denver, as an individual dealer.

DENVER, Colo. — **James N. Schaffner & Co.,** 2987 Peak Ave. James N. Schaffner is sole proprietor of the firm.

FOREST HILLS, N. Y.—**J. Edwards and Co., Inc.,** 56 Tennis Place. Officers are Joseph E. McCourt, President; Sue Sughrue, Vice-President and Treasurer, and M. P. McCourt, Secretary. Mr. McCourt was formerly with Eastman Dillon, Union Securities & Co.

HOUSTON, Texas — **Joel W.** Newby, Jr., 3306 Norfolk No. C.

LYNBROOK, N. Y.—**Paul Morris,** 7 Norwich Avenue.

MALDEN, Mass.—B. C. Securities Co., 113 Harvard Street. Leon Shear is sole proprietor.

MIAMI BEACH, Fla. — **Leeco Investors Corporation,** 800 Seventy-first Street. Gerald H. Gould is a principal of the firm, which will also maintain a branch office at 200 West 57th Street, New York City, under the management of George Oeslander.

MIAMI BEACH, Fla.—**Jack Lipsiner,** 16951 Northeast Eighth Pl. Mr. Lipsiner was previously with Graham & King Inc.

NEW YORK CITY — **James E. Clare & Co.,** 136 Liberty Street, members of the American Stock Exchange. Partners are Thomas Clare, member of the exchange, and James E. Clare. James Clare was formerly active as an individual member of the American Stock Exchange.

NEW YORK CITY — **Nationwide Equities Inc.,** 10 East 44th Street. Officers are Wolf Wittenberg, President; Charles M. Kriesberg, Treasurer, and Marvin N. Nadler, Secretary. All were formerly with Nat Berger Associates.

NEW YORK CITY — Effective Nov. 1, 1962 the name of Herzig, Farber & McKenna, 50 Broadway, members of the New York Stock Exchange changed to **Herzig, McKenna & Company.**

NEW YORK CITY—**DFC Securities Corp.,** 150 Broadway. Officers are Herbert Abelow, President; Murray J. Shein, Vice-President and Secretary; and Julia M. Shein Treasurer. Mr. Abelow was formerly with First Mutual Planning Corp. Mr. Shein was with J. B. Coburn Associates, Inc.

NEW YORK CITY — **Louis P. Di Cerbo,** 630 Third Avenue.

NEW YORK CITY — **E. H. Gibb and Co., Inc.,** 74 Trinity Place, a corporation, is continuing the investment business of E. H. Gibb & Co. Officers are G. Clifford McCarthy, President and Treasurer; William Bennett, Vice-President; and A. H. McCarthy, Secretary.

NEWARK, N. J.—**Great American Investments, Inc.,** 11 Commerce St. Officers are Leonard Kaleky, President; H. P. Stavitsky, Secretary and Treasurer; and Marvin W. Kaleky, Vice-President.

FORTLAND, Ore. — **Lincoln Securities, Inc.,** 4109 Northeast Tillamook. Officers are Thomas A. Gerhardt, President and Loren L. Wyss, Vice-President and Secretary. Both were formerly associated with Blyth & Co., Inc.

ST. CLAIR, Pa.—**John Yurickones,** 220 South Second Street. Mr. Yurickones was formerly with Mayo & Co. and King Merritt & Co.

SEATTLE, Wash.—**Affiliated Securities Corporation,** 15316 Bothell Way, N. E. P. Kennan Hayes is a principal of the firm.

NEW BRANCHES

AUSTIN, Texas—**Sanders & Company,** Capitol National Bank Bldg. Ned McDaniel is resident manager.

COLUMBUS, Miss. — **Trulock & Company, Incorporated,** 315 Main Street. William M. Prince is resident manager. He was formerly local manager for Palm Beach Investment Co.

GRAND GORGE, N. Y. — **Chase Securities Corporation,** Route 23. John Daidone is resident manager.

GREAT BEND, Kans.—**George K. Baum & Co.,** 1314 Kansas. Harlan K. Spats is resident manager. Mr. Spats was formerly in charge of the firm's office in Scott City, Kansas.

FHOENIXVILLE, Pa. — **Janney, Battles & E. W. Clark, Inc.,** 215 Church Street. Wilbur K. Cuddy, Jr. is resident manager. He formerly served in a similar capacity for Walston & Co., Inc.

SOUTHFIELD, Mich. — **Straus, Blosser & McDowell,** 17000 West Eight Mile Road. Edward L. Penner is resident manager.

WORLAND, Wyo. — **Copley and Company,** Washakie Hotel. Frank L. Ranchfuss is local manager.

PERSONNEL

ANDERSON, S. C. — James F. Dorn, formerly of **Goodbody & Company,** Athens, Ga., has joined the sales staff of **McCarley & Co., Inc.,** members New York Stock Exchange, at their Anderson, S. C. office.

AUBURN, Maine — Alphee A. Chenard has been added to the staff of **Bernier & Company,** 40 Beech Street.

AURORA, Colo.—Joseph L. Tasetano has joined the staff of **B. J. Leonard & Co.,** 1544 Elimra St. Mr. Tasetano was formerly with Amos C. Sudler & Co. and J. R. Holt & Co.

BANGOR, Me.—Walter G. League has been added to the staff of **David G. Means,** 6 State Street.

BANGOR, Maine—Alfred P. Webster is how affiliated with **P. W. Brooks & Co., Incorporated,** Bangor House. He was previously with Schirmer, Atherton & Co.

BOSTON, Mass.—John J. Folan has become associated with **Cruttenden, Podesta & Miller,** 80 Boylston Street. He was formerly with Josephthal & Co.

BOSTON, Mass. — Richard N. Clark has become affiliated with **Winslow, Cohu & Stetson, Inc.,** 79 Milk Street. He was formerly with Chace, Whiteside & Winslow, Inc.

CHARLOTTE, N. C. — Porcher B. C. Ancrum and Henry C. Covington are representing **Powell, Kistler & Co.** of Fayetteville. Both were formerly with United Securities Co. of Greensboro.

CHARLOTTE, N. C. — Albert P. McMillan, Jr. has become connected with **Louis G. Rogers & Co.,** 330 South Tryon Street.

CLEVELAND, Ohio — Allan M. Newman has become associated with **Hartzmark & Co., Inc.,** East Ohio Building, members of the New York Stock Exchange. He was formerly with Goodbody & Co.

CLEVELAND, Ohio—Sanford W. Greenberger and James A. Rahal have joined the staff of **Prescott & Co.,** National City Bank Building, members of the New York and Midwest Stock Exchanges. Mr. Greenberger was formerly with Jaffe, Lewis & Co.; Mr. Rahal was with L. A. Caunter & Co.

CLEVELAND, Ohio — John Poticny is now affiliated with **L. A. Caunter & Co.,** Park Bldg.

CLEVELAND, Ohio — George E. Jaffee has become affiliated with **William T. Robbins & Co., Inc.,** Terminal Tower.

CLEVELAND, Ohio — Roger A. Baughman is now affiliated with **Hayden, Miller & Co.,** Union Commerce Building, members of the Midwest Stock Exchange. He was formerly with Capital Securities Company.

COLUMBUS, Ohio — Frank H. Kobe Jr. has joined the staff of **First Ohio Securities Co.,** 1429 King Avenue. He was formerly with Investment Company of North America.

DALLAS, Texas — Ray C. Ives, who for six years has managed the Odessa, Texas area operations of the Dallas-based investment banking firm of **Eppler, Guerin & Turner, Inc.,** has been transferred to the Dallas office, Fidelity Union Tower.

In addition to his regular sales functions as account executive, Mr. Ives will coordinate West Texas sales operations for the firm, which is a member of the New York Stock Exchange.

DALLAS, Texas—Thomas M. Watlington has joined **Sanders & Company, Inc.,** it has been announced by Henry T. Vance, President.

Mr. Watlington, who formerly was associated with Alex. Brown & Sons, will serve as a regional wholesale representative. He will be based in Dallas. Working with Alec B. Stevenson and Henry Parkman, Vice-Presidents, he will provide service to investment dealers in the Middle South states including Texas, Louisiana and Arkansas.

DAYTON, Ohio—James M. Mack is now with **Hunter, Prugh, Ball & Davidson, Inc.,** Winters Bank Building. He was formerly with Greene & Ladd.

DAYTON, Ohio — William H. Young, Jr. has been added to the staff of **John A. Kemper & Co.,** 32 North Ludlow Street. He was previously with Greene & Ladd.

DAYTON, Ohio—Jeanne R. Husman has joined the staff of **John A. Kemper & Co.,** 32 North Ludlow Street. Miss Husman was previously with Westheimer and Company.

DENVER, Colo. — Gerald D. Haynes and Silman C. Virgil have become connected with **Howsam-Brown & Associates, Inc.,** 290 Fillmore Street.

DENVER, Colo. — Kenneth E. Stephens has become associated with **Boettcher and Company,** 828 Seventeenth Street, members of the New York Stock Exchange and other leading exchanges. Mr. Stephens was formerly with Schmidt, Sharp, McCabe & Co. and prior thereto was Cashier for A. L. Greenberg & Co.

DENVER, Colo.— John A. Plumb, Jr. has been added to the staff of **Cruttenden, Podesta & Miller,** 718 Seventeenth Street. He was previously with Copley and Co.

DETROIT, Mich.—Hal H. Smith, Jr., managing partner of **Smith, Hague and Company,** Penobscot Building, members of the New York and Detroit Stock Exchanges, announced the appointment of John B. Birch as a registered representative of the investment firm. He is assigned to the Detroit office, one of six state-wide offices of the firm. Mr. Birch was formerly with the Denney - Reyburn Company in Detroit as a sales representative.

FAYETTEVILLE, N. C.—James A. McKay Jr. has become connected with **Powell, Kistler & Co.,** 110 Old Street, members of the New York and Midwest Stock Exchanges.

GREENSBORO, N. C. — William J. T. Jenkins and E. John Schmidt have become connected with **McDaniel Lewis & Company,** Jefferson Building.

HOUSTON, Texas — **Underwood, Neuhaus & Co., Incorporated,** 724 Travis Street, members of the New York Stock Exchange, has announced the appointment of Robert A. Foutch, Ralph Sells Neuhaus, Marvin H. McMurrey and Edmund G. Parsons as Registered Representatives. The four Underwood, Neuhaus staff members recently qualified for the position of representative by successfully completing examinations of the New York Stock Exchange and National Association of Securities Dealers, Inc.

LINCOLN, Neb.—George E. Esley has joined the staff of **First Nebraska Securities Inc.,** 1001 O Street, members of the New York Stock Exchange.

MADISON, Wis. — Bernard S. Samuels is now connected with **Bell & Farrell, Inc.,** 119 Monona Avenue, members of the Midwest Stock Exchange.

MADISON, Wis.—Dennis I. Goff has become affiliated with **Loewi & Co. Incorporated,** 119 Monona Avenue. Mr. Goff was formerly with Francis I. du Pont & Co. in Phoenix, Ariz.

NEW YORK CITY—**Brimberg & Co.,** 60 Broad Street, New York City, members of the New York Stock Exchange, on Nov. 8 will admit Henry D. Gasner and Harvey Amsterdam to limited partnership in the firm.

OMAHA, Neb.—Don L. Miller has been added to the staff of **Burns, Potter & Co.,** 201 South 19th St.

OMAHA, Neb.—James P. Kineen is now with **Chiles & Company,** Farm Credit Building.

PHILADELPHIA, Pa. — **H. A. Riecke & Co., Incorporated,** members of the New York Stock Exchange and other leading exchanges, have announced that Robert Berman and Louis Nachod are now associated with their Philadelphia office as registered representatives; Robert D. McGuire in their Daytona Beach, Florida, office as a registered representative; John V. Ciotola in their Hazleton, Pa., office as a registered representative; Max Kincus in their Trenton, N. J., office as a registered representative, and Bert S. Lewis in the new Danville, Pa. office as registered representative.

PHILADELPHIA, Pa. — **Hornblower & Weeks** have announced that Edward J. Cronin is now associated with their Philadelphia office, 1401 Walnut Street as a registered representative.

Mr. Cronin, who has been active in the investment securities business since 1949, was formerly associated with Boenning & Co.

FORTLAND, Maine—Richard D. Brown, Bourke C. Trask, Jr. and Donald J. Waring have joined the staff of **Townsend, Dabney & Tyson,** 184 Middle Street.

FORTLAND, Ore. — George A. Cunningham is now with **E. I. Hagen & Co., Inc.,** American Bank Building.

PORTLAND, Ore. — Larry A. Spriggs has become affiliated with **Harris, Upham & Co.,** 601 Southwest Oak Street. He was previously with Donald C. Sloan & Co.

FORTLAND, Oreg. — Duane M. Hann has become affiliated with **Dominick & Dominick,** 400 Southwest Sixth Avenue.

PORTLAND, Oreg.—Lawrence J. McElhinny has become connected with **E. I. Hagen & Co., Inc.,** American Bank Building.

FORTLAND, Oreg. — Donald E. Ehrlich, Kenneth J. Howard and Harry G. Johnson have joined the staff of **Merrill Lynch, Pierce, Fenner & Smith Incorporated,** Executive Building.

Payne Heads Mun. Council

DALLAS, Texas—Jack C. Payne, Vice-President of Dallas Union Securities Company, Inc., Dallas, Texas, has been elected Chairman for 1963 of the board of trustees of the Municipal Advisory Council of Texas.

Jack C. Payne

Mr. Payne will take over the chairmanship with 70 Texas dealers and dealer banks and 61 nonresident members trading in Texas Municipal bonds. The organization is headquartered in Austin, Texas, and serves its members with statistical information on Texas Municipal bonds. It was founded in 1954.

Chicago Traders Winter Party

CHICAGO, Ill. — The Security Traders Association of Chicago will hold their Annual Winter Party Jan. 21 at the Drake Hotel. Hotel reservations for those attending may be arranged through Thomas C. Driscoll, Brown Brothers & Co., Chicago.

The Market . . . And You

BY WALLACE STREETE

Some semblance of normalcy returned to the stock market this week after the violent gyrations induced by the Cuban crisis. The general tone was good after the apparent easing of the international situation.

Specific news was again the motivating force as the emotional buying and selling came to a halt. North American Aviation, for instance, responded vigorously when it was awarded one of the largest space age contracts ever given, one for better than $300 million.

U. S. Steel, to virtually no one's surprise, cut its quarterly dividend, but the news was well-anticipated and the issue took it more or less in stride. General Motors, poised for record 1962 earnings, and with some hope of a boosted yearend dividend, was in good form and in position to toy with its year's high.

"Hard-Core" Issues Favored

The accent was pretty heavy on the old-line, top-echelon companies that form the hard core of the nation's economy such as A.T.&T., du Pont, Union Carbide, some of the oils, Sears Roebuck and selected utilities.

The defense issues that didn't do anything excessive throughout the Cuban crisis were shored up by the general expectation that, if nothing else, defense expenditures will continue heavy. Spending for space work is more or less guaranteed to increase steadily, so busy production is assured in the defense industries.

The net result of the country's excursion to the edge of war was that the industrial average in short order demolished all of the fancied interim resistance levels except the year's low, where the hectic selling in the May-June market break finally found a floor.

Hopeful Signs

And the hopeful sign of the recent gyrations was that the low was never threatened although the average had raced over a range of nearly three dozen points in exceedingly fast style. In fact, the lost ground to the hourly low of Oct. 24, a shade under 553, was more than made up in less than five trading sessions.

The other hopeful sign was that the rail average, which had been thoroughly depressed long ago, not only failed to follow the industrial average's lead, but even showed contrary action at times. And, as the technicians were quick to point out, a divergence between the two averages often has been a signal for a change in trend. The general trend since the May break has been assumed to be down.

There was something of a new realization dawning, but still without any convincing proof yet, that the market has perhaps reached a stage from where eventually a new bull market could start. Certainly a good portion of the list is selling at a reasonable price-earnings level, and a possible yield of 5% in General Motors—assuming the year-end extra will be boosted—was a sure indication that its market price was far from inflated.

Advent of Solid Values

In short, there are plenty of sound enterprises of value in the market which, until this year, were far more dominated by the high-flyers that sold for 60- to 80-times earnings with miniscule yields ranging down to less than 1%. These were fine as long as capital gains were pretty much assured, but the story has been different for quite some time now.

Market advice was heavily loaded with suggestions for upgrading portfolios to eliminate weaker holdings and concentrate on quality, which isn't the type of advice that feeds speculative excesses.

The big question is how much the investment sentiment has been chilled by the market reverses of 1962. Certainly the mutual fund experience, where more facts are available, indicates an obvious coolness to new commitments. As far as listed securities are concerned, some of the market spectators took the heavy trading that revolved around moves in the Cuban showdown as an indication that there is still a large amount of interest in stocks. In the absence of a detailed breakdown of where all the trading came from, it is hard to make out a solid case.

Rails Still Neglected

Rails have offered above-average yield, low price-earnings multiples and bargain price shares for a long time but it has been years since rail issues featured high in market interest for any protracted period. Norfolk & Western, a quality item, can outshine many industrial companies either in profit margins or financial condition. But it has been available around 10 times earnings and offering a 6% return at recent levels, without exciting much in the way of a following.

Farm equipment firms have been out of favor for a long while. White Motor has been expanding in the field in recent years but its indicated yield recently has run above the 5% line. Even a plan to take over the assets of Motec Industries, maker of the Minneapolis-Moline line and industrial material-handling equipment, was mostly shrugged off by the market.

The Friendless Steels

Steels had few friends among investors although the prices of steel shares have been cut drastically as they—even in advance of the general market — staged their own private bear move. The payments of both Bethlehem Steel and U. S. Steel, the top giants of the industry, were pared more or less in line with expectations without leading to any undue market chagrin, since the actions had been well anticipated.

The most recent was U. S. Steel's trim in the dividend payment. As the directors took the action, the shares that had sold above 100 in 1960 were selling around 40, or at about half of the price they commanded last year. The indicated yield even at the reduced dividend rate is around 5%. But what it would take to excite investment interest is by no means readily apparent.

Paper companies, like the steel mills, have been beset with problems for the last couple of years. Indications of some profit improvement finally have been pretty well ignored. But in the process, the market values have been slashed hard. Great Northern Paper, which had sold above par half a dozen years ago, was holding at only a third of that figure.

At its recent price the stock was selling at around 11 times earnings, despite indications that Great Northern's big trouble in the late 1950s has been remedied. That was an acute water shortage that hampered the company. Today it has standby power facilities available, and is concentrating on expanding its sales. St. Regis Paper is showing some signs of improved profit-making ability, and projections of this year's results show a good increase over the 1961 low. The shares meanwhile are back to their 1957 low, less than half of the 1956 peak, and showing an indicated yield of around 6%.

The Continuing Chrysler Enigma

Chrysler is still something of an enigma to most of the stock market clientele, despite its standing as the third largest producer in the field. Its record in recent years was by far the most erratic of any auto producer or, for that matter, for most other industries. It led, eventually, to extensive internal changes.

With a small capitalization, the shares of Chrysler can show sharp gyrations on any news that indicates that its steps to strengthen the competitive and profit position of this auto giant are taking hold. Thus it appears to be a speculative item offering a large potential appreciation.

[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.]

Butler, Herrick, Wood, Walker To Merge

A merger of two long established firms has been announced, effective Nov. 5, 1962, with the approval of the New York Stock Exchange and other appropriate bodies.

Wood, Walker & Co. and Butler, Herrick & Marshall will unite under the title of Wood, Walker & Co. with headquarters at 63 Wall Street, New York, N. Y., and branch offices in the State of New York as well as in Pittsfield, Mass. and Colorado Springs, Colo.

Cornelius D. Wood who was elected a member of the New York Stock Exchange on June 30, 1862, formed on May 1, 1869 one of the earliest partnerships, Wood & Davis, in the annals of the Stock Exchange. By successive admissions of new partners and on at least two occasions by merger with other firms, the enterprise has continued its career for almost 100 years.

G. P. Butler, & Bro. was formed in 1898 by two brothers. The elder brother, George, being active in railroad financing, participated in the reorganization of the Oregon Short Line (merged into the Union Pacific Railroad) and the consolidation of the Missouri Pacific Lines and the St. Louis Iron Mountain & Southern when they were under Jay Gould control. Mr. George P. Butler also served as President of The Albany & Susquehanna Railroad and succeeded in having the rental which was guaranteed by The Delaware & Hudson materially increased. At a later date his son, Andrew R. Butler, while serving as President of The Albany & Susquehanna Railroad, negotiated its merger into The Delaware & Hudson.

After the death of George P. Butler, his partner and brother, Arthur, established with others a successor partnership to which Charles H. Marshall was admitted in 1919, forming the firm of Butler, Herrick & Marshall.

Like Willis D. Wood of Wood, Walker & Co., who served on the Stock List Committee of the New York Stock Exchange, Arthur W. Butler gave his services to the Exchange as one of its Governors for many years. In the industrial field he was active in the reorganization of Allis-Chalmers, serving the company for many years as a director.

The surviving firm will be known as Wood, Walker & Co. and will admit to partnership Messrs. Pierpont Adams, William F. Haneman, James B. M. Carroll, and Charles C. Bunker of Butler, Herrick & Marshall, and Mr. B. Barret Griffith, resident manager of the Colorado Springs office of Wood, Walker & Co. In addition, Messrs. Andrew R. Butler and Ellsworth Bunker of Butler, Herrick & Marshall will become limited partners. Mr. Bunker, formerly United States Ambassador to Argentina, Italy and India, recently negotiated a treaty between The Netherlands and Indonesia in connection with the separation of Netherlands New Guinea from the Government of The Netherlands.

Named Directors

George A. Newton and Alfred L. Burke have been elected directors of Southeastern Public Service Co. (New York, N. Y.), it was announced by the company.

George A. Newton

Mr. Newton is Managing Partner of the investment banking firm of G. H. Walker & Co. and was President of the Investment Banking Association of America in 1961.

Br. Burke is President of Duff & Phelps, Chicago-based engineering firm. He is a director of Central Standard Life Insurance Co. of Chicago and Philadelphia Suburban Water Co.

MUTUAL FUNDS

BY JOSEPH C. POTTER

The Forward Look

Only two months remain in this year, surely the most trying 12-months in the history of the mutual-fund trade. For folks in the field it will forever call up memories of tumbling stocks, rising redemptions and declining sales, unfair criticism from academic theoreticians and the initial slow-down in the generation-long expansion of their mushrooming business.

Still it is comforting to know that among fundmen there are people who are looking beyond 1962 to regain the momentum that has forever been a characteristic of the American funds. Selected American Shares exemplifies this spirit in calling attention to the potential business that can be expected to flow from the newly-enacted Keogh-Smathers law. This is the measure which, after several false starts, has passed the Congress and been signed by President Kennedy.

Under this law, members of the medical profession, lawyers, farmers, small businessmen and other similarly self-employed individuals are to have an opportunity to set up systematic retirement programs under favorable tax considerations. Selected American Shares notes that unofficial estimates put the number of these self-employed persons as high as 7,000,000.

Complete regulations from the Internal Revenue Service have yet to come. Indeed, under the law no plan could be started before 1963. But the funds will need all of the time remaining to gear themselves for this new market: advertising, direct mail, sales literature and all of the rest, in addition to familiarizing their own personnel with the problems and opportunities.

The Keogh-Smathers act provides that regulated mutual investment companies can be employed as one of the approved forms of investment under these self-employed retirement programs. As Selected American Shares says: "In the case of those retirement plans which use mutual funds, the law permits the use of a bank custodian account to purchase and hold the mutual fund shares." Its explanation of the workings of this new law comes under the head of "Reading for Profit" and anyone in the fund field not familiar with Keogh-Smathers should avail himself of the opportunity to obtain a copy.

Also to be congratulated for the forward look, even though in another context, is Frederick W. Page, Vice-President of the Mutual Funds of the Broad Street Group. In St. Louis last week, Mr. Page spoke on investing in growth stocks. An old associate of ours, Ross L. Muir, tells us that he said the market decline has not "brought about a major change in investment philosophy mainly because our tax structure puts such a premium on long-term capital gains."

Mr. Page feels that while investors have become more cautious and careful, they will not turn away from common stocks. Many people who reduced stock risks, he observes, have kept funds in liquid condition instead of reinvesting in long-term securities. He adds:

"It would appear that instead of deserting the market, they are waiting for a better buying opportunity."

If any lesson was learned, Mr. Page tells us, "it probably was the need to give more weight to the quality of growth." He went on to say that because there is a limited supply of solid growth equities and a continuing demand, price-earnings ratios seem likely to rise from present levels. While he was indefinite about the period of time, he did say that the long-term appreciation of growth stocks is more certain than in the case of cyclical stocks.

Anyone for steels?

The Funds Report

Aberdeen Fund reports that in the quarter ended Sept. 30 it added to its portfolio General Foods, Prentice-Hall and G. D. Searle. Holdings were substantially increased in Ginn & Co., Philips Lamp, Richardson-Merrell, Royal Dutch, Schering and Upjohn.

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Capital Shares puts net assets at Oct. 15 at $77,214,000, or $9.54 a share. This compares with assets of $42,713,000 and $10.85 a share a year earlier. Share price at June 30, 1962, was $8.71.

Total net assets of **Carriers & General Corp.** at Sept. 30 were $16,550,296. Net asset value of the common stock on that date was $29.50, compared with $28.72 on June 30.

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Delaware Fund announces it has completed a common stock position in Combustion Engineering.

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Total net assets of **Dividend Shares** at Sept. 30 were $272,165,-441. Net asset value per share was $2.89 against $2.82 on June 30.

During the quarter purchases were made in Caterpillar Tractor, General Portland Cement, Mead Corp., National Cash Register and Sterling Drug.

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Eaton & Howard Balanced Fund shows assets at Sept. 30 of $196,-044,884, up from $193,149,249 in the previous quarter but down from the $219,430,379 a year earlier. Asset value per share was $11.26, compared with $11.04 in the preceding quarter and $12.78 a year earlier.

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Eaton & Howard Stock Fund third quarter report shows total net assets of $165,434,651, up from $162,459,835 in the previous quarter but down from $200,897,636 a year earlier. Asset value per share at Sept. 30 was $11.54, compared with $11.31 in the prior quarter and $14.53 a year earlier.

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Economic Investment Trust Ltd. reports break-up value at Sept. 30 was $50.97 per common share, against $62.18 a year earlier.

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Fiduciary Mutual Investing Co. reports total net assets amounted to $9,886,820, against $10,081,074 at Sept. 30, 1961, and $9,571,661 at June 30, 1962. Net asset value per share was $16.89 at latest report, against $19.23 a year earlier and $16.46 at mid-1962.

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Financial Industrial Income Fund discloses net assets per share of $8.13 at Sept. 30, against $8.25 at June 30, end of the fiscal year, and $9.40 on Sept. 30, 1961. Total net assets at latest report were $2,930,199, against $2,631,573 at midyear and $2,098,266 at the end of September, 1961.

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Asset value per share of **National Investors Corp.** recovered to $12.49 from $11.72 at midyear. However, this left asset value still below the $16.87 at the start of 1962. Net assets were $263,915,772 at the end of the latest quarter, compared with $227,990,299 at June 30 and $291,728,697 at the start of the year.

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Selected American Shares reports total net assets were $97,543,373 at Sept. 30. Net asset value per share was $7.95, compared with $10.34 at Sept. 30, 1961, and $10.79 at the end of 1961.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

What Did You Do Last Week?

The following box score may be self-revealing. If there is any endeavor that demands self-discipline it is that of security salesmanship. The lush days of order taking, fat commissions, billions of "new issues" that the public eagerly mopped up without inspection or reflection are gone. Once again the cycle is turning—stock prices are still falling. Self styled experts, prognosticators, chartists, and the analysts are becoming more bearish daily. There is another crisis with Russia—headlines, war or peace, and the business outlook is now being scanned for 1963.

Meanwhile, people are working, the wheels of industry are turning at a rate of production that leads the world, and continues to supply our nation with more of the goods and services than 183 million people have ever before enjoyed. Some days the stock market rallies, others it falls, millions of shares are bought and sold, and billions of dollars worth of bonds, stocks and commodities are traded every week. We are still very much in business—and I would be willing to wager that we will continue to live, work and go to our jobs for a long while to come. Anyone who lives otherwise cheats himself—because *today* is the only day we have. Today is ours—ours to make the most of—it is the one gift only we ourselves can destroy.

Score Card

Did you go to your job last week saying to yourself, "What's the use? The market is in the doldrums. We are in a mess. Who knows what's coming next? I'll just sit around today—there is no use working anyway?" *Yes. . . . or No?*

Did you go to your job with the feeling that your customers wouldn't want to talk with you anyway? Things were too precarious. Who could tell what Russia would do? Did you say, "I'll just sit around and see what will happen. Maybe someone will telephone and ask me what is the latest on the war scare so I'll just watch the news ticker. There is no use talking investment to anyone in times like these?" *Yes. . . . or No?*

Did you continue your financial reading? Did you follow the required routine which has been your daily habit for years, of keeping up to date on mergers, stock dividends, earnings, and news items which you relayed to customers by telephone or mail. Or did you say to yourself, "What's the use, who wants to read about such things these days? *Yes. . . . or No?*

Did you make any calls on new prospect? Did you lunch with a any old ones? Did you write any letters to make appointments with possible "new clients?" Did you ask any of your old customers if they could introduce you to a friend who might be interested in doing business with you either Now or in the Future? *Yes. . . . or No?*

Did you go over any of your customer's holdings? Did you analyze their securities in the light of present conditions? Did you search for tax saving opportunities to present to them, or "switches" that might improve the quality, and the future outlook for certain of their investments? Or did you say, "How in the world can I bother with such things now, when the whole world is ready to blow up? *Yes. . . . or No?*

Did you go to lunch with a new prospect? Did you lunch with a customer? Or did you follow your usual routine of sitting down with several other salesmen from your own office and proceed to rehash every gripe you could think of which encompassed your firm, your business, your customers, and the horrible state of the world? *Yes . . . or No?*

Did you finally get a telephone call from a customer who began to talk sensibly about buying something, or selling something, and your shocked mind could hardly believe it? Then did it occur to you that it might be that not everyone was as concerned amout the stock market, the blaring radios, the wild headlines, and the careening stock market as were you? Possibly some people might want to talk business, REGARDLESS? *Yes. . . . or No?*

None of us are perfect. We are all human beings who react emotionally to news, both good and bad. But why brainwash ourselves? There are going to be more days of crisis, news bordering on panic, and probably the average price of stocks may go lower before they make a base and a calmer appraisal takes over. But everyone of us has a job to do in our country. Our markets must be kept open. The wheels of industry must continue to turn. People must eat, move from place to place, and create a world for their children we fervently hope will be better than we have now. The one thing each of us can do to contribute to this rewarding effort is to try to DO OUR JOB (whatever it may be) AS WELL AS WE POSSIBLY CAN DO IT.

May I, too, do better next week—and the best of luck to all of you security salesmen, who also look upon your work as a worthwhile contribution to the welfare of your fellowman and to your country.

Nat'l Conference Dinner Nov. 27

J. Peter Grace of W. R. Grace & Co., Harold C. Mayer of Bear, Stearns & Co. and Robert L. Stott of Wagner, Stott & Co., will be the guests of honor at the annual dinner sponsored by New York bankers and brokers for the benefit of the National Conference of Christians and Jews, to be held Tuesday, Nov. 27, at the Americana Hotel.

William S. Renchard, President, Chemical Bank New York Trust Co., is serving as chairman of the $50 per plate event.

All proceeds derived from the sale of dinner subscriptions will be turned over to the National Conference to aid its program of building good will and understanding among Protestants, Catholics and Jews, Mr. Renchard said.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

SPRINGFIELD INSURANCE COMPANY—

Springfield Insurance Co., formerly Springfield Fire and Marine, is one of the oldest of the nation's major insurance organizations, commencing operations in 1851. The company was initially a writer of property insurance, entered the casualty field in 1939 and a life insurance subsidiary was acquired in 1958. Virtually all forms of insurance are now underwritten either directly through the parent organization or through five wholly-owned subsidiaries —New England Insurance, Freeport Insurance, Standard Insurance, Monarch Life Insurance and Springfield Life Insurance.

The Springfield organization became a major factor in the non-cancellable health and accident insurance field and a substantial writer of life coverages with the acquisition of Monarch Life in 1958. The latter organization is licensed in 46 states and the District of Columbia and has had a successful record of growth and profitability over the years. Approximately 70% of its premium income is derived from individual accident and health policies. The remainder is obtained from life insurance. At the end of 1961 the company had life insurance in force totaling $672 million. Virtually all of the business is ordinary life and participating policies.

In 1958 Springfield Life Insurance Co. was organized to write non-participating life insurance policies. The establishment of a separate company for this type of business was necessary due to a Massachusetts law which prohibits the writing of both participating and non-participating policies by the same company. In 1960 Springfield next acquired Freeport Insurance Co., a successful writer of automobile insurance, and last year Standard Insurance Co. in Oklahoma was purchased.

Through its aggressive acquisition and diversification policies, Springfield Insurance has now achieved an excellent balance of business. Consolidated premium volume in 1961 was divided as follows: fire and allied lines—22%; marine—4%; crop and hail—2%; automobile—21%; fidelity, surety and other casualty—9%; accident and health insurance—25%; multiple lines—7%; and Life insurance—10%. Thus the company is in an excellent position to capitalize on the trend to all lines of insurance underwriting and package policies. Last year's consolidated volume of $126.7 million was obtained through 8,500 property and casualty agents, some of whom now write life insurance as well, and Monarch Life's captive agent force of 1,000.

Springfield Insurance had a profitable underwriting record from the end of World War II until 1954 when heavy windstorm losses in that and the following year resulted in underwriting losses. Heavy losses were also incurred in 1956 and 1957 as the insurance industry suffered through one of the worst periods in its history. Underwriting results have been on an upward trend since that time.

Investment operations have produced a consistent record of earnings gains over the past decade. The company has traditionally followed a conservative investment policy with emphasis on common stocks. At year end 1961 the market value of the common stocks in the company's portfolio totaled $79.4 million or 30% of total assets. Consolidated net investment income of $2.30 per share was 10% greater than the previous year and represented the third successive increase since the Monarch Life acquisition.

Springfield's property and casualty operation suffered heavy underwriting losses in 1961 largely due to an unusually severe winter, Hurricane Carla and a large number of costly windstorms in the Middle West. The combined loss and expense ratio for the year was 107.7% despite a sharp decline in the expense ratio to 39.8%, reflecting newly-installed economies in operations. The company has conducted an exhaustive program of reviewing agency operations with elimination of the unprofitable producers in recent years and has been upgrading the quality of risks accepted. In addition, a regionalization program was completed in 1961 bringing service and underwriting facilities closer to the source of business.

During the first six months of the current year, Springfield has reported a small overall profit in contrast to an operating loss of $1.1 million incurred in the first six months of last year. Premium volume rose over 5% and net investment income 11%. Total net income in excess of $1 per share is anticipated for the full year compared with 1 cent in 1961.

Springfield Insurance has paid annual cash dividends each year but one since 1852. The current rate is $1 per share plus a 5% stock dividend. A similar stock dividend was paid in 1960 and 1961 and a 3-for-7 distribution was made in 1958. There are 63,000 shares of $6.50 non-cumulative preferred stock outstanding in addition to the 2.5 million shares of common stock which are traded in the over-the-counter market.

The common stock is currently selling at $30 per share and has had a range of 46-28 thus far in 1962.

Selected Statistical Data

Year	Premiums Written	Capital Funds	Admitted Assets	Loss Ratio	Expense Ratio	Profit Margin
	(000's Omitted)			(Underwriting Results)		
1957	$58.5	$42.8	$121.0	64.4%	44.1%	—8.5%
1958	91.6	78.1	222.9	59.3	43.8	—3.1
1959	95.8	87.1	238.6	55.2	44.0	0.8
1960	110.9	93.5	265.9	60.3	43.1	—3.4
1961	126.7	104.4	298.5	67.9	39.8	—7.7

Per Share Information*

Year	Adjusted Underwriting Earnings	Net Invest. Income	Total Net Income	Divs. Paid	Liquidating Value	Price Range
1957	—$4.46	$2.41	—$1.17	$1.27	$61.09	$24-14
1958	.04	1.75	1.55	1.17	40.47	32-16
1959	.56	1.96	2.44	.91	45.62	33-26
1960	— .39	2.10	1.47	.93	46.68	33-27
1961	— 2.11	2.30	.01	.98	51.49	47-34

*Adjusted for stock dividends.

Florida Pwr. Corp. Preferred Offered

Kidder, Peabody & Co. Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc., New York, have announced the public offering of 100,000 shares of Florida Power Corp. cumulative preferred stock, 4.58% series at $100 per share and accrued dividends.

The stock will be redeemable at $105 per share if redeemed on or prior to Nov. 15, 1967; at $104 per share thereafter and on or prior to Nov. 15, 1972; at $102.50 per share thereafter and on or prior to Nov. 15, 1977; and at $101 per share thereafter.

Proceeds from the sale will be used to repay $5,000,000 of temporary bank loans which were incurred for construction and the balance will be applied to the 1962 construction program. Estimated total expenditures for this year aggregate $39,000,000 of which approximately $24,150,000 was expended during the first eight months of 1962.

Headquartered at St. Petersburg, Florida Power supplies electric service to approximately 295,000 customers in 100 incorporated cities and towns and in more than 150 unincorporated towns and rural communities. Company service territory comprises approximately 20,600 square miles located in 32 counties along the Gulf coast and through the central "ridge" sector of the state.

Toronto Exchange New Quote System

TORONTO, Canada — A major electronic breakthrough in the speeding-up of stock market bid and ask quotation services for its members and subscribers has been announced by the Toronto Stock Exchange.

A revolutionary type of stock quotation enquiry system geared to keep pace with maximum market activity is to be placed in operation by the TSE within the next 12 months, TSE President Howard D. Graham announced Oct. 23. The first stage of the service will cost about $500,000.

The new Canadian-designed-and-manufactured system will make it possible for a stock broker anywhere in North America and countries abroad where Telex is in use to receive instantaneously the latest "bid and ask" prices on all TSE listed stocks by simple dialling method.

The new automatic quotation system has been developed jointly by Canadian National and Canadian Pacific Telecommunications and Ferranti-Packard Electric Ltd.

R. V. Camp Now With Reynolds & Co.

PHILADELPHIA, Pa.—Reynolds & Co., members of the New York Stock Exchange and other leading exchanges, announce that Richard V. Camp is now associated with their Philadelphia office, 1526 Chestnut Street, as an account executive.

Mr. Camp has been active in the investment securities industry for more than 13 years and prior to joining Reynolds & Co. was associated with Walston & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Southern Company

Southern Company is the second largest of the electric utility holding company systems, its $329 million revenues for 1961 comparing with $352 million for American Electric Power System. The subsidiaries (Alabama Power, Georgia Power, Gulf Power, and Mississippi Power) supply electricity to a population of over 7,500,000; another subsidiary, Southern Electric Generating Co., supplies power at wholesale to the System. Both agriculture and industry in the service areas are much more diversified than in earlier years. Farming includes the raising of cotton, corn, fruit and livestock; industry includes food products, textiles, metals and machinery, chemicals, paper and allied products, lumber and wood products, glass, steel and rubber. Natural resources include coal, iron ore and limestone, used in making steel; large oil and natural gas reserves; marble, granite and ceramic clays; and substantial timber.

Textiles have decreased in importance in the past decade, now accounting for only 20% of industrial revenues compared with over one-third 10 years ago. On the other hand the paper, chemical, rubber and transportation equipment companies have made huge investments in new plant facilities. Development of industrial business has been favored by the fact that the area includes a number of deep-water ports with increasing importance as shipping centers to Latin America and other continents. In the past decade, $1,343 million has been invested in new industrial plants in System areas, representing over 1,400 industrial plants producing or processing almost everything from alumina to zirconium. Last year such investment totaled $261 million for 146 plants; and in the first half of 1962, 76 new plants costing $64 million. An unusually promising list of other prospects is also reported.

System sales are virtually all electric, and the System has to compete vigorously with the gas companies in its area. This applies particularly in the residential field where the customer has a choice between electricity and gas for cooking, water heating, space heating and air - conditioning. Southern Co. is now working intensively to promote greater use of heavy appliances. In this connection subsidiaries have undertaken a campaign to break the "wiring bottleneck" in existing and new homes. Part of the cost of new wiring is assumed by the companies, which buy the new up-graded service entrance facilities and add this cost to their plant investment. By the end of this year it is expected that over 106,000 homes will have been wired or rewired.

Next year the System is beginning a greatly expanded househeating program which by 1965 is expected to cover 25-30% of new homes compared with only 9% last year. Georgia Power will introduce an optional all-electric rate which includes a reduced rate for electric heating, and the plan also provides a method of financing the home heating system. Dealer cooperation is being invited, tying in with the company's publicity and promotions, and more residential sales engineers are being hired. Georgia Power is hopeful of adding 35,000 heating customers by 1967, with $1.8 million increased annual revenues. Other subsidiaries have similar programs under development, except that no rate reductions will be made. (Southern's residential rates are already very low, averaging only 1.94c per kwh compared with the national average of 2.45c.) In the commercial field considerable progress has been made in promoting all - electric shopping centers, and Georgia Power serves more all - electric office buildings than any other utility in the country.

System generating capability at the end of last year was 5.7 million kw (of which 1.1 million is hydro) compared with the peak load of 5.1 million kw. A recent interchange arrangement between Florida Power Corp. and Southern Co. provides for the seasonal exchange of 100,000 kw, the Florida corporation having a winter peak and Southern Co. having its maximum load during the summer months. This arrangement gives each system the equivalent of a large new unit without additional investment.

The System has no special rate problems. Average return on year-end net plant has declined slightly in recent years to 5.5% in 1961. Subsidiary companies use accelerated depreciation and normalize the resulting tax savings, which are expected to amount to nearly $10 million this year and somewhat smaller amounts in 1963-4. About 60% of System revenues are protected by fuel adjustment clauses against changes in prices of fuel (principally coal and gas).

An REA has proposed building a large generating plant in Alabama, although Alabama Power has for some years supplied power to the co-op at rates lower than its own cost of generation. The project is being opposed before the Director of Finance of the State of Alabama, whose approval is necessary. A similar project in Mississippi is also being opposed.

Southern Co.'s share earnings increased steadily from $1.18 in 1952 to $2.06 in 1960 but dropped back to $1.98 in 1961, partially due to weather conditions. However, the company expects to earn about $2.20 this year despite some curtailment in steel and allied operations. Air-conditioning sales contributed materially to record-breaking residential sales during May-August, when gains over last year ran as high as 24%; for calendar 1962 residential and commercial sales are expected to show a better - than - average gain of 14%. Industrial sales may gain about 11% for the year and total kwh 12%, which would compare with the long-term growth rate of 8%. 1962 earnings may also be bolstered by the new 3% tax credit which is expected to approximate 10c a share this year and somewhat more in 1963.

The stock has been selling recently around 46½ (range this year about 57-38) to yield 3.4% based on the recently increased $1.60 dividend. The stock is selling at about 21 times earnings.

Bioren Co. Adds Keller, Wallingford

PHILADELPHIA, Pa.—Bioren & Co., 1424 Walnut Street, members of the New York and Philadelphia-Baltimore-Washington Stock Exchanges, have announced that Christian G. Keller and John D. Wallingford have become associated with them. Both men will jointly manage the firm's Over-the - Counter trading department. Mr. Wallingford was formerly associated with Hecker & Co. Mr. Keller was with Jennings, Mandel & Longstreth.

John D. Wallingford

Study Issued on Mutual Savings Bank Industry

The first comprehensive study of mutual savings banking has been published under the title *Mutual Savings Banking: Basic Characteristics and Role in the National Economy*. The 270-page monograph was prepared by the National Association of Mutual Savings Banks at the request of the Commission on Money and Credit.

The book is one of the first eight volumes of the Library of Money and Credit, published by Prentice-Hall, Englewood Cliffs, N. J. The series was prepared as part of the research program for the Commission's study of the American financial structure. Ten additional volumes will be issued early in 1963.

The monograph on mutual savings banking was authorized by the National Association of Mutual Savings Banks and prepared by its Research Department, Dr. Saul B. Klaman, director, and Dr. George Hanc, assistant director. The authors were assisted by leading savings bankers and recognized scholars in the field of finance. The Association serves the 512 U. S. savings banks, which have assets of over $45 billion.

In his Preface to Mutual Savings Banking, Dr. Grover W. Ensley, Executive Vice-President of the National Association, notes: "The study consists of three main parts. The first describes the origins and functions of mutual savings banking, the structure and organization of the industry, the role of savings banks in the savings market, and sources and distribution of savings bank earnings. The second discusses savings bank investment policies and practices and appraises the role of these institutions in the investment markets. The third part analyzes the position of savings banking with respect to broad issues of taxation, monetary policy, and economic growth with relative stability. Emphasis throughout is on developments since World War II set against the historical perspective of 145 years of mutual savings banking."

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Treasury in its last refunding operation of the year went pretty much according to predictions when the November and December maturities amounting to $10,980,000,000 were refunded into shorts, intermediates, and a bond with a due date of just under ten years. The owners of the $143,000,000 of the 3¾s due November 15, and $6,082,000,000 of the 3¼s also due November 15, along with $2,269,000,000 of the 2¼s and $1,486,000,000 of the 2¾s, both maturing on December 15, were offered a package deal consisting of a 3⅛% certificate due November 15, 1963, a 3½% note maturing November 15, 1965 and a 4% bond with a maturity date of February 15, 1972.

Refunding Success Indicated

The Treasury made this an exchange operation with only the holders of the maturing obligations having the right to obtain the new securities. A successful refunding is indicated with the attrition likely to be well within the amount that will make it a very worthwhile deal. The Treasury again stayed to the pattern that has been used in past regular refunding operations, namely, away from the long-term end of the Government market.

The most distant sector will probably be left to advance refundings and some new money raising operations where the Treasury is interested in selling Government bonds largely to the ultimate investor. The debt management program of the Treasury continues along the lines that will provide as much help as it is possible to give to our balance of payments problem.

The tense international picture brought about mainly by the Cuban situation should have little or no effect on the money and capital markets. In an atomic war, it probably will not matter too much where short or long term rates are. An extension of the cold war into more of the limited types of wars would most likely not result in higher long-term rates. They might even go down a bit.

Cut in Reserve Requirements on Time and Savings Deposits

The Federal Reserve Board in its recent reduction in reserve requirements against time and savings deposits in commercial banks from 5% to 4% could be moving along the road which will in time result in the complete elimination of reserves against this type of deposit. Savings banks and savings and loan associations are not required to keep reserves against their deposit.

However, until there is a change in the law regulating reserves against such deposits in commercial banks, the lowest level they can go to is 3%. Nonetheless, there are many money and capital market experts who believe that it will not be too long before such commercial bank reserve requirements will go by the boards.

Undisturbed Short-Term Money Market

The monetary authorities, by making use of lower reserves against time and savings deposits held by the commercial banks, were able to release a modest amount of funds ($767,000,000) which can be used as the base for a credit expansion of about six times or approximately $4,600,000,000. This reduction in reserves, the first since June 1954, comes at a time when there is need of additional money in the economy for year-end business, agricultural and commercial purposes.

Money Supply Expanded

By changing reserve requirements, this money is made available for loaning purposes without open market operations, which would have a more noticeable effect on short-term interest rates. Thus the Federal Reserve Board seems to have used this ingenious device to supply the economy with some of the needed funds while at the same time near-term interest, so important in our balance of payments battle, will not be disturbed by open market operations generally used to supply needed funds at this time of the year.

Bulk of Funds Held by Smaller Banks

The bulk of the savings deposits in the commercial banking system is held by the smaller banks since most of these institutions are in reality savings banks. These banks are quite likely to invest these newly released funds in mortgages although the return on this type of investment has been declining of late. In addition, there is a greater degree of selectivity being noted in the purchases of mortgages. Some of this money is also being put into the intermediate-term Governments, with a smaller amount invested in tax-free bonds. Where the loan demand is such that additional funds can be used, this is where much of this newly released money will be employed. However, it is indicated that the demand for loanable funds so far has not been up to expectations.

All Bonds Helped

The immediate reaction to the reduction in reserve requirements in the commercial banks was to move up prices of all fixed income bearing obligations, led by Government bonds. It also had a beneficial effect on new bond flotations, with the large Telephone issue in spite of the Cuban crisis going at a better yield than would have been the case in the absence of the move by the Federal Reserve.

Whelpley Joins Bache & Co.

The investment firm of Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, has announced that Gordon B. Whelpley has joined their Underwriting Department.

Mr. Whelpley formerly served as a partner in the firm of Joseph Walker & Sons.

NEWS ABOUT BANKS AND BANKERS

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

The election of William E. Singletary, as a Vice-President of **Irving Trust Company, New York** was announced today by George A. Murphy, Chairman of the Board.

William E. Singletary

Mr. Murphy said that Mr. Singletary is assuming duties in the business development and public relations activities of the Bank immediately. His office will be located in the Bank's headquarters building at 1 Wall Street.

Mr. Singletary was for 15 years connected with **Wachovia Bank and Trust Company, Winston-Salem, N. C.**, where he was Vice-President and Director of public relations.

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The **Manufacturers Hanover Trust Company** announced Oct 24 the election of Andrew Scharps as Vice-President and Treasurer. The appointment is effective Dec. 1, when Mr. Scharps will succeed Craig S. Bartlett, who will retire.

Mr. Scharps joined the **Manufacturers Trust Company,** predecessor institution, in 1926 and became an assistant Secretary in 1938, Assistant Vice-President in 1944 and Vice-President in 1952. He will be in charge of the Manufacturers Hanover Trust's investment portfolio department.

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J. Irwin Miller, Oct. 25 was elected a Director of **Chemical Bank New York Trust Company, New York** it was announced by Harold H. Helm, Chairman.

Mr. Miller is a director of **The Indiana National Bank of Indianapolis Indiana.**

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The Federation Bank and Trust Company, New York opened its its 11th office October 27. The branch, the second to be opened in Brooklyn, is located at 1871 Nostrand Avenue, an is known as the "Nostrand-Newkirk Office."

Robert E. Borstelmann, who has been with the Bank since 1958, has been named manager of the new ffice.

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The **Belgian-American Bank and Trust Company, New York,** elected Bradford A. Warner, Senior Vice-President, a Director. He fills the vacancy created by the death of Richard L. Maloney, President of the **New York Savings Bank.**

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Mr. Raphael Recanati, Resident Director of the **Israel Discount Bank Ltd., New York,** on Oct. 23 announced that Joachim N. Simon has joined the staff of the New Business Department of the bank.

* * *

J. Henry Schroder Banking Corporation, New York and Schroder Trust Company, New York announced that Gerald F. Beal, President of the two banks since 1935, has been elected to fill the vacant office of Chairman of the Boards of Directors of the institutions. He has been succeeded as President by John I. Howell. Mr. Howell, heretofore Senior Vice-President, was also elected a Director of the banks.

It was further announced that V. Lada-Mocarski and Ernest H. Meili have been elected Vice-Chairmen of the Boards and that R. Cannon Clements has been elected Executive Vice-President. They previously were Senior Vice-Presidents. Mr. Clements in addition was elected to membership on the Boards of Directors.

Mr. Beal has been associated with the Schroder group since the establishment of J. Henry Schroder Banking Corporation in 1923.

Mr. Howell joined the banks in 1948, and was named a Vice-President in 1955 and Senior Vice-President and Secretary in 1960.

Mr Clements' career with Schroder began in 1938 and he became a Vice-President in 1948 and Senior Vice-President in 1960.

Other elections were those of William A. Tucker, Edmund Bartlett and Phillips S. Trenbath as Senior Vice-Presidents; Peter C. A. Carpenter as Secretary in addition to his position of Senior Vice-President; and Joheph A. Matejov as Comptroller.

* * *

The Merchants Bank of New York received from the New York State Banking Department approval to Certificate of Amendment of Certificate of Incorporation providing for a change of the number and par value of previously authorized shares and for an increase in Capital Stock from $821,962.50 consisting of 65,757 shares of the par value of $12.50 each, to $924,706.25 consisting of 147,953 shares of the par value of $6.25 each.

* * *

The First Westchester National Bank, New Rochelle, N. Y. elected Keith C. Fulsher Vice-President and branch administrator.

* * *

Comptroller of the Currency James J. Saxon, Oct. 16 announced approval of the merger of the $27,400,000 **First National Bank of Olean, Olean, N. Y.,** with the $3,500,000 **First National Bank of Allegany, Allegany, N. Y.,** under the charter and title of the former, effective on or after Oct. 19, 1962.

* * *

The **State Street Bank & Trust Co., Boston, Mass.,** elected Bradford C. Jernegan a Vice-President.

* * *

The election of Clarence J. Cook of Demarest and Wesley B. Livesey of Wyckoff as Vice-Presidents of **The National State Bank of Newark, N. J.** and promotion of Miss Helen M. Cigliano to Assistant Cashier of the bank's Installment Credit Office in Orange, were announced Oct. 18. The bank opened its 23rd office, Oct. 15, at 550 Bloomfield Avenue, Newark.

* * *

The appointment of H. Austin Bonn, to the Orange Advisory Board of **The National State Bank of Newark, N. J.** has been announced.

Herbert J. Osborne, has been named Chairman of the Executive Committee of **The Summit Trust Company, Summit, N. J.,** and in this capacity is now associated with the bank as a consultant. He has been a member of the Board of Directors of the bank since 1944.

Mr. Osborne is retired Senior Vice-President of **Manufacturers Hanover Trust Company, New York.**

* * *

Ernest C. Brown, Assistant Vice-President with the **Philadelphia National Bank, Philadelphia, Pa.** concluded a banking career of 46 years with his retirement Oct. 31.

Mr. Brown entered banking in 1916, with the former **Fourth Street National Bank,**

Mr. Brown was named an Assistant Cashier with PNB in 1943, and in 1955, he was appointed Assistant Vice-President.

* * *

The **First National Bank of Allentown, Pa.** has announced that William H. Stang will be associated with the Public Relations Staff effective immediately. Mr. Stang's duties will be principally confined to business development.

* * *

Willard F. Rockwell, Jr., and Philip A. Fleger, have been elected members of the Board of Trustees of **Dollar Savings Bank, Pittsburgh, Pa.**

* * *

William F. Melville, Jr., formerly Assistant Vice-President, has been elected Vice-President, of the **Maryland National Bank, Baltimore, Md.**

* * *

The Board of Governors of the Federal Reserve System Oct. 12 announced its approval of the merger of **The Liberty Bank, Easton, Md.,** into **Union Trust Company of Maryland, Baltimore, Md.**

* * *

Comptroller of the Currency James J. Saxon on Oct. 2, announced that he has given approval to the merger of **First and Merchants National Bank of Richmond, Richmond, Virginia,** with **First National Bank of Newport News, Newport News, Virginia,** to operate under the charter and title of the former, effective on or after October 26.

* * *

The Cleveland Trust Company, Cleveland, Ohio, elected J. H. Bauman a Director to fill the vacancy created when Willard W. Brom resigned

* * *

The Northern Trust Company, Chicago, Ill., appointed R. Joseph Barnett, Bruce A. McDonald, David Quigg Porter, and Robert A. Romoser as Assistant Secretaries in the Trust Department.

* * *

The **Sears Bank & Trust Co., Chicago, Ill.,** elected Elisha Gray II, Morris A. Kaplan, George H. Struthers, W. Emory Williams and Louis Zahn, Directors.

* * *

The **State Bank & Trust Co., Evanston, Ill.,** elected Robert C. Humphrey, President, effective Nov. 1. Eugene L. Voss, who is retiring from the post, continues as a Director.

* * *

Preliminary approval to organize a new national bank in Winnebago, Ill., was announced Oct. 16 by Comptroller of the Currency James J. Saxon. The new bank will have $60,000 capital; $50,000 surplus; and $30,000 undivided profits. William W. McGee has been proposed as President and a Director of the new bank, which will operate under the title of **"First National Bank of Winnebago."**

* * *

Comptroller of the Currency James J. Saxon Oct. 22, granted preliminary approval of an application to organize a national bank in Ann Arbor, Michigan. The capital structure of the new bank will consist of $600,000 capital, $250,000 surplus, and $150,000 undivided profits. Jay J. De Lay has been proposed as President and a Director of the Bank, which will be entitled **"Huron Valley National Bank."**

* * *

James J. Saxon, Comptroller of the Currency announced Oct. 22, that he has given preliminary approval to the organization of a national bank in Cadillac, Michigan. The proposed capital structure consists of $200,000 capital, $100,000 surplus, and $50,000 undivided profits. Proposed officers are Herbert G. Bacon, Chairman of the Board and a Director, and R. Bruce Bacon, President. The new bank will be known as **"First National Bank of Cadillac."**

* * *

Comptroller of the Currency James J. Saxon Oct. 16 announced approval of the application of the $1,600,000 **Citizens National Bank of Greenleaf, Greenleaf, Kan.,** to purchase the assets and assume the liabilities of the $1,100,000 **Greenleaf State Bank, Greenleaf, Kan.,** effective on or after Oct. 19.

* * *

The **First National Bank in St. Louis, Mo.,** elected Hector R. Dominguez, a Vice-President.

* * *

Preliminary approval to organize a national bank at Bonita Springs, Florida, was given Oct. 22, by James J. Saxon, Comptroller of the Currency. The bank will operate under the title, **"First National Bank of Bonita Springs,"** and will have a capital structure composed of $150,000 capital, $100,000 surplus, and $25,000 undivided profits. Elton G. Crockett is proposed to be Chief Executive, as well as one of the Directors.

* * *

Establishment of a **Bank of Montreal, Canada** office in Houston, Texas in the near future to serve the oil and gas industries in the United States and Canada has been announced.

The new office here will also serve as headquarters for the Bank's operations in Texas, Louisiana, New Mexico and Oklahoma, and will maintain close liaison with the Bank's oil and gas department in Calgary, Alberta.

The new Houston office will be operated by A. M. Tracey as resident representative.

* * *

Comptroller of the Currency James J. Saxon Oct. 16 granted preliminary approval to organize a new national bank at Dallas, Texas, to operate under the title **"Hillside National Bank of Dallas."** The bank will be capitalized at $750,000, consisting of $300,000 capital; $300,000 surplus; and $150,000 undivided profits. Proposed officers include Hugh L. Kirkpatrick as President and a Director; A. A. Barnes, Jr., as Vice-President; and Jack F. Martin as Vice-President and Cashier.

* * *

Comptroller of the Currency James J. Saxon Oct. 12 granted preliminary approval to organize a new National Bank in Fort Worth, Texas, under the title of **"Southwest National Bank in Fort Worth."**

The proposed initial capital structure of the bank will total $700,000, consisting of $280,000 capital, $280,000 surplus, and $140,000 undivided profits.

E. L. Baker and Hans Mueller, have been proposed as Chairman of the Board and President respectively.

* * *

Comptroller of the Currency James J. Saxon Oct. 16, announced that he has given preliminary approval to organize a national bank at San Antonio, Texas, to operate under the title of **"Security National Bank of San Antonio."** The bank will have a capital structure of $600,000, consisting of $250,000 capital; $250,000 surplus; and $100,000 undivided profits. J. C. Cooley has been proposed as President of the new bank.

* * *

Comptroller of the Currency James J. Saxon Oct. 16 gave preliminary approval to organize a national bank at Stinnett, Texas. The bank will have a capital structure of $200,000, consisting of $100,000 capital, $50,000 surplus, and $50,000 undivided profits, and will operate under the title **"First National Bank of Stinnett."**

Proposed officers include John C. Bergner as Chairman of the Board and a Director; Bill King as President and a Director; and B. C. Drinkard as Vice-President and a Director.

* * *

The Valley National Bank, Phoenix, Ariz., elected James P. Vance, Chief Rail Officer a Vice-President.

* * *

Comptroller of the Currency James J. Saxon announced Oct. 19, that he has given preliminary approval to the organization of a national bank in Sterling, Colorado, under the title **"First National Bank of Sterling."** The bank's capital structure, totaling $1,012,500, will consist of $750,000 capital, $200,000 surplus, and $62,500 undivided profits. Proposed President of the Bank will be William B. Paynter, Jr., who will also be one of the Directors.

* * *

The **United California Bank, Los Angeles, Calif.,** made Thomas E. Darnell, Arnold E. Hoeft, Fred J. Percy, Lawrence J. Sloane, and D. E. Thompson Vice-Presidents.

* * *

The Bank of California, N. A., San Francisco California today announced that Horace J. Vanasse, who has been serving as Vice-President of the San Francisco, California, Seattle, Washington office, has been appointed Vice-President and Manager of the Bank's Sacramento Main office.

Vanasse will assume his new duties November 5.

* * *

The Bank of Nova Scotia, Toronto, Ont. has announced the appointments of Forres L. Rogers as Economic Adviser and Dorothy J. Powell as Supervisor, Economics Department.

Mr. Rogers has represented the Canadian bank at several economic conferences in Canada, the United States and abroad. Miss Powell recently returned from a two-year assignment at the bank's London, England office where she studied the influence and implications of the European Common Market.

COMMENTARY...

By M. R. LEFKOE

In recent weeks, President Kennedy has been alternately demanding and pleading that Congressmen who opposed his legislative proposals be defeated at the polls this coming Tuesday. In place of those who want to "drop anchor," he has urged the election of men who want to "set sail" with him. But where he wants to sail, and why so many Congressmen have dropped anchor, are questions the President has seen fit to answer only in vague generalities, if at all.

Nevertheless, there are many businessmen who know too well the direction in which he wants to sail, and they desperately are hoping that Mr. Kennedy is forced to remain becalmed for the balance of his stay in the White House. While the President has been fairly successful in coercing them into obeying his arbitrary edicts since he took office, a great deal of his power was not derived from specific legislation. Instead, President Kennedy's authority to force compliance with his edicts was obtained from numerous vague and non-objective interpretations of the law which have delivered virtually unlimited power to the executive branch of our government.

Consequently, businessmen can be certain that if President Kennedy obtains a crew of obedient sailors, his hitherto unstated destination will turn out to be a harbor which offers him full *legal* sanction to rule our nation's economy.

"Fourth Branch of Government"

But while tense and anxious businessmen await the election results, a group of government agencies—whose existence already has received full legal sanction—continues to play havoc with the very essence of America's free enterprise system. Created by acts of Congress, they are the seven major "independent" agencies and commissions. Although their aggregate power over business is so great that they have often been labled the "fourth branch of government," they are too often taken for granted, so ingrained are they in the economic life of the United States.

The term — "the fourth branch of government"—is well deserved, for not only do these agencies possess almost as much power over business as all three Constitutional branches of our government combined, but their actions and decisions normally are made in an atmosphere which first resembles a courtroom, then the floor of the Congress, and finally the Executive Mansion.

The extent of the power awarded these agencies to dictate fundamental business policies to a company's management was pointed out recently by George Bookman, one of *Fortunes* editors, in an article entitled "Regulation by Elephant, Rabbit, and Lark."

Scope of Power

Describing the vast scope of the seven major administrative agencies "whose loosely defined powers cut across the three principal government branches: legislative, executive, and judicial," Mr. Bookman stated:

"Their writ runs into every facet of the economy, as their names imply: the Interstate Commerce Commission, Federal Trade Commission, Federal Communications Commision, Federal Power Commission, Securities and Exchange Commission, Civil Aeronautics Board, and National Labor Relations Board. Without the sanction of these agencies, no railroad, no airline, no interstate trucker, no pipeline or barge line may introduce a new service, discontinue an old service or set a rate; no radio or television station may operate; no gas producer may market his fuel or figure its price in interstate commerce; no interstate public utility may build a power plant; no sizable firm may market a security, or safely plan a merger."

Legal title to property still rests in the hands of private citizens, but the rights attendant to property virtually have been destroyed. These seven government agencies have obtained such sweeping power to control the use to which private property is put that, for all practical purposes, private property exists no longer. There is no such thing as private property without property rights. Furthermore, property rights and individual rights — the right to life, liberty, and the pursuit of happiness — are indivisible. You can't have one without the other.

Indivisible Rights

This interdependence between private property, property rights, and individual rights was analyzed in detail in a previous column:

"The right to acquire, use, and dispose of property and the values created from property is the essence of property rights. One cannot claim to own property if someone else has the power to determine how the property is to be used, whether or not it can be disposed of, or what price can be charged for its disposal. If all the attributes of property are denied and withheld from the property owner, then the concept of property *rights* is meaningless.

"To possess the right to life without possessing the means of survival, is a contradiction in terms; to possess the right of liberty (the freedom to act in one's own self-interest without violating the rights of others) without possessing the means of action, is a contradiction in terms; to possess the right to pursue happiness without possessing those things which enable man to achieve the values which bring him happiness, is a contradiction in terms."

Challenge to Business

The whole business community must challenge the all too prevalent idea that "some government regulation is necessary in order to *preserve* free enterprise." To maintain that free enterprise — or any freedom at all—is possible in a society devoid of rights is an error which can lead only to disaster.

Businessmen had better begin to realize what is at stake and to actively fight for the creation of a *laissez faire* society—a society in which both extra-legal *and* legal control of business by the government is prohibited.

Interest Rate Outlook for Remainder of This Decade

Continued from page 9

influence is likely to continue for the foreseeable future.

There is not the occasion for an extended discussion of our balance of payments problem, but a few words will help to show its importance for the future of interest rates. In the early years after the war Europe and Japan had the task of rebuilding their wartorn economies. In these days the "dollar problem" meant the inability of friendly countries to earn the dollars needed for reconstruction and development. Thus the U. S. launched a program of foreign loans and grants to meet their needs and to facilitate the development of backward countries. During the past 10 years this picture has changed dramatically. The economies of European nations and Japan have been rebuilt with new, up-to-date plant and equipment and they have been experiencing a favorable growth rate. Operating at comparatively low costs, relative to the rising cost levels in the U. S., during the postwar period, foreign industry became increasingly competitive with American firms. Adding to these forces, the U. S. assumed the major part of the burden of paying for military establishments needed to meet the Communist threat.

Changed Balance of Payments Situation

The result of all these forces was brought home to us in the latter part of the 50's. In 1958 the U. S. ran a deficit of $3.5 billion in its international balance of payments, in 1959 a deficit of $3.7 billion, in 1960 a deficit of $3.9 billion, and in 1961 a deficit of $2.4 billion, an aggregate in these four years of $13.5 billion.

As a result of these deficits, during the past six years the U. S. has lost $7 billion of gold, and our gold reserves have been reduced to about $16 billion. In addition to withdrawing $7 billion in gold, foreigners and foreign central banks have built up their holdings of liquid assets in this country to $24 billion. Of our total gold reserves of $16 billion, about $11.5 billion must be held under statute against Federal Reserve notes and deposit liabilities. Thus the free gold available for foreign demands amounts to only $4.5 billion, as against the liquid assets of $24 billion held by foreigners and foreign central banks in the U. S.

More Restrained Monetary Fiscal Policy Than Desired

With this situation facing us, it is readily apparent why the U. S. Government has in recent years placed so much stress upon reducing and ultimately eliminating the deficit in our balance of payments. In view of the balance of payments problem, a paramount objective of the Administration has been to prevent any resurgence of inflation because a further rise of prices in the U. S. would injure the ability of American industry to export goods and services and would cause foreigners to fear devaluation of the dollar and thus lead them to remove their short-term assets from the U. S. Accordingly, the balance of payments problem has forced the Administration to follow fiscal and monetary policies much less expansionary than they have desired in view of domestic economic conditions of the past year and one-half.

As noted earlier, the government has been required to place a floor under the Treasury bill rate at about 2¾% level in order to avoid an outflow of short-term funds. The floor under short-term rates, in turn, tends to place a floor under long-term rates.

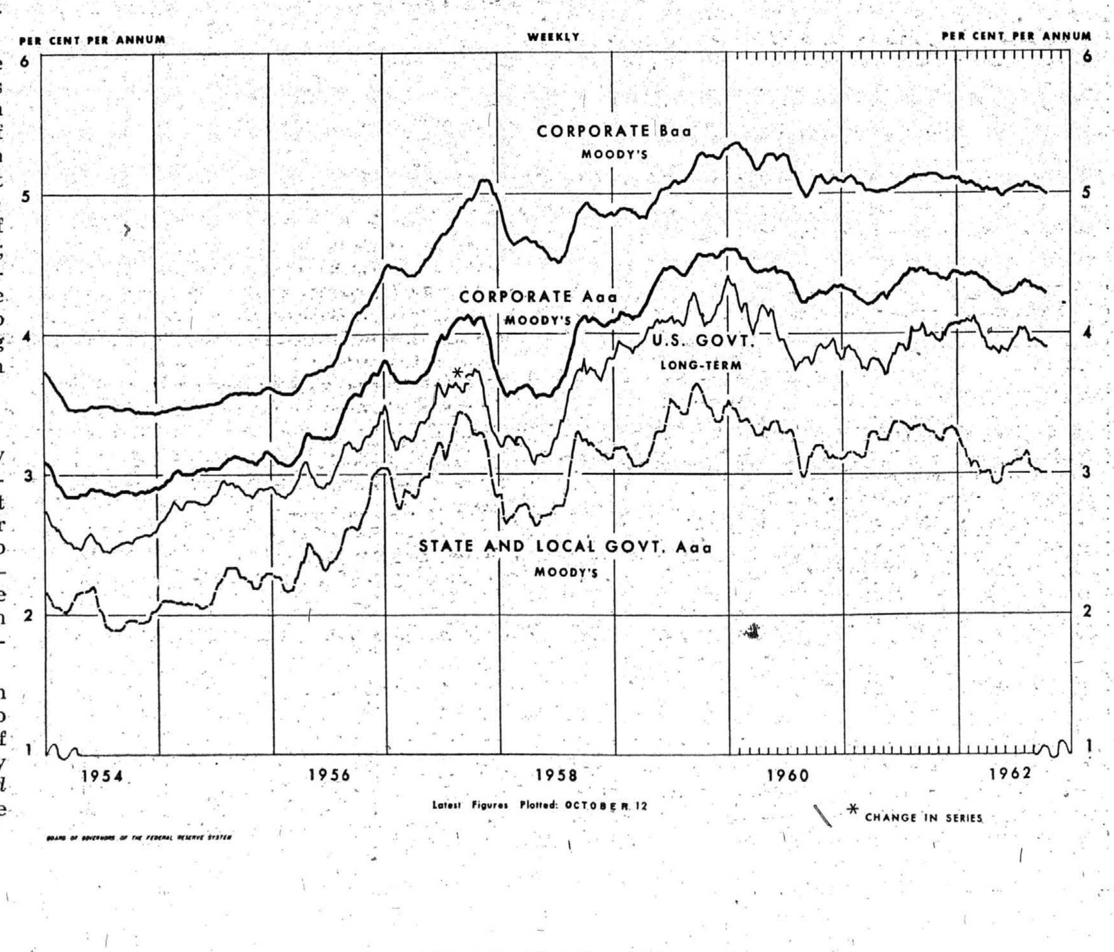
There is little doubt that the Administration has taken important steps toward closing the deficit in our balance of payments. The hope and firm objective is to close the gap completely in 1963. It remains to be seen whether this can be achieved. Even though we should prove able to bring our international accounts into balance, it seems clear that, with the huge liquid assets held by foreigners and foreign central banks and our greatly reduced holdings of free gold, it will be necessary for our government to continue to keep a weather eye on our international accounts in the formulation of domestic monetary, fiscal and debt management policies. One of the prime considerations affecting interest rates will probably continue to be that they must be kept competitive with rates in foreign countries.

A third important difference in general economic conditions as between the 50's and the 60's which has a bearing on the future course of interest rates is the fact that in recent years a "squeeze on profits" has occurred which is tending to discourage capital expenditures by business and industrial corporations. The squeeze on profits has been developing for a number of years. It arises primarily out of the upward push of costs — primarily wage costs. Through much of the 50's business and industrial firms were able to offset cost increases with increases in the prices of their products — and thus the "cost-push" inflation of the 50's. However, in recent years it has been difficult to raise prices to offset cost increases. The reason is that greatly increased competition both from domestic firms and foreign concerns has militated against price increases. More recently, the steel crisis of last March demonstrated how the Federal Government feels compelled to hold the line on prices to avoid deterioration in our export of goods and services and thus in our international balance of payments position.

There has been a great deal of talk about a corporate tax cut to improve the corporate profits picture, and the Administration apparently will push for such a cut in the next Session of Congress as part of a broad tax reform program. However, even though tax reform may reduce the squeeze

CHART I

BOND YIELDS



on profits, this is likely to be a continuing problem for some time. Here again the significance for interest rates is that poor profit expectations do not make for a high rate of capital spending.

Removal of Inflation Fears

A final important difference in economic conditions as between the Fifties and the Sixties having a bearing on the course of interest rates is that the Fifties were characterized by "creeping inflation" and public fear of inflation, whereas there are good reasons for believing that inflation will not be a serious problem during most of the Sixties. Among these reasons are: (1) the persistence of slack in our economy in the form of unemployed labor and plant capacity, a condition which militates against rising prices; (2) the competition of foreign products and intensified competition in home markets; and (3) the absence of large backlogs of demand such as characterized much of the Fifties. If it should be true that the general price level is much more stable in the Sixties, then the strong upward pressures which inflation and the fear of inflation put on interest rates will be absent in this decade. With greater price stability there will not be the inflated demands for capital funds. Also, without fear of inflation the public will be more willing to entrust their savings to institutions which invest the bulk of their funds in bonds and mortgages. Thus the flow of funds available for interest-bearing obligations may be enhanced.

Accordingly, some of the conditions which encouraged a pronounced rise of interest rates in the Fifties may be absent, or much less strong, in the Sixties. At the same time, some new conditions in the Sixties, such as our changed international position, may act to maintain interest rates at high levels.

Envisions Increased Demand For Credit

The moment of truth has now arrived. What can be said specifically about the outlook for interest rates in the remainder of this decade? First, it seems clear that the demands for all forms of credit will continue to show a market rise in the next several years. My principal reasons for expecting this are: (1) Toward the end of achieving high employment and a faster rate of economic growth, appropriate steps will be taken by the Federal Government in the field of corporate taxation to encourage a much higher rate of capital expenditures; (2) The rising rate of spending for industrial research and development will continue, producing an increasing volume of investment expenditures by business and industry; (3) Exploitation of opportunities in the space age will call for strongly rising capital expenditures; (4) Capital spending in all forms will obtain some stimulus from a moderately rising rate of family formations, particularly in the latter years of the decade. For these reasons, and others, therefore, the total demands for credit should show a pronounced expansion in the next several years.

At the same time, however, I believe the climate of the next several years should be conducive to a healthy growth in our aggregate national savings to meet the expansion of capital demand. This will be especially true if we experience a greater degree of stability in the general price level, which I expect will be the case.

My guess, therefore, is that we shall witness a better balance in the Sixties between the total demand for loanable funds and the total supply.

As suggested earlier, I expect that in formulating domestic monetary, fiscal, and debt management policies the Administrations in power in the remainder of the decade will be required to pay careful attention most of the time to the implications of these policies with regard to our international accounts. Domestic policies affecting interest rates will have to be keyed to the desirability of keeping our rate level in line with rates abroad. In view of the likelihood that capital demands will continue to press against the supply of funds available in most countries of Europe and Japan, not to mention countries in our own hemisphere, the competitive rate level abroad is likely to remain quite high.

My conclusions about interest rates are, therefore, as follows:

Predicts Long Run Interest Rate Stability

(1) We are not likely to witness a renewed upward trend of interest rates in the remainder of this decade such as characterized the Fifties. If it should develop, it is not likely to occur until the latter part of the decade.

(2) At the same time, it seems highly improbable that we shall experience a serious and sustained decline of interest rates in the next several years. The prospects are for a much better balance between the demand for and the supply of loanable funds in the remainder of this decade at around the present level of rates. International balance of payments considerations will militate against any sustained decline in rates.

(3) The most likely prospect is that during the remainder of this decade interest rates will continue to move within a comparatively narrow range around an average level somewhere between the high of early 1960 and the present lower level.

(4) The future course of interest rates will depend very heavily upon how well we avoid a new round of inflation, how successful we are in eliminating the deficit in our international balance of payments, and how successful we are in stimulating a much higher rate of capital spending by business and industry, to mention three main considerations. My expectations about interest rates in the remainder of this decade are based heavily on the assumption that we shall avoid a resurgence of inflation. If this assumption should prove to be wrong, and if the price level should begin to move upward and the general public should again be infected with an inflation psychology, then interest rates would certainly move to levels considerably higher than obtained in early 1960.

(5) Obviously, as was true in the Fifties, interest rates will experience some cyclical fluctuation in tune with cyclical fluctuation in general business activity, but our concern here has been in the main with the decade as a whole.

Implications for Insurance Industry

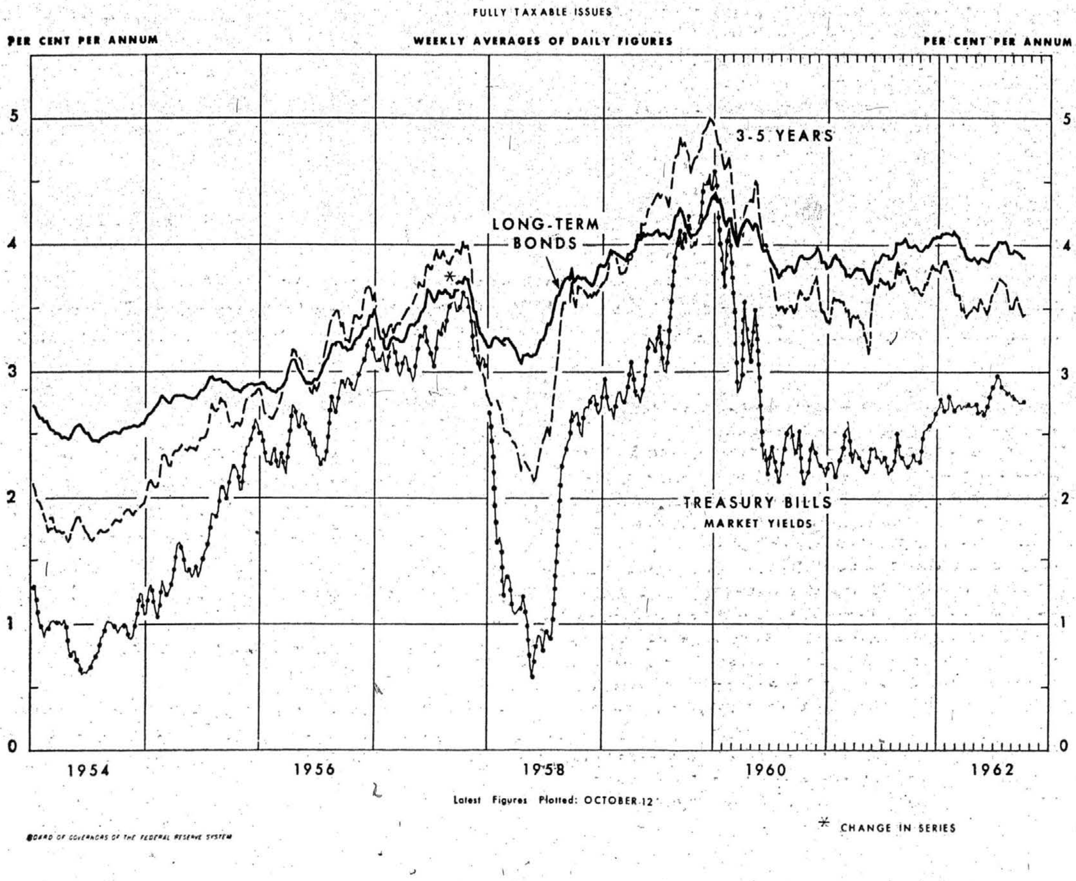
Finally what are the implications for the life insurance business of my views about interest rates in the remainder of the decade. If it does turn out that interest rates move within a narrow range at around the comparatively high level of 1960-1962, then it seems certain that the life insurance companies will continue to experience a significant rise in the average rate of return on their investments. In 1961 the average net rate of return for the industry as a whole was 4.22%. During the next several years companies will continue to dispose of investments which yield lower than the average. At the same time, their new investments should produce a yield considerably higher than the average. During the past three years the rate of improvement in the average yield was about 12 basis points. Although the annual rate of improvement will decline if my views are anywhere nearly correct, it seems likely, nonetheless, that by 1970 the average net rate of return on life insurance company investments as a whole will exceed 4¾% and may actually be closer to 5%.

*From an address by Dr. O'Leary before the Annual Meeting of the Society of Actuaries, Quebec, Can., Oct. 17, 1962.

CHART II

YIELDS ON U.S. GOVERNMENT SECURITIES

FULLY TAXABLE ISSUES



Woods Named President of World Bank

At a meeting held Oct. 24, the Executive Directors selected George D. Woods to succeed Eugene R. Black as President of the World Bank. Mr. Woods also became *ex officio*, President of the International Development Association and Chairman of the International Finance Corporation, the bank's two affiliates. Mr. Black intends to retire on Jan. 1, 1963.

George D. Woods

Mr. Woods is an investment banker of long experience and international reputation. He joined the New York investment firm of Harris, Forbes & Co. at the age of 17, and served with the firm until he joined The First Boston Corporation, an outgrowth of the Harris, Forbes firm, in New York in 1934. He has been Chairman of the corporation since 1951. During the war, Mr. Woods served in the United States Army from 1943 to 1945, rising from Major to Colonel in the General Staff Corps.

Before taking up his new appointment, Mr. Woods will resign as Chairman and Director of First Boston.

Mr. Woods has been closely associated with the operations of the World Bank for more than a decade, and has played a prominent part, as an investment banker, in the distribution and sale of World Bank bond issues since 1952.

He has frequently given his time, without pay, to special missions undertaken at the request of the management of the bank. In 1952, he visited India to help arrange the amalgamation of the Steel Company of Bengal with the Indian Iron & Steel Co., Ltd., as a prelude to World Bank lending for the expansion of Indian Iron and Steel's production facilities. In 1954 he visited India, and in 1956 visited Pakistan, to help local and overseas investors to form the Industrial Credit and Investment Corporation of India and the Pakistan Industrial Credit and Investment Corporation; these two institutions are now important sources of finance for the growth of small and medium sized private industries, and each has received World Bank loans to promote industrial growth. In 1958, Mr. Woods served as financial consultant to the World Bank management in its settlement of the dispute between the United Arab Republic and the shareholders of the Suez Canal Company over the question of compensation for the nationalization of the Canal.

Early in 1962, Mr. Woods was one of the five investment bankers of France, Germany, the United Kingdom and the United States who agreed to serve on a voluntary basis as advisors to the International Finance Corporation, a World Bank affiliate which makes equity and other investments in new or expanding private industries in less developed countries. In recent months, Mr. Woods has been advising the Bank and IFC on the establishment of a new privately owned industrial development financing institution in the Philippines which is expected to be formally established in the near future.

Named Director

Raymond G. Frick, Jr., Vice-President of Fidelity Trust Co., has been elected to the board of Oxford Finance Companies, Inc., Philadelphia-based sales finance and personal loans organization serving the Delaware Valley trading area, according to Aaron A. Gold, the company's Chairman. Mr. Frick is also a director of Investors Loan Corp., Pennsylvania Capital Growth Corp., and National Bowling Lanes, Inc. He is 1963 Chairman, Finance Division, Section I of the United Fund Torch Drive.

Other members of the Oxford board are Joseph H. Rothenberger, III, Vice-President; Stanley W. Mann, Treasurer; Benjamin S. Loewenstein, Secretary; Emanuel L. Mann, formerly Senior Vice-President of the Cambridge Acceptance Co., Inc., which Oxford acquired recently; Howard Newmark, President of Howard Newmark, Inc., consultants on corporation finance; John M. Randolph, Vice-President of the Beothe Leasing Corporation; James J. Sullivan, Executive Vice-President of Blair & Co., Inc.; and Howard M. Teaf, Jr., Chairman of the Department of Economics at Haverford College.

Stocks Next Spring Will Be Higher Than Today

Continued from page 3

very aggressive in developing foreign markets since World War II. Consumption per capita overseas has been growing even faster than in the United States. In many respects, foreign markets resemble the domestic one 20 or 30 years ago.

The most noteworthy change in the industry over the past 10 years has been Pepsi-Cola's successful challenge to Coca-Cola's domination of the soft drink market. Pepsi-Cola's sales rose from $47 million in 1951 to $174 million in 1961. Net income rose during the same period from $0.46 a share to $2.21. 1962 earnings will be penalized by heavy market development expenses, particularly in Italy and in the Argentine. Nevertheless, final results should be slightly above last year's report. The 1962 expenditures should begin to bear fruit next year and we believe that earnings per share will show a substantial upward move.

The stock sells at about 38 or 16.7 times estimated 1962 earnings. The $1.40 annual dividend yields 3.7%. As a vehicle which provides both growth and proven defensive characteristics, we believe that Pepsi-Cola has considerable appeal in this market.

American Sugar Refining

The domestic sugar market is one of the most stable ones in the American economy, with consumption running about 98 pounds per capita year after year. Despite the absence of any secular growth trend, the company, between 1951 and 1961, was able to double its earnings from domestic sugar refining operations. Net income last year of $3.61 per share came entirely from domestic sources, as will be true in the future. Earnings in the first half of 1962 advanced to $1.67 per share from $0.91 a year ago and we expect the full-year figure to be in the neighborhood of $4.50 per share.

The company's strong position in the industry arises principally from a massive capital program which totaled $93 million during the past six years. Now, however, capital expenditures are in a declining phase.

Current depreciation is about $7.5 million, or more than $4.00 per share. With this heavy inflow of cash and modest internal need for capital funds, we believe that a liberalization of the $1.75 annual dividend rate is likely.

The stock sells at 39 on the New York Stock Exchange. This is only 8.7 times estimated 1962 earnings. The present dividend yield is 4.5%.

Pabst Brewing

For 20 years, the age group in the United States which accounts for the bulk of beer sales has declined steadily as a per cent of the nation's population. Between 1960 and 1970, however, it will increase by approximately 50% in total numbers. It would be difficult to overestimate the importance of these dull demographic statistics to the brewers.

The industry itself was characterized in the past by intense competitive struggles for a relatively static market. The result has been a real shakeout with a few national brewers surviving as dominant market factors.

A new management took over Pabst Brewing in 1958 when the company was floundering and restored it to a major position in the industry. 1961's 10% increase in sales to 5.2 million barrels was the largest for any major national brewer. A further rise is expected to take place this year and Pabst now finds itself challenging Schlitz for second place in the industry.

Following deficits in 1956, 1957 and 1958, the company reported earnings of $0.28 in 1969; $0.45 in 1960 and $1.10 in 1961. The 1961 earnings, however, include tax savings of about $0.15 per share. 1962 results will be reported without the benefit of any tax credits. Nevertheless, another worthwhile increase is expected. Something like $1.30 per share seems to be in the cards.

The stock sells at 11 Over-the-Counter. This is only 8½ times estimated 1962 earnings. The $0.50 paid this year yields 4.5%. If the trends of the past few years continue, and we believe they will, there seems to be a good chance that the 1963 dividend payout will be sweetened.

Occidental Petroleum

The common stock of Occidental Petroleum is one of the real success stories, marketwise, of the October 1961-October 1962 year. From a low of 4⅝ in early 1961, this stock had advanced to the 14 level by late Summer. During the first week in October, the stock had declined to 8⅛. Then the company announced the discovery of the second largest gas field in California. This announcement caused the stock to advance to a 1961 high of 27⅞.

The operations of this oil and gas prospecting company are not original but are perhaps unique—certainly unique insofar as its success has gone to date. In 1955, the stock was selling on the Los Angeles Stock Exchange at $0.18 a share. Some of the stockholders induced new interest to come into the company in the hopes of reviving it. Capable technical men were attracted by substantial stock options and new money was injected by the so-called syndicate system. Under this arrangement, individuals advanced drilling money while the company supplied all technical services, each splitting any specific venture 50-50. This method of operation is still in force and plans for 196 drilling program indicate that as much as $6 million syndicate money will be forthcoming. By the use of advance production payments, Occidental has insured for itself minimum earnings for 1962, 1963 and 1964 of $1.40 a share. The company has no debt and a substantial cash balance in the bank. Management has indicated that it will consider putting the stock on a dividend basis in December.

Since the discovery of the Lathrop Field, referred to above, Occidental has made additional discoveries in other locations. In one, which is called the Oakley Field, the discovery well indicated that they have found a second large field. A second well is being drilled and the results should be known shortly.

At its current price of 20, it is interesting as a purchase because of its intense drilling activity and the possibilities of further strikes. There are 4,600,000 shares outstanding.

The Prophet Co.

This company, spelled P-r-o-p-h-e-t, has a small common stock capitalization — 549,800 shares—which are traded on the American Stock Exchange at a current price of 21. Its cash dividend rate is $0.15 quarterly and this has been supplemented recently by a 2% stock dividend semi-annually. The company serves food in industrial plants, schools and colleges, and to the public through facilities in office buildings, terminals and department stores. Originally some 90% of the company's business was in plant feeding for General Motors. While this contract is still in force, the company's activities have grown to a point where the General Motors business represents less than one-half of Prophet's gross. The operation of factory feeding facilities obviously entails the use of vending machines. In years gone by, the company followed a policy of leasing out machine sites to other operators on the basis of a percentage of the machine's take. During the past two years, this policy has been altered and the company is in the process of acquiring and operating its own machines. It is believed that when this program is completed, the revenues from machine sales will increase sharply from the 5.6% of sales in 1961. During 1960 and 1961, earnings declined to $1.71 per share and $1.31, respectively. In the first instance the decline was attributable to unbelievably poor weather in January through March when on many occasions workers were unable to reach their plants, and in the second instance to a very poor first quarter in the automobile business. However, in the first six months of 1962, Prophet reported record earnings of $1.24 per share against $0.51 in the comparable period of 1961. Earnings for the full-year 1962 should approach $2.30 per share. The company is well managed and expects to continue to enlarge the scope of its operations. We believe the stock has interesting capital gains possibilities.

Robinson Technical Products

The stock of this company is traded on the American Stock Exchange at a price of approximately 8½. There are 810,000 shares of common stock outstanding, preceded by only $362.000 mortgages and notes payable. During the year ending June 30 last, the company earned $0.81 per share versus $1.06 in the 1961 fiscal year. Although sales increased to $16,954,000 from $15,563,000, higher expenses cut into after-tax profits. Current assets of $5,359,000 compared with current liabilities of $2,040,000.

The company's operations are carried on through four principal divisions. The first, called Vibrashock, makes mountings and systems for protection against vibration and shock for mechanical equipment used in aircraft, guided missiles, spacecraft, surface vessels, submarines and specialized industrial installations.

The second division, called Kensico Tube Co., produces seamless copper tubing in diameters from two inches down to capillary size. The smaller sizes are used in guages, lubrication of delicate instruments and in control systems for missiles, space vehicles and supersonic aircraft.

The third division, High Vacuum Equipment Corp., makes specialized high vacuum, high temperature furnaces and associated equipment such as beam welders, vacuum metalizers and space simulation chambers.

The fourth division, Kupfrian Manufacturing, produces electrical and electronic assemblies and circuits used in computers and other complex electronic systems. Among the customers of this division is IBM.

Each of these operations is in fields whose future in the next few years seem assured. Each missile that is fired and each spacecraft that is launched not only needs ample shock and vibration protection, but also literally miles of capillary tubing in its control system. The high vacuum field and computer development are both moving ahead at a rapid pace

Robinson Technical Products, with its relatively small common stock capitalization, seems firmly entrenched in these four growth fields. Despite its relatively low current price—the stock sold at 31¼ in 1961—a quarterly dividend of 10 cents a share is being paid. The Vibrashock division has recently received substantial orders from both Lockheed and North American Aviation. Expectations are that net income for the current fiscal year will exceed $1 per share.

Yale & Towne Manufacturing Co.

The stock of this company is listed on the New York Stock Exchange. At its current price of 20, the $1 annual cash dividend yields a 5% return. A dividend payer since 1899, it is a prominent manufacturer of materials handling equipment. About two-thirds of its sales come from the sale of lift trucks and tractor shovels. It is also an important producer of locks and hardware.

In mid-1960, new management entered the company and numerous operating changes designed to improve profitability were instigated. However, in the Fall of 1961, the company became involved in a labor dispute and its Philadelphia plant was struck. With police protection, production continued at a low level, but the dispute continued for five months, carrying over into 1962. When agreement was finally reached, the company found its supply of parts and components almost exhausted. Earnings in the first quarter of this year dropped to 13 cents per share against 50 cents in the comparable quarter of 1961. Earnings began to recover during the second quarter of this year and a net of 44 cents was reported. We understand that the third quarter will be in the neighborhood of 70 cents per share, and that earnings for the year should approach the $2 figure. It is possible that cash dividends, which were reduced to 25 cents quarterly during the strike, will again be raised to the $1.50 annual rate which was paid before the strike.

National City Lines

The stock of this company is listed on the New York Stock Exchange. At its current price of 23, its dividend of $1.20 per share provides a yield of slightly more than 5%. The company has no long-term debt ahead of the 1,300,000 shares outstanding. Its principal activity is the operation of public transit systems in 37 units located in 14 states. The more important revenue producers are situated in Salt Lake City, El Paso, Long Beach, Calif., Tampa and South Bend. In addition, the company owns sizable minority interests in Philadelphia Transportation and Baltimore Transit.

On Oct. 19, it was announced that the assets of St. Louis Public Service, which operates the transportation facilities in that city, have been sold to a public authority for approximately $20 million. National City Lines owns about 49% of St. Louis Public Service, so in due course it will receive nearly $10 million for an investment which cost them approximately $1 million.

In recent years, there has been a clear trend for municipalities to acquire and operate their own local mass transportation systems. New York City, Chicago, and Los Angeles have already done so and other cities are expected to follow. Eventually, Philadelphia and Baltimore, as well as the other 37 properties in its system, will probably be sold to tax-free authorities.

National City Lines has been buying in its own stock in the open market for some time. During the 12 months ending June 30, it repurchased more than 83,000 shares. At the beginning of this year, it had cash in excess of $8 million and this will be augmented by some $7 million after taxes when the sale of the St. Louis properties are consummated. We anticipate that the company will continue its policy of repurchasing its own stock. The present Administration is on record that the Federal Government in its urban renewal program would assist in the solution of its local mass transportation problems. As a matter of fact, certain bills have set up programs for a $500 million revolving fund to be made available for the purchase of transportation systems by municipal agencies. We feel that what risk is involved in the purchase of this stock is more than offset by its potential on the upside.

Canada Southern Petroleum Ltd.

A stock is never a good speculation simply because it sells at a low price. However, sometimes a low-priced stock is a good speculation for other reasons. We think Canada Southern Petroleum is a low-priced stock that has much long-term promise. Selling currently at 3¾ on the American Stock Exchange, the company has outstanding 6,247,000 shares, plus 270,000 options to purchase the common stock at six which expire in 1964 and 1966.

This company is unique in that it has no operating divisions. Since its formation in 1954, the company has acted solely as the lessor or concessionaire for possible oil and gas bearing acreage. Its basic policy is to let the other fellow put up the money and take the risk. Under this method of operation, the company now has arrangements under which such outstanding companies as Imperial Oil—a subsidiary of Standard Oil of New Jersey—Pacific Petroleums—an affiliate of Phillips Petroleum—and Pan American Petroleum—a subsidiary of Standard Oil of Indiana—are currently drilling on Canada Southern properties—at no cost to Canada Southern.

By way of example, Pan American is now digging a hole on permit 1007 in northeastern British Columbia. Although Pan American is paying all of the cost of the well, Canada Southern has a 45% interest, while Pan American has only a 25% interest. Canada Southern puts up its 45% share only if the well is productive and then only, if it chooses, from that well's production. You might well ask why such a "farm out" can be made. Well, in this particular instance, last January Pan American brought in what has been said to be the largest gas well ever found on the North American continent. Their geologists believe that the structure from which this gas is coming runs from northeast to southwest and that the choicest area lies six to ten miles to the northeast. It just so happened that Canada Southern held a lease on that area so Standard of Indiana had to make a deal with them. While this well could, if successful, be awfully important to Canada Southern, and results should be known within three or four weeks, the stock is by no means a one-shot speculation.

In the coming drilling season some 15 wildcat wells will be drilled in the Fort Nelson area of northeast British Columbia where Canada Southern holds 1¼ million gross acres. A majority of these 15 holes will be drilled on their property at no cost to them. In the meantime, the company holds another 13¼ million acres in other parts of Canada, the Northwest Territory and the Arctic Islands. We think this stock represents a low risk speculation where the percentage gain could be very large.

Southern Gas & Water Co.

This company operates water companies in West Virginia and distributes liquid petroleum gas in areas of Florida and Georgia. Its operation combines the stability of a water company's earnings with the growth of an LPG distributor — one of the fastest growing industries in the country.

This stock is traded in the over-the-counter market and is currently $25 bid. Its cash dividend is $1.10 per share which affords a yield of 4.4%. For the fiscal year ending May 1963, this cash dividend is expected to be partially tax-free. From time to time, the company has paid stock dividends. A sizable funded debt and two issues of preferred precede the 644,758 shares of common stock.

One interesting feature of Southern Gas is the contra-seasonal pattern of its peak load. Because its distribution area includes the tobacco growing belts of Georgia and northern Florida, and because tobacco growers have been educated to cure their tobacco with liquid petroleum heat instead of wood smoke, the company's highest sales occur during the Summertime when demand for heating fuels is at the lowest point of the year.

Earnings for the present fiscal year should run in the neighborhood of $2 per share, which compares with $1.42 for the year ending May 31 last.

The speculative attraction to Southern Gas & Water, as in the case of National City Lines, is based on the strong probability that in the reasonably near future the water properties may be sold to a tax-free authority. In that event, we estimate that the value of this stock would be some 50% higher than its current price of 25. In the meantime, the owner of the stock will be receiving a better-than-average income from a security which has strong growth and stability characteristcis.

*An address by Mr. Penick before the National Association of Investment Clubs, Philadelphia, Pa., Oct. 20, 1962.

Moroney to Retire

HOUSTON, Texas — Robert E. Moroney has announced that he will retire from the business world on Jan. 1, 1963, after 35 years of service to Houston investors and businessmen, this past year as Chairman of the Board and previously as President of the investment banking firm of Moroney, Beissner & Co., Inc.

Robert E. Moroney

Mr. Moroney said that he will engage in church work which will occupy all of his time, but will remain a member of the board of Moroney, Beissner & Co., Inc.

Mr. Moroney began his long record of service to Texas business concerns and investors in 1927, when he moved from Chicago to Houston to join the firm of Dunn & Carr. A native of Dallas and a 1923 graduate of the University of Wisconsin, he had attended the bond school of the Guaranty Company of New York, affiliated with the Guaranty Trust Company of New York, and had worked several years in the Chicago office of that company before moving to Houston.

In 1928 Mr. Moroney became a parner in Dunn & Carr and in 1929 the firm name was changed to Carr, Moroney & Co. Mr. Moroney purchased the interest of the estate of Laurence Carr in 1934 and the firm's name was changed to Moroney & Co. in 1936. In 1942 the firm's name was changed to Moroney, Beissner & Co. after Henry M. Beissner became a partner. Mr. Moroney served as President until Jan. 1, 1962, when he was named Chairman of the Board and Mr. Beissner became President and Chief Executive Officer.

The only period in the last 43 years when Moroney, Beissner & Co., Inc. and its predecessor firms were not actively conducting their investment banking and stock brokerage business was a three-year interval during World War II when the entire executive personnel were in the Armed Forces. Both Mr. Moroney and Mr. Beissner were in the Navy.

The firm has its offices in the Bank of the Southwest Building and is a member of the Midwest Stock Exchange. Its principal officers include Henry M. Beissner, Francis I. Abshire, Ernest L. Brown, Jr., Jack T. Currie, Samuel G. Eisenstadt and John D. Mackinnon.

Mr. Moroney is completing his third year as a member of the Board of Governors of the Investment Banking Association of America and as a member of that association's municipal securities committee. He also has served as Chairman of the Association's Texas Group and as a national committeeman of the National Security Traders Association.

THE SECURITY I LIKE BEST...

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projected rapid increases in the school age population and centralization of school facilities. Foreign sales, and entrance into the small but lucrative transit bus market offer Wayne further growth opportunities. Sales of the ambulances and hearses made by Miller-Meteor have grown steadily and future prospects appear good. Ambulance sales, in particular, should benefit from the rapid pace of new hospital construction.

At the time it was purchased from Ling-Temco-Vought, the Vought Industries mobile home division had had a poor operating record. In 1960, this division lost $670,000 on sales of $45 million, while in 1961 $1.5 million was lost on $36 million in sales. Since acquiring Vought Industries, Divco has made several significant changes in its operations. Several Vought plants have been closed, sales, purchasing, and financing policies have been tightened, and industrial engineering studies have been instituted. The division's breakeven point has now been lowered to a $24 million annual sales rate and a further reduction in this breakeven point is expected during 1963. As a result of these moves, mobile home operations have gone into the black, while sales have maintained a $35 million annual rate. By next year, Divco expects to be earning about 6% pre-tax on mobile home sales. A tax loss carryforward substantially in excess of $1 million which was accumulated by this division will reduce its tax liabilities, but the specific amounts involved per year are still being determined.

Future prospects for the mobile home division appear excellent. There are now many small marginal manufacturers in the industry, offering Divco-Wayne a good chance to increase its market share. Industry sales should grow at least as rapidly as new home construction, and possibly faster, due to the appeal of mobile homes to certain special markets, such as retired couples and newlyweds. New uses for mobile homes, such as for offices, class rooms and dormitories will further widen the potential market. Additional growth potential may ensue from a proposed entrance by Divco into the financing of mobile home parks. If undertaken, this step could provide the company with a large direct source of sales and financing prospects.

In 1961, Divco-Wayne's wholly owned sales finance subsidiary earned $207,000 after taxes, against $141,000 in 1960, and thus contributed $0.27 a share to the company's consolidated net earnings, against $0.18 in 1960. Net installment receivables rose in 1961 to $7.5 million from $6.2 million in 1960. Currently, the subsidiary is handling $500,000 in financing monthly. This volume is expected to increase rapidly, since mobile home financing is now also being handled, and volume is expected to be running at a monthly rate of about $1 million during fiscal 1963.

Divco-Wayne's earnings in fiscal 1961 were its lowest since the company's formation in 1956. 1961 sales of $28.7 million and earnings of $1.03 per share were depressed by the recession during the first part of the year, and by work stoppages and a strike during the final quarter. These labor problems were a particularly significant factor in the earnings decline, since Divco had previously demonstrated an ability to maintain earnings during cyclical downturns. In the 1958 recession, for example, per share earnings were $1.57 versus $1.59 in 1957, even though sales dropped to $26.4 million from $28.1 million.

Divco reported $1.51 a share for the first nine months of its fiscal year against 76 cents last year. Volume, which included five months of home sales, rose to $38.5 million for nine months against $20.9 million last year. For its full fiscal year, which ended on Oct. 31, Divco-Wayne probably earned about $2.25 per share on total sales of about $57 million. Of these earnings, an estimated $1.35 per share was derived from automotive operations, 30 cents from the sales finance subsidiary, and 60 cents from the mobile home division. In fiscal 1963, the company will benefit from a full year of profitable mobile home sales, as well as from further application of cost control techniques in this division and in its older operations. After allowing for a possible minor economic downturn, total 1963 sales for Divco-Wayne are expected to be around $67-70 million. On this sales volume, the company should earn about $2.65 per share, of which $1.20 will come from automotive, 40 cents from financial, and $1.05 from mobile home operations. At current levels, Divco-Wayne thus sells at seven times estimated 1962 earnings and six times estimated 1963 results.

Longer term prospects for Divco-Wayne are quite encouraging. The diversity of market in which the firm now operates should help to reduce problems caused by cyclical declines in one industry. Growth in automotive operations should continue at a reasonable rate, while expansion of the mobile home division should be quite rapid, due both to industry growth and market penetration. Financing income, aided by increasing sales of mobile homes, should continue to rise steadily. Overall company margins seem capable of improvement, and management is continuing its cost control efforts. Due to the high sales leverage which now exists, with $85 in sales per share of stock, even a slight margin improvement would have a substantial effect on per share earnings.

In the last five years, Divco-Wayne has averaged $1.60 in earnings per share. Based on the factors discussed above, it is our opinion that the company could be earning at double this rate within the next two or three years.

The quarterly dividend on Divco's common stock was reduced from 20 cents to 5 cents in May, in order to conserve working capital for mobile home operations. Since then, an increase in the firm's long term debt has been arranged to provide additional working capital for the company's heightened volume As a result, management has indicated that the 20 cent quarterly dividend will be restored in the near future. At current levels, this would result in a 5.0% yield on Divco's common stock. A 2% stock dividend, paid in May, will probably not be continued if the 20 cent dividend is restored.

Divco-Wayne has always had a strong financial position. At the end of its October 1961 fiscal year, its current ratio was 4.9 to 1, with cash almost equal to total current liabilities. The cash required to purchase Vought Industries and meet increased working capital requirements has been supplied through a recent increase in long term debt, which now totals $7.5 million. 835,000 shares of common stock are now outstanding, with options outstanding to buy another 11,861 shares. Management owns about 231,000 common shares, with another 51,000 shares being held by Ling-Temco-Vought. The stock is listed on the New York Stock Exchange.

Year's Gas Sales Set New Record

For the first time, total gas sales for a 12-month period crossed the 100 billion therm mark in August, 1962, according to the American Gas Association.

During the 12-month period ended Aug. 31, 1962, the gas utility and pipeline industry total gas sales amounted to 100.2 billion therms, a new record. This was an increase of 6.3% over the 94.3 billion therms sold during the previous comparable period, A. G. A. reported. One therm is equal to 100,000 British thermal units (Btu's).

In the period, natural gas sales increased 6.5% to total 97,989 million therms. In the same previous period, natural gas sales amounted to 91,967 therms.

Sales of manufactured and mixed gas in the same 12-month period totaled 2,233 million therms, down 2.2% from the 2,283 million therms sold in the same prior period.

Residential, commercial and other gas sales increased 7% and industrial sales, representing 49.6% of total gas sold, gained 5.6%.

New Service for Underwriters

NEW YORK, N. Y.—A service to assist underwriters in communicating with the aftermarket has been initiated by George P. Nicholas Inc. The firm offers to underwriters the preparation of progress reports on issues they have underwritten.

Initiation of the service was prompted by the need for outside preparation of the reports because of the cutback in many underwriters' research departments, George P. Nicholas, President, said.

Supervising the progress report service is Jane Judge, the company's financial relations director. Miss Judge wrote progress reports on new issues for Van Alstyne, Noel & Co. while a security analyst with that firm.

E. H. Nelson Joins McCarley & Co.

TRYON, N. C.—Edward H. Nelson has joined the sales staff of McCarley & Company, Inc., members of the New York Stock Exchange, and will become manager of their Tryon, North Carolina office, 228 Pacolet Street. Formerly, Mr. Nelson was proprietor of his own firm in Kilmarnock, Va., and prior thereto was a partner in Gregory & Sons, New York City.

As We See It

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the men and women who will elect him have always wanted, or at any rate what they have now become convinced that they want. In no very real sense is politics—if by that term we mean policy making — left to the politicians now except, at least in the degree politicians effect popular thought.

If by "politics" is meant all those techniques and devious tricks by which the voter is led to believe that the candidate is more to be desired than the other fellow, then, of course, politics is now largely left to the politicians who are professionals in this field. And the layman, whether a business man or anyone else without the knack of persuading people to vote for him or what he stands for, is not very likely to make much headway in politics.

Of course, there arises a business man now and then who seems to have been born with a feeling for politics of this sort and who goes a long way in the field — as is true also of other professions, as for example professional soldiers or teachers. But far more often the man who has spent his active life, or the larger part of it, in industry or trade is quite likely to be a failure in politics of this sort—more or less sure, as the saying goes, to put his foot in his mouth.

A Titanic Problem

The problem seems to be that of finding some way of improving the public understanding of major questions of the day, and of enabling voters to become immune to the wiles of the demagogue or of any of the professional politicians who seem to be, or are as a matter of fact, merely trying to appeal to his prejudices or merely trying to get elected to this, that, or the other public office. This, of course, is a titanic problem.

The thoughtful observer will long ago have taken note of the fact that in the campaigns now under way only the President, the ex-President and a mere handful of others, including a number of individuals who are definitely not professional politicians, are having very much to say about the real national issues.

Local Interests

Everywhere the report is that individual Congressmen, Senators, and local candidates are really concerning themselves chiefly with what they can do for their own local constituency or are able to convince it that they can do. In the jargon of the politician, local issues are for the most part likely to be the deciding one in this race characterized as it is by the immense vigor the leading lights of the parties are injecting into the discussion of important national and world issues. This is neither new, nor surprising. That is the way these matters usually go. And it is a sad commentary upon our democracy that these local professional vote getters are for all practical purposes quite right. What the usual voter wants to know is what this, that, or the other candidate has done or can do for his town, district, or state. When he has reached a decision in this matter he is ready to cast his vote.

But this habit of placing group interest above all else is not confined to local affairs. The farmers long ago "got into politics" and they have demanded and succeeded in getting special legislation for their own exclusive benefit, and apparently have no idea of giving any of it up. Their pressure upon lawmakers in Washington, and for that matter in the state capitals, appears to be almost irresistable. In point of fact, the favors that have been granted the agriculturists of this country during the past half century, and particularly during the past quarter century, are not matched, so far as we can recall, by any other self-seeking group.

Organized Labor, Too

Organized labor also "went into politics" long ago. The unions have succeeded in getting themselves and their members free from the rigors of the anti-trust laws, and in actual practice from a number of other laws. Where they have not forced through changes in the statutes, and where their influence has not been adequate to bring court decisions largely into conformity with their wishes, local law enforcement officials have again, and again, and again looked the other way when unions and their henchman quite openly and quite definitely presumed that the law of the land, as applied to others, had no meaning for them. Without any doubt the failure of business to proceed with larger plant investment and hence to "grow" as the Administration wishes is in very substantial part traceable to the policies and the practices of labor unions, particularly in those industries where they have a practical monopoly.

Partly as a result of the labor situation industry has been driven to many policies —in the matter of tariffs, subsidies and the rest—which tend in one sense to place it in the same category of self-seeking as other organized groups throughout the country. Of course, it is true that business generally has been asking for tax reform and other changes in the situation which would be of large benefit not only to business but to us all. The trouble, or one of them, is that the "progressives" and some of their fellow travelers have succeeded in largely discrediting business and businessmen when it comes to the formulation and defense of national policies. It is here that business, and all the rest of us, would benefit from the entry of business into politics in the sense that the technique of being effective is the goal.

Bank of New York Inv. Seminar

The Bank of New York will conduct an investment seminar for correspondent banks and other institutional customers at the University Club, 1 West 54th Street, N. Y., on Thursday, and Friday, November 1 and 2, it has been announced by Albert C. Simmonds, Jr., Chairman of the Bank.

A wide range of subects in the field of investments will be discussed at the two-day meetings. These will include a discussion of the economic outlook for Western Europe, the balance of payments problem and a discussion of recent developments abroad by Samuel C. Waugh, the Bank's Washington consultant and former president of the Export-Import Bank.

Following this discussion of the international scene the Bank will set forth its current views on the domestic economy. This will be followed by panel discussions covering all major industries, with emphasis on comparative values of securities.

After luncheon on Friday, the seminar will conclude with a summary of the Bank's views concerning the overall outlook.

Walter E. Heller Private Placement

Walter E. Heller & Co., Chicago, has announced the private placement of $25,000,000 in senior notes due Oct. 1, 1982. The placement was negotiated by New York Securities Co., New York City and Dean Witter & Co., San Francisco.

Proceeds will be used to finance the company's increasing volume of business.

Walter E. Heller and its subsidiaries provide working funds for industry by financing the sale and other operations of a widely diversified group of clients.

NSTA NOTES

NATIONAL SECURITY TRADERS ASSOCIATION

The National Security Traders Association has received the following slate of officers for 1963:


Earl L. Hagensieker


Alfred F. Tisch


Allen L. Oliver, Jr.


Joe E. Hutton


S. J. Sanders

President—Earl L. Hagensieker, Reinholdt & Gardner, St. Louis.

First Vice-President—Alfred F. Tisch, Fitzgerald & Company, New York.

Second Vice-President—Allen L. Oliver, Jr., Sanders & Company, Dallas.

Treasurer—Sidney J. Sanders, Foster & Marshall, Inc., Seattle.

Secretary—Joe E. Hutton, Equitable Securities Corporation, Nashville.

The Association has also announced the following program for the 29th Annual Convention in Boca Raton November 4-8.

SUNDAY, NOVEMBER 4—

12:00 P.M.	Registration
6:30 P.M.	Cocktails, Cloister Gardens
8:00 P.M.	Dinner, Patio Royale. Dancing

MONDAY, NOVEMBER 5—

9:00 A.M.	National Committee Meeting
10:00 A.M.	Ladies' Painting Lesson
2:30 P.M.	Beach Activities and Contests
6.30 P.M.	Cocktails, Cabana Club
8:30 P.M.	West Indies Party, Steak Fry, Cabana Club

TUESDAY, NOVEMBER 6—

8:30 A.M.	Past Officers and Affiliate, President's Breakfast
9:30 A.M.	Golf Clinic
9:30 A.M.	Fishing Trip
2:00 P.M.	S.E.C. Forum, Philip A. Loomis, Jr., Director Trading and Exchanges Division
3:30 P.M.	Municipal Forum, Gordon L. Calvert, Municipal Director and Assistant General Counsel, IBA
6:30 P.M.	Cocktails, Cloister Gardens. Award Fishing Prizes
8:00 P.M.	Dinner: Speaker: Mr. Kemmons Wilson, Chairman Holiday Inns of America, Inc. Subject: The Holiday Inn Story
9:30 P.M.	Movie. Bridge Tournament
12:00 Midnight	Splash Party, Cabana Club

WEDNESDAY, NOVEMBER 7—

9:00 A.M.	Golf Tournament and All Sports
9:30 A.M.	Inland Waterway Boat Ride
2:00 P.M.	Inland Waterway Boat Ride
8:00 P.M.	Dinner
10:00 P.M.	Monte Carlo Night

THURSDAY, NOVEMBER 8—

9:00 A.M.	National Committee Meeting. Election of Officers
12:00 P.M.	Cocktails by Stany, Cabana Club
1:00 P.M.	Luncheon, Cabana Club
3:00 P.M.	Seminar of Regional and Area Chairmen. O.T.C. Public Relation and Education Program
6:30 P.M.	Cocktails, Cloister Gardens. Reception for Incoming Officers
8:00 P.M.	Dinner and Presentation of Officers. Dancing. Entertainment

Investment Bankers Association 50th Anniversary Convention

The 1962 Annual Convention of the Investment Bankers Association will be held in Hollywood, Florida, beginning on Sunday, November 25, and ending on Friday, November 30. The Hollywood Beach Hotel and The Diplomat will be the convention hotels. The former will be the headquarters hotel and the business sessions will be held there.

The first business session of the convention will be a Municipal Forum on Sunday afternoon. There will then be convention sessions each morning from Monday through Thursday. The Monday session will be addressed by President Curtis H. Bingham and will include a program commemorating the Association's Fiftieth Anniversary, during which Television Star Art Linkletter will speak. Guest speakers at the other sessions will be as follows:

Tuesday—Lammot D. Copeland, President, E. I. duPont de Nemours & Co.

Wednesday—William L. Cary, Chairman, Securities and Exchange Commission.

Thursday—Earl L. Butz, Dean, School of Agriculture, Purdue University.

In addition, there will be meetings of the Board of Governors and many of the National Committees of the Association will hold meetings and will present their annual reports at the convention sessions. No business sessions are planned for Friday, nor, with the exception of the Municipal Forum on Sunday afternoon and a meeting of the incoming Board of Governors on Thursday afternoon, are any planned for the afternoons, which will be left free for recreation.

The Board of Governors will submit to the convention the Regular Ticket for 1962-63, as follows:

For President—Amyas Ames, Kidder, Peabody & Co., N. Y.

For Vice-Presidents—David J. Harris, Bache & Co., Chicago; Lloyd B. Hatcher, White, Weld & Co., New York; William T. Kemble, Estabrook & Co., Boston; James H. Lemon, Johnston, Lemon & Co., Washington; George J. Otto, Irving Lundborg & Co., San Francisco.

The registration fee for the convention will be $60 per person. It will apply to each man and woman registered for the convention with certain exceptions including Past Presidents of the Association and their wives. Checks covering registration fees should be made payable to the Association and forwarded to its office in Washington with the form for convention registration and hotel reservations.

All reservations for rooms at the convention hotels should be made through the Association's office on the form for convention registration and hotel reservations.

Rates at both hotels will be on the American Plan and will be $40 per day for double occupancy and $25 per day for single occupancy. As the rooms which can be assigned for single occupancy will be limited, it is recommended that arrangements be made to share accommodations. If single applications should be excessive, it will be necessary to assign roommates.

Rates at the Hollywood Beach Hotel will be $15 and $20 per day, depending upon size and location—at The Diplomat, $20 per day.

A few apartments will be available at the Hollywood Beach Hotel. They are located in close proximity to the hotel, and are operated as an annex with full hotel service. Each apartment contains a double room and sitting room. Each sitting room contains a day bed, so an apartment can comfortably accommodate three persons if desired. Rates will be $51 per day for two persons, $60 per day for three. In addition, the HBH Beach Club, which is also operated as an annex of the hotel, will be used if the attendance should require. Rates will be $36 per day for double occupancy and $18 per day for single occupancy.

A limited number of early arrivals can be accommodated beginning November 17, and a limited number of reservations can be continued for a few days following the convention. It will not be necessary for those concerned to make separate reservations for the pre-convention or post-convention period provided they indicate their arrival and departure plans on their reservation forms. It may, however, be necessary for them to change rooms at the opening or close of the convention.

Requests for cabanas at the Hollywood Beach Hotel pool should be made through the Association's office. As the number available will be limited, it is hoped that members will combine their requests to as great an extent as possible. Each cabana will comfortably accommodate six or eight persons, and no application will be considered unless at least four persons are specified as occupants. The rate for a cabana will be $12 per day. Cabanas will also be available at The Diplomat at the same rate, but it is not planned to accept advance reservations, and those desiring them should make their arrangements after arrival.

Convention Transportation

NEW YORK SPECIAL CARS

The route in both directions will be Pennsylvania Railroad between New York and Washington, R. F. & P Railroad between Washington and Richmond, Atlantic Coast Line between Richmond and Jacksonville, and Florida East Coast Railway between Jacksonville and Hollywood. The schedules will be as follows:

Going Schedule

Lv. New York	*Saturday,*	*Nov. 24*	11:30 A.M.
Lv. Newark	"	" "	11:45 A.M.
Lv. North Philadelphia	"	" "	12:58 P.M.
Lv. 30th St. Philadelphia	"	" "	1:08 P.M.
Lv. Baltimore	"	" "	2.43 P.M.
Lv. Washington	"	" "	4.00 P.M.
Lv. Richmond	"	" "	6.25 P.M.
Ar. Hollywood	*Sunday,*	*Nov. 25*	11:59 A.M.

Return Schedule

Lv. Hollywood	*Friday,*	*Nov. 30*	9:34 A.M.
Ar. Richmond	*Saturday,*	*Dec. 1*	3:45 A.M.
Ar. Washington	"	" "	6:10 A.M.
Ar. Baltimore	"	" "	7:26 A.M.
Ar. 30th St. Philadelphia	"	" "	9:02 A.M.
Ar. North Philadelphia	"	" "	9:15 A.M.
Ar. Newark	"	" "	10:33 A.M.
Ar. New York	"	" "	10:50 A.M.

PULLMAN RESERVATIONS — Pullman reservations for the going trip should be made through the New York Transportation Committee, of which Richard C. Vivian, Dean Witter & Co., 14 Wall Street, New York 5, N. Y., is Chairman. One-way Pullman fares to Hollywood are as follows:

	D. Room	Compt.	Bedroom	Bedroom	Duplex
	2 Persons			1 Person	
New York	$68.31	$50.88	$47.19	$38.17	$32.73
Newark	68.31	50.88	47.19	38.17	32.73
Philadelphia	65.84	49.12	45.54	36.85	31.46
Baltimore	61.27	45.82	42.63	34.38	29.32
Washington	55.39	40.32	37.24	31.24	26.51
Richmond	49.61	36.19	33.28	27.94	23.54

Certificates covering Pullman space will be issued in lieu of regulation Pullman tickets. Certificates will be mailed if applications are received promptly. Otherwise they may be picked up at the office of Richard C. Vivian, prior to 5:00 p.m. on Friday, November 23. Refunds cannot be made on cancellations which are not made prior to date of departure.

Pullman reservations for the return trip of the special cars should be made through D. A. Kornhoff, Passenger Sales Representative, The Pennsylvania Railroad, Room 401, Pennsylvania Station, New York 1, N. Y., at the earliest possible date in order that satisfactory arrangements may be completed. If this is not possible, or if plans change, they may be made through the railroad representatives who will be present at the Hollywood Beach Hotel during the convention.

RAILROAD TICKETS—*Railroad tickets should be purchased from local agents.* Those in charge of going Pullman reservations will not be able to supply them. Round-trip railroad fares to Hollywood from points served by the special cars are expected to be as follows:

New York	$120.89	Baltimore	$93.41
Newark	119.65	Washington	87.25
Philadelphia	107.39	Richmond	78.50

ST. LOUIS SPECIAL CARS

Special cars from St. Louis will be operated on the "City of Miami," the route of which is Illinois Central Railroad to Birmingham, Central of Georgia Railway to Albany, Atlantic Coast Line to Jacksonville, and Florida East Coast Railway to Hollywood. The schedule will be as follows:

Lv. St. Louis	*Friday,*	*Nov. 23*	10:20 A.M.
Ar. Hollywood	*Saturday,*	*Nov. 24*	5:00 P.M.

PULLMAN RESERVATIONS — Reservations (with check) should be made through Harry Theis, Stifel, Nicolaus & Company, 314 N. Broadway, St. Louis 2, Mo. One-Way Pullman fares from St. Louis to Hollywood are as follows:

Double Room		Compartment		Bedroom	
2 Persons	1 Person	2 Persons	1 Person	2 Persons	1 Person
$62.26	*$50.44	$45.21	†$36.96	$41.75	$35.31

*Plus $26.73 additional railroad fare †Plus $12.33 add'l railroad fare.

It is not planned to operate special cars for the return trip and Pullman reservations for that trip should be made through local ticket agents.

RAILROAD TICKETS—*Railroad tickets should be purchased from local agents.* The round-trip railroad fare between St. Louis and Hollywood is $104.67.

HOTEL REGISTRATION — BAGGAGE

Representatives of the convention hotels will travel on the New York cars and will furnish passengers with slips indicating their hotel room numbers. Holders of such slips should present them to the floor clerk on the proper floor of the Hollywood Beach Hotel, or at the front desk of The Diplomat, where they will be given their room keys without registering and may then proceed directly to their rooms. The hotel representative will also furnish passengers with baggage tags filled out with their names and hotel room numbers, which should be attached to each piece of hand baggage. Then, upon arrival all such baggage will be transported from the station by truck and distributed promptly to the proper hotel rooms. Those arriving other than on the New York cars should, of course, register at the front desk of their assigned hotel in the regular way.

AIR TRANSPORTATION

In view of the number of flights now available, it is believed that those wishing to fly to or from the convention can make their arrangements most satisfactorily through regular channels. Accordingly, no special flights have been arranged.

Nat'l Bank Women Hold Convention

ST. LOUIS, Mo.—More than 500 women bank officers from all parts of the United States and from Canada attended the 40th annual convention of the National Association of Bank Women, which ends today, Nov. 1. Miss Hilda Kollmann, President of NABW and Vice-President and director of the County Bank and Trust Company, Blue Island, Ill., was the presiding officer.

Hilda H. Kollmann

"Banking in a World of New Dimensions" was the theme of the four-day meeting at the Chase-Park Plaza Hotel.

St. Louis' Mayor Raymond R. Tucker and Kenton R. Cravens, Chairman of the Board of Mercantile Trust Company, St. Louis, officially welcomed the women bankers to St. Louis at the opening session on Monday, Oct. 29. Following a business meeting, Miss Olive Huston, speech and drama teacher from Xenia, Ohio and former executive director of the National Federation of Business and Professional Women's Clubs was the featured speaker at a luncheon. Her speech, entitled "Don't Be a Square — Be a Nonagon," outlined the personal traits essential to a woman seeking a successful business career.

Tuesday's session was devoted to a series of panel discussions exploring new dimensions in business development, customer relations, new credit concepts, personnel programs, trust and estate planning, and many other phases of banking.

Featured speakers on Wednesday included the Honorable Calvin D. Johnson, former Congressman from Illinois and currently Director of Customer Relations for Remington Rand, who spoke on "Horizons Unlimited."

At the Wednesday morning session, Mrs. M. Virginia Anderson, Past President of Pilot International, gave an address entitled "Our Achilles Heel"; H. Harold Ross, executive assistant, Union Electric Company of Missouri, discussed "The Velvet Shackles," and James E. Perry, Assistant Vice-President of the First National Bank of Phoenix, Ariz., commented on new developments in "Data Processing."

A convention highlight was the presentation of the annual Jean Arnot Reid Award and the NABW Scholarship Award at the luncheon session on Wednesday. The luncheon speaker was Dean Stephen W. Vasquez, School of Commerce and Finance, St. Louis University.

The convention will conclude on Thursday, November 1, with the installation of new officers. Miss Mary V. DeMartini, assistant trust officer, First National Bank of Oregon, Portland, Ore., will be installed as President.

The National Association of Bank Women, now an organization of more than 4,000 women executives in banking, was founded in 1921, at a time when there were few women employed in banks. Today, approximately two-thirds of all bank employees are women, and there are more than 12,000 women bank officers.

Debt Management Policy And the Capital Markets

Continued from page 5

or may not be released to flow into mortgages, for example—significant changes may be brought about in market expectations by relatively small changes in the daily flows of funds into or out of Government securities, and the related small changes in interest rates. If there were not an adequate supply of tradable Government securities, the effects of any needed monetary policy would have to be expected to work their way out toward the longer area by means of tentative and possibly erratic efforts at private arbitrage. The alternative for monetary policy, if there were no tradable volume of longer-term Government securities, would be a great lengthening of the time needed for monetary controls to take hold and a great intensification of the severity of the other actions that would actually have to be taken by the Federal Reserve to accomplish a given result. It can indeed be argued that a tradable quantity of outstanding Government debt in all maturity sectors is a precondition for any broadly effective monetary policy in the United States today. And that case is strong whether or not the Federal Reserve itself chooses to operate directly in all maturity sectors.

For very short periods, the objective of maintaining a balanced maturity structure for the debt may be subordinated to shorter-run economic policy considerations. But this is very much like deferred maintenance on a railroad or an industrial plant. If the practice is continued long enough, the basic structure may deteriorate to such an extent that it may be very difficult to restore a sound basic structure again. It is often said that there is never a time when the Treasury can freely place securities in the longer-term area of the capital market—when business is slack, no diversion from private investment can be risked, and when business is booming, interest costs are too high. The debt manager must, nonetheless, place long-term debt into the market without being hung from either of the horns of this dilemma, and, if possible, while furthering all of the other housekeeping objectives we have just reviewed, and while also fulfilling the economic policy aims which I will now briefly describe.

II

Debt Management and Economic Policy

Debt management cannot escape involvement in economic policy. The present size of the debt alone virtually compels a continuous interrelationship between what is done to refund the steady stream of maturities and what the Federal Reserve is doing to influence the supply of money and credit. We now have a debt of more than $300 billion, almost $90 billion of which will mature and have to be refunded during the year ahead. Apart from that, in recent years, the ordinary seasonal swings in the Treasury's cash borrowing requirements have been running around $10 billion.

Thus, with about $100 billion of indicated borrowing requirements, whether or not there are further budget deficits, the very magnitude and frequency of Treasury borrowing operations is necessarily such that Treasury operations can scarcely avoid having some impact on all of the other markets for fixed income securities — the corporate bond market and the market for State and local Government securities, as well as the mortgage market. The challenge to debt management planning is, therefore, so to channel the influence of Treasury debt operations upon these various other markets and activities that it will, wherever possible, help to further the objectives of Government economic policy — domestically and with respect to the balance of payments.

Much has been said in other countries about a presumed necessity for combining monetary control and debt management into a single policy instrument. And, in some countries, both are administered by a single agency. But in accordance with the principle of checks and balances, and the diffusion of power, which characterizes our political institutions generally, these functions have most appropriately been divided in the United States between the Federal Reserve and the Treasury. Two separate centers of responsibility appraise the needs of two interrelated spheres of action. And the results for each, given a full flow of intercommunications and a genuine desire for harmonious cooperation, are greater than any conceivable result of an enforced consolidation. Certainly there is no country in the world today in which the independence of these two functions is more clearly respected; yet I doubt if there is any in which the integration between monetary policy and debt management is more effective.

Three Bordering Areas

There are three areas of economic policy in which monetary policy and debt management come together. First, there is that of maintaining an appropriate level of liquidity — not only for the routine needs of the domestic economy, but also to sustain a strong rate of economic growth—without creating a potential inflationary hazard. The Treasury's decisions on the volume of short-term Government securities to be issued play a part in determining the volume of "near-money" liquidity in the economy. The influence exerted is necessarily similar to, although, of course, much less potent than that of the Federal Reserve in regulating the volume of bank reserves and thereby the quantity of money itself.

A second general policy area that is common to debt management and monetary management is that of helping to create conditions in the credit and capital markets which will be conducive to the most appropriate flow of funds into long-term private investment. I need not tell this group that not only the amount, but also the manner and the timing, of Treasury borrowing efforts in the longer-term market can have important effects on the flow of private investment funds. And as to the influence of Federal Reserve action—even the significance of expectations as to what that action might be—surely no elaboration is necessary.

A third important area of economic policy concerns the impact of debt management and monetary policy on our balance of payments position. Over the past two years and more, this has meant that both debt operations and monetary actions have had to be directed, in part, toward keeping our short-term rate structure in reasonable competitive equilibrium with rates abroad. The purpose has not been to put a floor under rates at any particular level. Our concern is not with absolute rate levels, but with relative levels. The aim is to keep our short-term rates, if possible, in line with foreign short-term rates, after adjusting for the cost of covering the forward exchange risk. The result thus far, as many of you know, is that very little money has flowed out of this country for interest arbitrage over most of the past two years.

Balance of Payment Control

In addition, we have begun to use debt management itself as an active instrument of balance of payments control. In recent months, we have borrowed from official agencies at short term in two foreign currencies—the Swiss franc and Italian lira. We have converted the proceeds into dollars at an over-all cost that compared favorably with the costs of borrowing here. The incidental result has also been a net absorption of excess dollars abroad that might otherwise have ultimately been used to purchase gold here. Though what we have done is still tentative and exploratory, we are increasingly impressed with this new dimension of debt management—an approach originally foreseen by Russell Leffingwell, then Assistant Secretary of the Treasury, when he asked Congress for the necessary legislative authority before the close of World War I. To be sure, however, this is not an approach that would be relevant to a very sizable part of our total debt management program.

Every time a judgment is taken in debt management, however, some aspects of all three of these areas of economic policy, as well as our various "housekeeping" goals, must be weighed in the light of all known conditions, at that particular moment in time. Quite obviously, no single answer can produce the optimum result every time for each of these diverse objectives. The objectives themselves may even occasionally be in conflict. The best we can hope for, probably, is reasonably well-balanced progress toward meeting all of these objectives, over a period of time.

III

Reviews Past 20 Months Objectives

Having thus briefly paraded the problems of debt management, I trust it is now safe for me to review what we have been trying to do in debt management during the past 20 months. Perhaps the best starting point is to examine the economic environment within which policies were initially formulated.

In January, 1961, we faced a conjuncture of a number of serious problems: a recession which had been under way for the past half year; an inadequate rate of growth which had been slackening for a number of years; and, as if these two problems were not enough, we were faced with a critical balance of payments problem, with world confidence in the dollar deteriorating.

In developing a policy framework which would embrace all of these problems, we placed the central focus of our policies on encouraging and raising the level of private investment. Increased private investment would help pull us out of the recession. At the same time, more investment could be the key to quickening our growth rate and reducing the continuing high rate of unemployment. And, in a longer-range sense, through increasing the productivity of American industry, more investment would also make the most fundamental and long-lasting contribution toward strengthening our national competitive position in the world and thereby righting our balance of payments.

All of our policies, then—fiscal policy, tax policy, and debt management, as well as monetary policy in its coordinate role—were oriented toward this common goal. The joint evolution of monetary policy and debt management, which had been under way since the Summer of 1960, had two major aspects: to help create conditions in the capital markets which would promote a large flow of long-term capital into productive investment while, at the same time, averting any changes in the short-term interest rate structure which would set off significant outflows of short-term capital seeking interest rate advantages abroad. To achieve both of these objectives simultaneously required new operating techniques and new kinds of emphasis in the decision-making processes of both the Federal Reserve and the Treasury.

In monetary policy, this new policy orientation was reflected in the decision by the Federal Open Market Committee to conduct open market operations wherever necessary over the full maturity range of Government securities. In debt management, the new emphasis was initially reflected in the development of the following key elements of policy:

that the Treasury would conduct the great bulk of its cash borrowing operations in short-term securities, thereby exerting a maximum of pressure to sustain an appropriate international relationship for interest rates on Treasury bills and the constellation of surrounding money market instruments;

that, in ordinary refunding operations, the Treasury would largely concentrate on short-term and intermediate-term securities in a maturity range out to around ten years;

and that, to offset the deterioration in the maturity structure of the debt which would otherwise have occurred, the Treasury would seek, through the technique of advance refunding, to extend further out into the long-term area substantial quantities of long-term debt already in the hands of the public, but which the passage of time was moving steadily closer to the intermediate and short maturity range.

Plans for Short-Term Financing

In concentrating its cash financing largely in the short-term area, the Treasury had, of course, several objectives. By placing upward pressure on short-term yields from the supply side of the market, debt management helped enable the Federal Reserve to expand the monetary base without sacrificing our balance of payments objectives. Moreover, from the standpoint of the liquidity position of the domestic economy, there was a positive need for an expansion in the quantity of liquid assets to support a further increase in economic activity. In statistical terms, the economy had apparently grown up to the excess liquidity created during World War II, and the relationship between the money supply and the gross national product had returned to the level which had generally prevailed during the first 30 years of this century. In practical terms, a number of financial and business firms were actively seeking more short-term investments.

And at the same time, by concentrating its own cash borrowings in the short-term area, the Treasury in effect was reserving the flow of new long-term savings for the use of private investment in housing, industrial and commercial plant and equipment, and for State and local public facilities.

Of course, no matter what we think we are trying to do, for "housekeeping" purposes or in the interest of broad economic policy, we also have the bedrock problem of designing issues that will sell, will hold their place in the market, and will make participation in the distribution of Government securities a reasonably rewarding as well as a patriotic undertaking. The fine art of tailoring our issues to the prevailing market has no formulas. Each actual offering is always a combined product of the advice we receive in many ways from the market itself (notably our splendid advisory committees), the technical expertise of our career staffs, the lessons of recent experience, and a pinch or two of hunch and intuition.

IV

Assesses Results

In appraising the results of our efforts during the past 20 months, I should start with a word on Savings Bonds. They account now for almost one-sixth of the entire outstanding debt. They provide, without exposure to market risk, a convenient opportunity for every individual to have some part in the debt financing of government. And they pay rates of interest that are, year in and year out, better than any alternative savings instrument that has other investment attributes of even rough comparability. Since the continued success of this program is a vital part of the whole debt management effort, and since it depends so heavily on the support of a volunteer program, it is gratifying that Savings Bonds have kept their place in our debt structure during these recent months when the competitive pressure from higher rates on bank deposits and savings and loan shares, in particular, has been of unusual intensity.

In turning to the marketable debt, perhaps I can best sketch the outlines of most of the significant developments if I focus on three visible indicators: the behavior of interest rates, the change in the maturity structure of the Federal debt, and the change in the ownership of the debt.

Course of Interest Rates Trend

For a period that has consisted mainly of sustained economic expansion, the interest rate behavior of the past twenty months has been most unusual. Since January, 1961, short-term interest rates have been moving within an upward-rising range, while long-term rates have remained stable or moved lower. The yield on 3-month Treasury bills, for example, has gone up from 2¼% to the recent range of 2¾% to 3%. Yet corporate bond yields are now at about the same level as in January, 1961, when we were close to the bottom of the recession, and rates on municipal bonds and mortgages are actually lower than they were then. Just how much of this unusual behavior of interest rates should be attributed to the influence of monetary and debt management policies and how much would have occurred in any event, I would not venture to say. However, one thing is clear: this is precisely the sort of interest rate behavior that should have been expected to occur if the economic policy aspects of the monetary and debt management programs of the past twenty months were to be fulfilled.

The favorable climate in the capital markets during the past twenty months has been reflected, as you know, in a record combined flow of long-term capital into corporate securities, State and local government bonds, and mortgages. The corporate sector alone has not set new records, so far as market borrowing is concerned, but both of the others have expanded remarkably. New record highs have been reached in the first half of 1962, with $5 billion flowing into State and local government bonds and more than $10 million flowing into mortgages.

Meanwhile, the total outstanding public debt has grown by $10 billion over the full course of the twenty months from the end of January, 1961, through September, 1962. Of this, $9 billion has been in marketable issues and $1 billion in non-marketables, such as Savings Bonds. What has happened in the maturity composition of these marketable issues? The total outstanding in the under-one-year category has risen by almost $9 billion, the debt in the one-to-five year maturity area has declined by almost $13 billion, and the debt maturing beyond five years has risen by almost $13 billion. But note that, while the rise in very short debt has been about equal to the rise in total debt, the increase in the over-five-year debt has been 40% greater than the $9 billion total increase in the marketable debt during this period.

Better Short-Term Debt Control

The decline of roughly $13 billion in the one-to-five year debt is very significant from the standpoint of the maturity structure of the debt. The under-one-year debt can increase in two ways: it can be increased by deliberate action, as we have done in order to maintain upward pressures on the bill rate, or it can increase automatically as, with the passage of time, more debt falls within the one-year area. The substantial reduction in the quantity of debt maturing in one-to-five years means that the short-term debt is under better control, since the potential for automatic increases in the very short debt has been substantially reduced.

We are convinced that the shifting of $13 billion of debt from the one-to-five year area out beyond five years has produced a significant improvement in the over-all maturity structure of the debt. Statistically, this has been reflected in an increase of six months in the average maturity of the debt, from four years and six months in January, 1961, to five years at the present time, the highest level in four years.

The developments in ownership of the Government debt have been equally interesting. While the total debt has gone up by $10 billion, and the marketable part by $9 billion, commercial bank holdings have risen by only $1½ billion. The Federal Reserve has, to be sure, added about $3½ billion to its holdings of Government securities. This means that $5 billion, or one-half of the total increase in the debt, has been financed outside the banking system.

Banking System Debt Financing

The subject of financing deficits through the banking system has been much discussed in recent weeks. That is as it should be. But some of the public discussion has seemed to me to proceed in oversimplified terms. The issue is not simply whether the Treasury sells securities to the banking system or not, but whether the amount of securities that remains in the banking system becomes so excessively large that the credit base is expanded well beyond the needs of the economy and an inflationary potential is, thereby, created. This, I can assure you, is a situation which both the Treasury and the Federal Reserve are able and determined to prevent. The relatively sparing use which we have made of the commercial banking system in financing the deficit of the past twenty months testifies, I would suggest, both to our intent and our ability to finance any future deficits in a manner which does not generate an inflationary potential.

It is important to remember, too, that the distinction between financing a deficit through the banking sysem and financing it through savings is not a sufficiently clear-cut basis for evaluation. For, in addition to their demand deposit function, the commercial banks are one of the most important financial intermediaries engaged in attracting and investing the savings of the public. Since January, 1961, time and savings deposits at commercial banks have grown by about $21 billion. The $1.5 billion increase in commercial bank holdings of Government securities represents only about 7% of this increase in time and savings deposits.

And so far as Federal Reserve acquisitions of Government securities are concerned, these have all been an incidental by-product of providing an adequate, but non-inflationary reserve base for the commercial banking system. I would indeed suggest that there is no evidence — in terms of the expanding money supply, the over-all growth of bank credit, or in the broader context of price behavior in the economy — that Federal Reserve credit has grown too much.

V

To sum up the record of the past twenty months, though there is obviously much more we would like to have done, we believe that we have had some success in working toward both our economic policy and "housekeeping" objectives. Througout the period, we have managed to avoid the sort of persistent sizable gaps between short-term interest rates in the United States and rates abroad which would have encouraged substantial outflows of short-term capital. At the same time, the availability of funds and long-term interest rates have remained at levels consistent with the promotion of a large domestic flow of investment capital.

Looks to Tax Policy

While the rate of increase in corporate investment has not been up to our hopes and expectations this year, it does not appear that the flow of corporate investment is being constrained by the level of money rates or the availability of long-term funds. So far as Government is concerned, it is probably in the area of tax policy that we must look for further means to stimulate corporate investment.

In pursuing the various economic policy objectives, the Treasury has not sacrificed its longer-term interest in a balanced maturity structure. The maturity structure of the debt is, in fact, despite a rise of $10 billion in the outstanding debt, in better balance than it was twenty months ago—a result largely attributable to carrying forward the creative innovations in debt management introduced by the preceding Treasury administration.

Looking to the future, the only generalization that can be made with absolute certainty is that debt management policy, like monetary policy, must adapt to changing circumstances. It must continually evolve in response to changes in the liquidity needs and the investment requirements of our domestic economy, changes in our balance of payments position, and modifications in the over-all policy mix through which Governmental part of the solutions to our economic problems may be sought.

From time to time, new debt management procedures may be needed to meet both our economic policy objectives and our "housekeeping" objectives. In recent months, we have tentatively introduced borrowing arrangements with governmental bodies abroad. We have already announced our intention to test another new procedure in the capital market here —the sale of long-term bonds on the basis of competitive bidding. And as our experience grows, as conditions alter, and experts such as those gathered here supply us with further suggestions, there will be further changes in the techniques and the policies that guide debt management and its relationship to the money and capital markets in the United States.

*An address by Dr. Roosa at the Annual Convention of the Mortgage Bankers Association of America, Chicago, Illinois.

Named Directors

Two new directors have been elected to the board of Connecticut General Life Insurance Company, Frazer B. Wilde, Chairman of the Board, has announced.

They are James F. English, Jr., Senior Vice-President of the Connecticut Bank and Trust Company, and Erle Martin, Vice-President for research and development for United Aircraft Corporation.

Mr. English is Chairman of the legislative committee of the Connecticut Bankers Association and a member of the advisory committee on state legislation of the American Bankers Association.

Full Disclosure by Banks Endorsed by Schapiro

Head of investment firm dealing in bank stocks urges commercial banks to adopt same disclosure requirements recently proposed for national commercial banks. Mr. Schapiro predicts that commercial banks' capital funds which rose from $9 billion in 1945 to current $23 billion will have to grow by $12 billion in the next decade.

In a recent address before the Association for Bank Audit, Control and Operation, in Miami Beach, Morris A. Schapiro, President of M. A. Schapiro & Co., Inc., New York investment firm specializing in bank stocks, declared that "there can be no divergence of policy within the dual banking system on the question of disclosure to stockholders." He urged the 9,000 state-chartered banks to voluntarily adopt the minimum requirements of disclosure which were officially proposed last week by the Comptroller of the Currency, James J. Saxon, for the 4,500 Federally chartered banks.

Morris A. Schapiro

The new rules for national banks provide that an annual report to stockholders, due within 30 days after the close of the calendar year, contain a balance sheet, comparative profit and loss statements, a reconciliation of capital funds, and such other relevant data necessary to adequately inform the stockholder. Mr. Schapiro suggested that the Association, acting as a central body for both state and national banks devise standard terminology, explicitly defined and uniform for all banks.

Noting that commercial banks compete with one another, and with other businesses, for the investor's dollar, Mr. Schapiro placed total capital funds of the 13,462 commercial banks at $23 billion. They have grown from $9 billion in 1945. In the next decade, this pool of capital will have to grow by $12 billion, considered a moderate estimate.

Stockholders' money, the capital of commercial banks, defends the integrity of all of the deposits against all of the risks which banks are in the business of taking, Mr. Schapiro said. Insofar as legitimate and equitable protection can be given investors in banks, public policy should give that protection.

Even if all banks voluntarily reported to their stockholders, and reported well, even if all did this, stock option plans, according to Mr. Schapiro, would tend to reduce the safety of bank stock investments until the stockholders' possession of information, crucially important for determining the correctness of an option proposal, becomes "a right guaranteed by statute or regulation, and not a favor granted by management."

The question of senior capital for a particular bank is another question which must be decided upon by the approval or disapproval of the common stockholders. It is also one that cannot be rationally decided without the knowledge that only a management can provide.

Mr. Schapiro stated that the safety of investment in banks will be impaired if the issuing of senior capital and stock options become general policies while disclosure to stockholders remains optional for bank managements.

Nat'l S. E. on Quote System

Maine potato futures prices and National Stock Exchange price quotes will now be available on the 1000 Ultronic Stockmaster units located in major U. S. cities, it was reported by John J. Scanlan. Mr. Scanlan is President of the New York Mercantile Exchange, where Maine potato futures are traded, as well as President of The National Stock Exchange. He has signed a contract on behalf of both Exchanges with Ultronic Systems, Inc. The Ultronic listing will amplify coverage of the two Exchanges, which will continue to be carried on their own ticker service to numerous cities throughout the country.

Midwest Stk. Exch. Data Converter

CHICAGO, Ill. — The Midwest Stock Exchange has installed a Digitronics electronic data converter to provide centralized electronic bookkeeping to more brokerage firms, more quickly and accurately, and less expensively than ever before.

Confirmations of transactions are now transmitted to member brokerage firms 35% faster, costs of converting to punch paper tape were reduced 58% or more, and floor space required for converting equipment reduced by 90%.

Through a subsidiary, the Midwest Stock Exchange Service Corp., the exchange provides a centralized electronic bookkeeping system for its member firms. It handles transactions for billing and accounting purposes, maintains margin accounts and positions of all individual customers, and provides information for dividend checks, monthly statements and other related activities.

Empire Quarter Century Club

The Quarter Century Club of the Empire Trust Co., New York City, held its annual reception and dinner at the Biltmore Hotel, Oct. 25.

Five new members were welcomed into the Club by Henry C. Brunie, President of Empire Trust. The Club has a membership of 89, of which 57 are active members and 32 honorary members.

Mr. Brunie was the guest of honor and brought greetings to the gathering as did Mr. Dean Mathey, Chairman of the Board.

Mr. Edward C. Mulhausen is the President of the club for 1962 and Mr. Clarence E. Peterson, Chairman of the Dinner Committee.

Growth Characteristics of Electric Utility Stocks

Continued from page 1

order, and customers, desperate to save even pennies, did their utmost to economize on their electric bills. Candles were used for lighting, and the iceman had a temporary comeback.

From this and subsequent recession experience, it has become obvious that from a general economy point of view only a deep and protracted depression can have a significant effect on electric utility earnings. In 1938, and again in 1947-48, earnings showed a declining trend for a brief period of time, but this was the result of broad general rate cuts coinciding with recessionary business conditions.

Political Attacks

Just as the industry was struggling to emerge from the 1932 depression it became subject to an unprecedented political attack. After the excesses of the 1920s which brought on the attack, it was vulnerable. Both investors and consumers had been hurt by these excesses which resulted in written-up plant accounts, watered securities, inflated security prices, and high electric rates coupled with poor service and an arrogant attitude on the part of many managements. The attacks came from Federal, State, and local levels in the form of competition, stricter regulation, and repetitive broad rate cuts.

In the field of competition, the first major step was the formation of the TVA. Not only did this drive private companies in the area out of business, but its proponents claimed that it would establish a yardstick for comparison with the rates of privately owned companies. Even though this "yardstick" measured only about 18 inches due to the allocation of many capital and operating costs to flood control and navigation, low interest rates on a 100% debt capital structure, and freedom from taxation, still the resulting low rates gave regulators a target to shoot at, and the public ownership adherents a major talking point. The TVA was soon followed by Bonneville, Grand Coulee, and many other Federal and State projects. Although the constitutionality of these projects was initially based on flood control and navigation, it was soon evident that steam generation was going to play its part and there appeared to be no end to Federal encroachment.

At about the same time, the REA was established ostensibly to bring power to the isolated farmer. It soon developed beyond this announced intention and, through the subsidies of a 2% cost of financing and tax benefits, made inroads on the private market to an alarming extent.

Public Ownership Trend

Municipalities went into the power business on a broad scale. One job that kept me busy in the mid-1930s was keeping track of the votes on the issue of municipal ownership of electric facilities in order to determine the trend toward socialization of the industry which was regarded as a good possibility. At that time proposals for municipal ownership were put up to voters on the average of one a week, and in 1938 we recorded 88 such proposals. The trend toward municipal ownership apparently hit its peak in 1936 when 51% of the votes which we recorded were in favor of municipal operation. Subsequently voters appeared to trend away from municipal ownership, and by 1942 we discontinued our record keeping because of an apparent lack of widespread interest in this type of operation. This trend away from government ownership was in spite of subsidies and preference clauses in the legislation authorizing the construction of generating facilities by the Federal Government. Under these preference clauses municipal plants had prior claim to the low cost subsidized power generated at these Federal projects. Why a customer of a privately operated plant should thus be discriminated against has been hard to understand, especially since his vote counts just as much as does the vote of a municipal plant customer.

In my opinion, there is less public demand today for government operation of electric facilities than there has been for decades. To put it even stronger, I believe that a large majority of the people do not want any political agency in the business at any level. It is only socialists, state welfare believers, and others with an axe to grind who keep the issue alive at all. Because of them we still have the threat of REA inroads in some sections of the country, and we still have the threat of an expansion of existing Federal projects. However, it is hard for them to get much public following on the issue because the industry has done a marvelous job under private ownership. Rates have come down during a period when the costs of most other services and commodities have sky-rocketed. Services have improved with outages less frequent and of much shorter duration. The industry has stood ready and able to meet any demand, and electricity was about the only commodity that was not rationed during World War II. The arrogant management attitude of the 1920s has been replaced by a management attitude that for the most part is keenly aware of the need for good public relations. Not only has the consumer benefited from better service at lower rates, but the investor has also benefited from the greatly improved financial condition of the industry.

Majority Prefer Private Ownership

A great majority of the people are happy with the private operation of the industry over the past quarter of a century and do not want to see government spend large sums on unnecessary duplicating facilities, especially when other more necessary and appropriate expenditures are keeping tax rates so high. There is no doubt that the background on the issue of government ownership, as is indicated by private polls, is vastly different than it was in the early and mid-1930s. Here again I believe it would take a major and protracted depression to change public opinion. It is why I did not and do not share many investors' fears that the 1960 change in administrations would or will revive government ownership on a broad scale. There are better whipping boys from a political point of view.

Governmental Regulation

Coincident with the government ownership drive, the electric industry was faced with new and more drastic regulation on both the Federal and state levels. In 1935, Congress passed the Holding Company Act which directly affected a substantial portion of the utility securities which were in investors' hands. Because of administrative and interpretative problems, lawsuits contesting the constitutionality of various sections of the Act, and because of abnormal conditions brought on by World War II, the SEC moved slowly on the breakup of holding company systems. Thus it was not until well after the end of the war that much progress was made in breaking up these vast systems. In the meantime, both investors and the industry went through 15 years of uncertainty not knowing what the ultimate effect would be.

At about the same time the FPC was given greater regulatory powers and out of this came the establishment of a uniform system of accounts. The adoption of this system of accounts was enforced company by company over a period of years adding further uncertainty for investors, and the final results were shocking in many instances. We owned preferred stock in one utility whose books indicated a strong equity position. When the plant account was restated at original cost, not only was the entire common stock and surplus wiped out, but the preferred stock's book value worked out to only about 75% of its par value. Another result of the adoption of the uniform system of accounts was a substantial increase in operating costs for many companies. In instances where a utility had earlier bought out another operating company at a price substantially in excess of original cost, the excess over original cost had to be put into an account called a plant acquisition adjustment account and amortized over a period of time which was usually set at 10 years, thus creating an entirely new charge against earnings. Also, the new accounting system brought to light the fact that many companies were charging woefully inadequate depreciation and the required increases in this charge were substantial.

As onerous as these Federal regulatory actions were, the most burdensome action came at the state or local level in the form of substantial, widespread and repetitive rate reductions. This was another job that occupied a great deal of my time in the mid-1930s. —keeping track of the weekly if not almost daily announcement of rate reductions. These rate reductions were the result of a lowering of the allowable rate of return and a whittling away of the rate base as plant accounts were written down under the uniform system of accounts and courts approved revised methods of establishing the rate base. In the late 1920s, some commissions allowed rates of return as high as 11 or 12%. In the 1930s these came down to 8%, then 7%, and finally broke 6% in many instances. World War II put a temporary end to the waves of rate reductions, but in 1946 and 1947, when earnings rose rapidly with the repeal of the excess profits tax, commissions once again ordered substantial cuts.

Long-Term Benefits From Rate Cuts

From a short-term point of view, these rate reductions were painful, but from a long-term point of view they probably were healthy. They undoubtedly broadened the market for electricity and improved the competitive position of the industry, thus contributing to the long-term growth and certainly they were helpful in improving public relations. During the years that they were being absorbed, their effect on earnings varied. During an expanding phase of the general economy, their effect on the long-term trend of gross revenues was hardly noticeable as consumption was stimulated and their effect on net income for the most part was merely a slowing down in the rate of growth. However, when rate reductions coincided with a contraction in the economy, the rate of growth in gross revenues was slowed down to a noticeable extent and net income actually turned down.

The market results of this tighter regulation for the most part were temporary, especially in so far as Federal regulation was concerned. Utility stocks plunged downward when the Holding Company Act was passed, but then rallied very sharply. The adoption of the uniform system of accounts likewise had a temporary market effect on specific companies. By and large, this Federal action disturbed investor confidence and, therefore, resulted in a lower price-earnings ratio for a period of time, but usually it did not affect the underlying values. Rate cuts, however, did hurt values in that they hit at the basic factor of earning power and their effect was thus more permanent.

As a result, we very early began to put a great deal of weight on local regulation and did our best to keep abreast of state regulatory philosophy.

War's Impact on Utilities

While the industry was still very much involved with government competition and stricter regulation, war first threatened in 1937 and finally broke out in 1939. War conditions are always particularly onerous to the utility industry. During World War II, production of appliances stopped entirely, there were widespread blackouts which darkened commercial and residential lighting, and most importantly of all there was a very sharp increase in taxes which is one of the important elements of cost in utility operations. Because of their capital structure and earnings growth, they were particularly hurt by the excess profits tax as were other growth companies. Although the rate of return dropped below the allowable level for many companies, commissions were reluctant to grant rate increases because so much of the increase went in taxes to the Federal Government and so little went to improve the rate of return. Investor confidence, which was already at a low ebb, sank even further.

As the war progressed, word leaked out that there was a new discovery that would revolutionize the power industry. The president of one of the country's largest industrial companies told us that there was a hush hush war development that would obsolete all power plants. He had sold all of his utilities and advised us to do likewise. When the atom bomb was first dropped, it became evident what this hush hush development was. The timing of the obsolescence of power plants became a chief topic of conversation

COMPARATIVE MARKET PERFORMANCE

Tri-Continental Utility Portfolio vs. D-J Industrial Average

	% Change		Index 1938 = 100	
	Tri-Continental Utility Portfolio	Dow-Jones Industrial Average	Tri-Continental Utility Portfolio	Dow-Jones Industrial Average
1938	---	---	100.0	100.0
1939	+11.3	— 2.9	111.3	97.1
1940	— 8.8	—12.7	101.5	84.8
1941	—11.2	—15.4	90.1	71.7
1942	+12.8	+ 7.6	101.6	77.1
1943	+85.5	+13.8	188.4	87.7
1944	+22.6	+12.1	230.9	98.3
1945	+47.4	+26.7	340.3	124.5
1946	+ 2.0	— 8.1	347.1	114.4
1947	—16.8	+ 2.2	288.8	116.9
1948	+ 4.2	— 2.1	300.9	114.4
1949	+40.4	+12.9	422.5	129.2
1950	+ 1.0	+17.6	426.7	151.9
1951	+24.6	+14.4	531.7	173.8
1952	+16.0	+ 8.4	615.8	188.4
1953	+ 6.7	— 3.8	657.1	181.2
1954	+26.2	+43.8	829.3	260.6
1955	+13.0	+20.8	937.1	314.8
1956	+ 6.5	+ 2.3	998.0	322.0
1957	+ 8.3	—12.8	1,080.8	280.8
1958	+40.2	+33.9	1,515.3	376.0
1959	+ 8.2	+16.4	1,639.6	437.7
1960	+20.6	— 9.3	1,977.4	397.0
1961	+22.5	+18.7	2,422.3	471.2
Aug. 31, 1962	—11.9	—16.7	2,134.0	392.5

* * * * *

UTILITY PORTFOLIO AS OF SEPTEMBER 30, 1962

ED. NOTE: Tri-Continental's electric utility common stock portfolio as of Sept. 30, 1962 consisted of the following companies:

American Electric Power Co.
Atlantic City Electric Co.
Brooklyn Union Gas Co.
Carolina Power & Light Co.
Central & South West Corp.
Delaware Power & Light Co.
Florida Power Corp.
Florida Power & Light Co.
Houston Lighting & Power Co.
Illinois Power Co.
Kansas Gas & Electric Co.
Middle South Utilities, Inc.
Montana Power Co.
Northern Indiana Pub. Service Co.
Oklahoma Gas & Electric Co.
Southern Co.
Southwestern Public Service Co.
Texas Utilities Co.
Virginia Electric & Power Co.

which did nothing to improve investor confidence.

With the end of the war and the elimination of the excess profits tax, utility earnings spurted in 1946 and in many instances this resulted in a higher than allowable rate of return. As these earnings results became available in 1947, regulatory commissions went to work reducing rates. At about the same time the adoption of the uniform system of accounts increased costs and the general economy began topping over. As a consequence, there was a period of about 12 months from mid-1947 to mid-1948 when electric earnings showed some decline. Except for a pause due to the reinstatement of the excess profits tax during the Korean War, this was the last time that utility earnings generally failed to show some year-to-year growth.

In the late 1940s and early 1950s, commodity prices and wages rose sharply. Investors became inflation-conscious and incorrectly assumed that inflation was harmful to utilities and beneficial to commodity stocks. As a result, utilities remained under a cloud marketwise, and the oils and metals were the star market performers.

Financing Problems

During World War II and the early postwar period, it was generally believed that the utility industry, having met the abnormally high wartime peak of demand, would have to carry a great deal of idle capacity until growth caught up with capacity. Much to almost everyone's surprise, this did not prove to be the case, and it soon became evident that the industry would be facing huge capital requirements for many years. From the long-term point of view this was healthy not only because it indicated strong growth, but because it had a salutary effect on local regulation. Commissions no longer dared to appear punitive, and the investor had to be considered along with the consumer if the industry was to attract capital. However, from the short-term point of view, these substantial capital requirements gave rise to serious financial problems.

It was just at this time that the breakup of holding company systems became effective and the market was flooded with securities of unseasoned independent operating companies. The men who headed these companies were good operating men but, for the most part, they were inexperienced in financial matters.

The SEC, before permitting an operating company to become independent and therefore outside of its jurisdiction, required that certain standards of financial strength and various protective provisions such as preemptive rights be adopted. In the so-called El Paso Electric case, the SEC stated that the minimum standards for a capital structure should be 50% debt, 25% preferred stock, and 25% common stock and surplus. No one wanted to have a structure that met only the minimum requirements, so the race was on to build up the equity position just at the time that the new capital requirements were unusually heavy. As a result, offerings of common stocks came to the market week after week. Not only did this increase the supply of utility stocks on the market, but it caused a very heavy dilution of earnings, both of which had a dampening effect on the market for utility stocks. In retrospect, it was unfortunate that the industry did not make proportionately heavier use of the 3% bond market that was then available instead of such heavy use of the common stock market which was then relatively depressed. If this had been done, a much stronger earnings growth would have been recorded.

By the mid-1950s there was evidence that the skies were clearing. While government competition was still a threat, it appeared relatively well contained in most areas. The breakup of the holding companies and the adoption of the uniform system of accounts were accomplished facts. On the state level, many commissions were granting rate increases rather than ordering rate reductions, and in other ways many of these commissions indicated a consciousness of the necessity of encouraging investors. The industry itself, in the face of huge capital requirements, embarked on a program of improved stockholder relations, and made a great effort to educate investors and keep them well informed. The strong earnings growth that was compiled during this period proved to the financial community that the industry was well able to cope with either inflation or mild recessions without any noticeable effect on earnings. With reviving investor confidence, price-earnings ratios began to rise, and the combination of an expansion in both earnings and the price-earnings ratios produced some above-average investment results.

Present Position of Utility Stocks

There are several reasons why I have outlined in detail the many obstacles that the industry faced over a period of almost 25 out of the last 30 years. First of all, the fact that the industry could overcome all these obstacles and emerge stronger and healthier than ever is ample evidence of an exceptionally strong growth trend. Secondly, I believe that this history helps us to evaluate current price-earnings ratios on an absolute basis. As has so frequently been pointed out, price-earnings ratios are high by historical standards. In view of the many uncertainties that disturbed investor confidence during most of the past 30 years, are these historical standards valid? It seems to me that when we consider the present position against the background of this history, we find good reasons for an expansion in price-earnings ratios for utilities as compared with 10 years ago.

The final reason that I have dwelt on past history is to help in the appraisal of comparative price-earnings ratios. In today's market, utilities tend to sell at somewhat lower price-earnings ratios than do industrials of comparable quality and with comparable growth records. Just a few years ago this disparity was quite great, but recently it has narrowed, and it is even possible to find exceptions that prove the rule. The main reason for this disparity, in my opinion, is that the market is influenced by the historical record. From the early 1930s to the mid-1950s, the price-earnings ratios of utilities were adversely affected by the many clouds overhanging the industry and by the repeated offerings of new shares. Under these conditions the utilities compiled a long market record of selling at relatively low price-earnings ratios, and these historical patterns are slow to change. But, in contrast to the recent improvement in the investment background for utilities, there appears to have been a deterioration in the investment background for many industrials.

Ten years ago, demand or prospective demand exceeded capacity in many industries, and prices could easily be raised to offset higher costs. Foreign competition was not of great consequence. Today, with widespread excess capacity and serious foreign competition, many companies and industries are caught in a price-cost squeeze, and even a slight decline in volume can have a very burdensome effect on earnings.

Prefers Court to Political Regulation

In this connection, it should be pointed out that the old economic law of supply and demand is a much more severe and cruel regulator than the toughest state utility commission that ever existed. In addition, with the trend in our political philosophy, some industries, which 10 years ago were considered to be completely free of any political regulation, now find that much of this freedom is gone. Ten years ago no one would have dreamed that a price rise in steel would have met with such powerful Federal opposition that it had to be immediately rescinded.

As an investor, I would much rather have my savings invested in a company regulated by local administrators operating under rules laid down by the courts than in a company subject to political regulation by federal authorities without an opportunity for hearing or the right of appeal. Also, it would appear that industry generally has become the political whipping boy in place of the utilities. Drug companies have been a prime target for some time, but many others found they were not immune when the anti-trust lawyers got busy. There seems little doubt that there has been quite a reversal in the utility industry's investment background as contrasted to that of industrials. When the utilities' sheltered position in regard to both competition and anti-trust actions is considered, it is very conceivable that utilities may acquire premium price-earnings ratios.

Another reason for anticipating possible premium ratios is to be found in the earnings record that has been compiled. As has so frequently been commented on, the earnings of the 30 companies in the Dow-Jones Industrial Average have not shown any growth since 1955. Of course, this has been due to some companies in the averages showing declining earnings, which has offset the rising earnings of other companies in the average. In examining the earnings record of the individual companies in the average, we find that there were only three, or 10% of the companies included, which have shown a consistent year-to-year growth in earnings since 1955. In contrast to this, 63% of the utilities held by Tri-Continental have compiled such a record, and another 26% had their record spoiled by only one year which showed a minor decline. Seven of our holdings have reported earnings gains in every single year since 1951, and dividends have been increased in line with this earnings gain. The strength and consistency of the earnings growth is bound to have a continuing favorable effect on investor confidence.[1]

Investment results should also contribute to increasing investor confidence. In my work, I have occasion to see many investment portfolios both personal and institutional. I have yet to see any electric utility common stock holding which had been held for at least two years that showed a book loss. This cannot be said for most industrial groups of stocks. In these categories, one is likely to see a lot of red ink. In our own companies, we have kept track of the market performance of our utility portfolios as compared with that of the Dow-Jones Industrial Average for many years. Since the figures for Tri-Continental Corporation go back further than those for the mutual funds which we manage, the figures that I will use show the investment results for Tri-Continental alone. The results for Broad Street Investing, National Investors, or Whitehall's utility portfolios would not differ materially from those used here.

Corporation Results

The accompanying table shows the year-to-year percentage changes in the Tri-Continental utility portfolio and the Dow-Jones Industrial Average beginning with December 31, 1938, and ending with August 31, 1962. The comparative figures are also shown in index form with December 31, 1938, equalling 100.

Starting with 1938 as a base, we find that the index for the Dow-Jones Industrial Average stood at 393 as of August 31, 1962. The comparable figure for Tri-Continental's utility portfolio was 2,134. In other words, $1,000 invested in the Dow-Jones Industrial Average in 1938 would have been worth $3,925 as of August 31, but the same investment in our utility portfolio would have grown to $21,340 during the same period. During this twenty-four year period the utility portfolio failed to out-perform the industrial average in only five years. Also, it showed some market appreciation in every single year from 1947 through 1961, whereas the industrial average showed declines in four of these years. As stated earlier, the utility industry was faced with political attacks, rate reductions, stricter regulation, war, inflation, rising interest rates, and unusually heavy common stock financing requirements during the period from 1938 to the mid-1950s' and yet the appreciation of the utility portfolio from 1938 to 1955 was four times that of the industrial average. Since 1955, with the investment background more favorable, the utility portfolio has appreciated 127% to August 31, which is about five times the 25% appreciation shown by the industrial average.

In considering the utilities' sheltered position, their earnings record, the earnings outlook, and the investment performance of utility common stocks over a long term, it appears that there is good reason for a high degree of investor confidence. This investor confidence is and should be reflected in high price-earnings ratios. Present ratios are higher than they have been for many years, but not irrationally so, and on a relative basis they appear to have further upside potential.

Present Market Outlook

In gauging the market outlook for utility stocks, the most important factor to consider is whether or not the investing public will continue to favor common stocks generally. This will depend on shifts in the basic underlying investment philosophy. This basic philosophy is usually very slow to change, and any major change is usually brought on by some shock. In the 1920s, the investing public was very common-stock oriented. The 1929 market crash and the subsequent deep and protracted depression brought on the shock that changed this philosophy. The feeling that the economy had matured, and that there was no further growth, resulted in investors favoring fixed income securities for the next 20 years, and the investing public stayed out of the stock market until the early 1950s. The Korean War was the shock that re-shaped this philosophy. The public suddenly found out that we could not live in peace as we had known it, and that it would be necessary to maintain a powerful military machine which required high expenditures. This meant continuing high tax rates and the threat of inflation with a declining purchasing power of the dollar. With high tax rates, capital appreciation became more desirable than current income, and the threat of inflation lessened the attractiveness of bonds. As a result, the desirability of owning common stocks became a strong factor in the basic investment philosophy.

In the spring of this year, there were two developments that could have provided the shock that once again altered this philosophy and turned investors away from stocks and back to bonds. These were the steel price fiasco and the break in the stock market. It is still too early to determine what effect these two events will have over the long run on investment philosophy. However, it is my feeling that these events, while making investors more cautious and careful in their selections, will not turn them away from common stocks. The wide difference in tax rates on ordinary income as opposed to the tax on capital gains is a strong stimulus to seeking appreciation, and our federal budget condition together with the gold problem will continue to throw doubts on the investment merits of bonds. While many people got badly hurt in the May and June market break, margin calls did not result in actual losses to the same extent they did in 1929. Furthermore, this break is unlikely to be followed by a deep and protracted depression. Many of those who reduced their common stock risks have kept the funds in liquid condition instead of reinvesting in long-term securities. It would appear that, instead of deserting the market, they are waiting for a better buying opportunity.

Bullish About Long-Run Demand For Equities

On this basis, I do not look for a substantial decline that would carry the market back below the previous lows, and over the long run I believe that, with a wide disparity in taxes on ordinary income and capital gains, the investors will continue to seek common stocks which offer good appreciation potentials. Among these will be the growth stocks, and with a continuing demand and a limited supply, price-earnings ratios in the future will be as high or higher than they now are. One

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[1] Ed. Note: A list of Tri-Continental's electric utility portfolios as of Sept. 30, 1962, appears in the accompanying table.

Growth Characteristics of Electric Utility Stocks

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possible error in this thesis depends on Congress. If Congress should materially narrow the spread between taxes on ordinary income and capital gains, the premium price-earnings ratios now enjoyed by growth stocks might be reduced.

Alternatives are an important element in investing. The investor has the alternative of putting his savings in bonds or in stocks, and in the stock category he has many alternatives. At the present time, he can get a better yield from bonds than from stocks, so why should he invest in stocks? The only answer is, "to obtain capital appreciation." By and large, he now has social security as well as a pension, so is in position to take the common stock risk in seeking appreciation. There are many stocks where the prospects of appreciation are rather dismal. There are others that, because of their deflated position, may offer good appreciation potential on any business recovery, but these are often difficult to buy right and sell right. From the long term point of view, strong growth stocks are the ones that are most likely to give him his appreciation.

In spite of the poor market action of growth stocks this past spring, there is nothing wrong with the growth theory. It was obviously overdone in 1961, and in this popularity many investors looked only at the rate of growth rather than the quality of growth. It is very likely that they learned a hard lesson and will be slow to bid up the prices of stocks of small, second-rate companies the way they did last year. But there is evidence already that they are willing to buy stocks of companies where growth in earnings is fairly well assured.

Few Growth Candidates

With this in mind, I tabulated the names of industrial companies that I was fairly convinced would continue to show a growth in earnings for the next five years. It was surprising to me to find so few candidates. Electric utilities generally, however, met this test, and an upward trend of earnings for the next five years seems more assured than in the case of almost all categories of industrials. With such a limited supply of solid growth stocks, and a continuing demand, I feel that utility stocks whose price-earnings ratios are somewhat lower than comparable industrial stocks will continue to attract investors with the result that their price-earnings ratios will rise to equal or exceed the industrial ratios.

There has been much comment about the slowdown in the rate of growth of utility earnings in the last couple of years. In my opinion, this is more apparent than real for many companies, and was due essentially to two non-recurring factors. First of all, generating capacity tended to be overbuilt in the late 1950s, resulting in many companies carrying excess capacity. This idle capacity is costly to a utility because of the heavy fixed charges which are a most important element in utility operations. The current growth in demand is being met with this excess capacity, and the fixed costs have already been absorbed. In addition, as construction outlays leveled off or turned down, the credit to earnings for interest during construction declined with an adverse effect on reported earnings. In many instances, this credit is now down to rock bottom levels, so will no longer be a burden to reported earnings.

The second factor that accounted for a slowdown in the rate of growth in earnings was the relatively cool weather in the summers of 1960 and 1961 in areas where air conditioning represented an important load. These areas experienced hot summers this year and, from reports coming in to us, 1962 reported earnings should make a good showing, and will indicate that the growth rate has not diminished.

With the demand for electricity continuing to rise for as far ahead as can be foreseen, and with opportunities for further efficiency in operations where labor content is already relatively low, and with some tax relief likely, I feel that utility earnings are sure to grow, and I see no good reason for forecasting a decline in the rate of growth. With higher earnings and a potential expansion in the price-earnings ratios, I anticipate higher prices for electric utility common stocks over a period of time. For the long-term investor, I feel that the appreciation to be obtained when added to current income makes utility stocks more attractive than bonds and most industrial stocks. The thing that troubles me most about this point of view is that it is presently shared by too many others, and I always feel better when I am in the minority.

*An address by Mr. Page before the San Francisco Security Analysts, San Francisco, Calif., Oct. 4, 1962.

I.B.A. Ohio Valley Group Elects

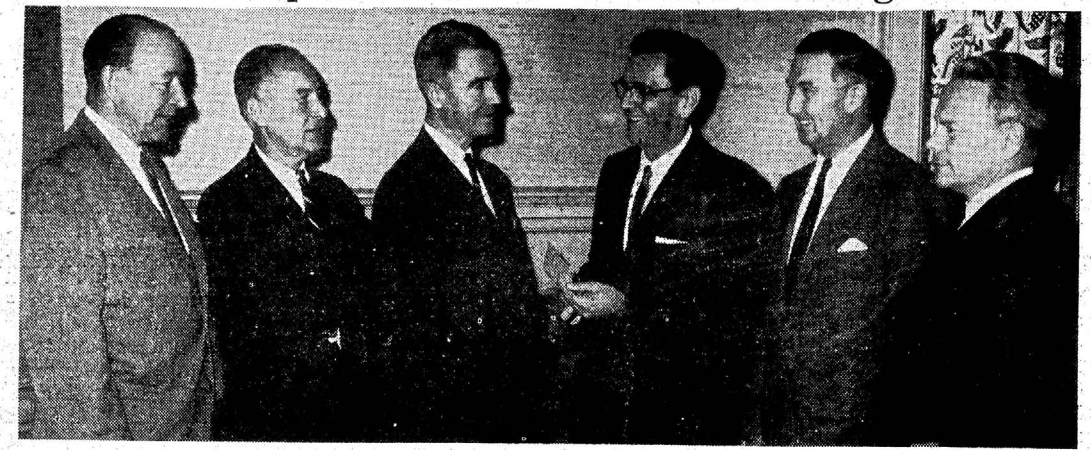
COLUMBUS, Ohio — George Rinker, Jr., manager of the municipal bond department of The Ohio Company, Columbus, was elected Chairman of the Ohio Valley Group, Investment Bankers Association of America, at the group's annual meeting Oct. 24 in Cincinnati.

George Rinker

Other officers elected were William O. Alden, Jr., Alden & Co., Inc., Louisville, First Vice-Chairman; Gordon Reis, Jr., Seasongood & Mayer, Cincinnati, Second Vice-Chariman; and Donald Noe, Bache & Co., Columbus, Secretary-Treasurer.

Elected as the groups new Executive Committee were: Harry A. Filder, The Provident Bank, Cincinnati; William Magnus, Magnus & Co., Cincinnati; George L. Partlow, J. J. B. Hilliard & Son, Louisville; John S. Rankin, Almstedt Brothers, Louisville; John B. Joyce, Sr., John B. Joyce & Co., Columbus; and Todd Cartwright, Sweney Cartwright & Co., Columbus.

Complete Puerto Rico Bond Offering



Roberto Sanchez Vilella, Secretary of State of the Commonwealth of Puerto Rico, accepts check at the offices of the First National City Bank, from George E. Barnett, Jr., Vice-President, on behalf of a banking group including Chemical Bank New York Trust Company and The First Boston Corporation, which recently marketed $30,000,000 General Purpose Bonds of the Commonwealth of Puerto Rico.

Left to Right are: Francis Bowen, Senior Vice-President, Government Development Bank for Puerto Rico; Richard S. Petty of the law firm of Mitchell, Pershing, Shetterly and Mitchell; Mr. Barnett; Mr. Vilella; Brainerd H. Whitbeck, Vice-President, The First Boston Corporation, and Donald C. Patterson, Vice-President, Chemical Bank New York Trust Company.

Despite Increased Investments Abroad Direct Capital-Outflow Rate Declines

American business is planning to spend $4.8 billion in 1962 to expand or improve plant and equipment in foreign countries, the Office of Business Economics, U. S. Department of Commerce, reported after completing its latest survey of sources and uses of funds of direct foreign investment enterprises. The projected rate of these foreign expenditures is 14% above the 1961 amount (domestic plant and equipment expenditures are expected to rise by 8%). Less complete data projected by the companies for expenditures abroad next year show no marked departure from the 1962 level.

Capital outlays by manufacturing firms abroad this year are reported at $1.9 billion, or 11% above the 1961 amount, lead by a 25% growth in the Common Market area. Among individual industries, the transportation industry (mainly automobiles) shows the strongest rise—about $150 million, of which two-thirds is in Common Market countries.

Outlays abroad for plant and equipment by the petroleum industry have risen consistently in recent years, reaching a projected level of $1.8 billion for 1962, and are expected to remain at about this amount for 1963. Expenditures in the Eastern Hemisphere are scheduled to rise in 1962 by more than 20%; this year's growth in the Western Hemisphere is less than 10%.

Mining companies expect to increase capital expenditures by one-fifth from 1961's relatively low amount, to a 1962 total of nearly $400 mililon. A renewed increase of expenditures in Canada, together with new projects in Africa and elsewhere, more than offset the recent completion of major expansions in Latin America.

Among other industries, capital investment in trade and distribution facilities is rising by one-fourth, to reach a level of $400 million in 1962. Most of this increase is centered in Europe, with other areas in the Eastern Hemisphere participating to a lesser extent. Service industries are showing a moderate gain; public utilities and agriculture continue their decline of recent years, the OBE survey shows.

European Investments Intensified

Manufacturing investments in plant facilities were highest in Germany, amounting to an estimated $432 million for 1962 ($318 million in 1961). In comparison, the rate of capital expenditures in Canada was $391 million; the United Kingdom was in third position with $331 million. Other Common Market countries accounted for $160 million of manufacturing plant and equipment. Oil investments in Europe this year amount to $597 million, about evenly divided between Common Market countries and the rest of Europe.

Expenditures in Canada, where the increase in new plant and equipment is $60 million, totaled $1.1 billion. Half of the increase is being chalked up by the mining industry, which is projecting expenditures of $200 million for 1962, after having dropped to $165 million in the prior year. Expenditures for manufacturing industries are rising by 10% over the 1961 total, and are expected to reach $390 million for 1962. Little change is seen in petroleum or other industries.

For Latin America, the latest Office of Business Economics survey shows that United States companies plan total capital outlays above $900 million in 1962, up about 15% from last year. Petroleum levels off at about $350 million, but capital outlays by manufacturing companies show continued growth, with the major increase expected to occur in Argentina.

In other areas increased expenditures for oil and mining operations are supporting moderate gains over 1961, while manufacturing outlays are lagging slightly behind the 1961 amount.

Cash Flow Abroad Cuts Capital Outflow

This generally higher rate of investment in fixed capital abroad tends to raise capital outflows from the United States. However, other sources of financing are growing in importance: depreciation charges and retained earnings, along with external sources of financing abroad. The available data on direct-investment capital outflows in the first half of 1962 show some decline from the 1961 rate, indicating that the investing companies are relying more heavily on these alternative sources of funds to finance their expansion abroad.

The Office of Business Economics noted that the actual 1961 expenditures abroad now being reported are somewhat lower in major industries than those previously anticipated by the companies. On the other hand, the projections by the companies of 1962 outlays have been raised compared to those reported at this time last year, with most of the gain reported in European investments.

The data comprise part of the overall report on the sources and uses of funds of foreign subsidiary companies and branches to be published in further detail in the September issue of *Survey of Current Business*, available in a few weeks. The *Survey* is a monthly publication of the Office of Business Economics.

Video Color Corp. Common All Sold

Naftalin & Co., Inc,. Minneapolis, reports that its recent offering of 1,000,000 common shares of Video Color Corp., at $1.15 per share has been all sold.

Net proceeds to the company will be used for general and administrative expenses, purchase and installation of equipment, salaries, working capital, and other corporate purposes.

The company of 729 Centinela Ave., Inglewood, Calif., is engaged in the development, manufacture and distribution of thin "black and white" and color picture tubes. The tubes are designed for use in various display devices in the industrial and government fields as well as for use in home television sets.

Now With Newbold

PHILADELPHIA, Pa. — **W. H. Newbold's Son & Co.**, 1517 Locust Street, members of the New York Stock Exchange and other leading exchanges, have announced that William H. Goodyear, David M. McClatchy and Tolbert N. Richardson, Jr. are now associated with them as registered representatives.

Mr. Goodyear is located in the firm's Harrisburg, Pa., office, Mr. McClatchy in the Philadelphia office and Mr. Richardson in the Haverford, Pa., office.

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)	Oct. 27	1,768,000	1,739,000	1,766,000	2,057,000
Index of production based on average weekly production for 1957-1959	Oct. 27	94.9	93.3	94.8	110.4
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Oct. 27	60.5	59.5	60.5	70.5
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 19	7,345,710	7,327,410	7,376,410	7,134,960
Crude runs to stills—daily average (bbls.)	Oct. 19	8,100,000	8,340,000	8,290,000	8,365,000
Gasoline output (bbls.)	Oct. 19	29,692,000	29,808,000	29,990,000	29,313,000
Kerosene output (bbls.)	Oct. 19	3,613,000	3,052,000	2,972,000	3,035,000
Distillate fuel oil output (bbls.)	Oct. 19	12,997,000	13,040,000	13,392,000	13,808,000
Residual fuel oil output (bbls.)	Oct. 19	4,970,000	*5,027,000	5,375,000	5,718,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Oct. 10	177,976,000	177,980,000	180,296,000	173,052,000
Kerosene (bbls.) at	Oct. 19	37,491,000	36,058,000	37,042,000	36,485,000
Distillate fuel oil (bbls.) at	Oct. 19	178,055,000	*176,240,000	169,060,000	172,957,000
Residual fuel oil (bbls.) at	Oct. 19	54,310,000	54,440,000	54,933,000	50,408,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 20	613,223	606,778	592,154	650,958
Revenue freight received from connections (no. of cars)	Oct. 20	511,615	516,963	508,614	526,607
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 25	$326,200,000	$422,900,000	$467,900,000	$417,100,000
Private construction	Oct. 25	171,800,000	137,200,000	240,500,000	166,400,000
Public construction	Oct. 25	154,400,000	285,700,000	227,400,000	250,700,000
State and municipal	Oct. 25	124,700,000	149,000,000	186,400,000	203,600,000
Federal	Oct. 25	29,700,000	136,700,000	41,000,000	47,100,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 20	8,810,000	8,915,000	8,835,000	8,789,000
Pennsylvania anthracite (tons)	Oct. 20	342,000	310,000	312,000	378,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Oct. 20	117	*113	117	118
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 27	16,149,000	16,178,000	16,023,000	15,263,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 25	290	332	305	304
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 22	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Oct. 22	$66.33	$66.33	$66.33	$66.44
Scrap steel (per gross ton)	Oct. 22	$24.17	$24.17	$25.50	$37.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 24	30.600c	30.600c	30.600c	30.600c
Export refinery at	Oct. 24	28.550c	28.600c	28.500c	28.000c
Lead (New York) at	Oct. 24	9.500c	9.500c	9.500c	11.000c
Lead (St. Louis) at	Oct. 24	9.300c	9.300c	9.300c	10.800c
‡Zinc (delivered) at	Oct. 24	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	Oct. 24	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	Oct. 24	24.000c	24.000c	24.000c	24.000c
Straits tin (New York) at	Oct. 24	110.000c	108.500c	108.500c	120.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 30	90.17	89.67	89.11	87.56
Average corporate	Oct. 30	87.86	87.99	87.59	85.98
Aaa	Oct. 30	92.06	92.20	91.48	90.20
Aa	Oct. 30	90.06	90.34	89.51	88.27
A	Oct. 30	87.32	87.45	87.45	85.07
Baa	Oct. 30	82.40	82.65	82.15	80.81
Railroad Group	Oct. 30	84.04	84.30	84.04	83.53
Public Utilities Group	Oct. 30	89.37	89.51	88.95	86.91
Industrials Group	Oct. 30	90.20	90.48	89.78	87.59
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 30	3.69	3.75	3.82	3.91
Average corporate	Oct. 30	4.57	4.56	4.59	4.71
Aaa	Oct. 30	4.27	4.26	4.31	4.40
Aa	Oct. 30	4.41	4.39	4.45	4.54
A	Oct. 30	4.61	4.60	4.60	4.78
Baa	Oct. 30	4.99	4.97	5.01	5.12
Railroad Group	Oct. 30	4.86	4.84	4.86	4.90
Public Utilities Group	Oct. 30	4.46	4.45	4.49	4.64
Industrials Group	Oct. 30	4.40	4.38	4.43	4.59
MOODY'S COMMODITY INDEX	Oct. 30	363.4	363.9	362.4	370.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 20	315,380	339,278	364,389	324,962
Production (tons)	Oct. 20	347,069	369,926	362,815	355,206
Percentage of activity	Oct. 20	94	98	98	97
Unfilled orders (tons) at end of period	Oct. 20	465,807	502,097	498,180	551,042
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Oct. 26	117.85	115.27	115.09	113.90
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 5	1,892,590	2,602,590	1,676,990	2,432,090
Short sales	Oct. 5	499,940	573,850	421,620	485,180
Other sales	Oct. 5	1,387,260	2,058,180	1,350,050	2,067,850
Total sales	Oct. 5	1,887,200	2,632,030	1,771,670	2,553,030
Other transactions initiated off the floor—					
Total purchases	Oct. 5	439,120	608,300	351,980	357,650
Short sales	Oct. 5	80,800	141,300	81,600	31,800
Other sales	Oct. 5	330,790	503,110	297,280	285,220
Total sales	Oct. 5	411,590	644,410	378,880	317,020
Other transactions initiated on the floor—					
Total purchases	Oct. 5	721,925	911,900	565,409	840,665
Short sales	Oct. 5	184,275	228,813	105,375	68,950
Other sales	Oct. 5	600,459	802,718	525,151	773,650
Total sales	Oct. 5	784,734	1,031,531	630,526	842,600
Total round-lot transactions for account of members—					
Total purchases	Oct. 5	3,053,635	4,122,790	2,594,379	3,630,405
Short sales	Oct. 5	765,015	943,963	608,595	585,930
Other sales	Oct. 5	2,318,509	3,364,008	2,172,481	3,126,720
Total sales	Oct. 5	3,083,524	4,307,971	2,781,076	3,712,650
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Oct. 5	1,212,224	1,490,236	956,505	1,774,044
Dollar value	Oct. 5	$56,995,068	$75,221,460	$48,243,729	$95,250,211
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Oct. 5	1,260,805	1,655,749	1,053,248	1,711,169
Customers' short sales	Oct. 5	83,031	99,844	32,856	18,036
Customers' other sales	Oct. 5	1,177,774	1,555,905	1,020,392	1,693,133
Dollar value	Oct. 5	$59,802,686	$83,736,822	$51,530,987	$86,657,972
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 5	411,410	613,160	367,780	480,830
Short sales	Oct. 5	------	------	------	------
Other sales	Oct. 5	411,410	613,160	367,780	480,830
Round-lot purchases by dealers—Number of shares	Oct. 5	376,600	412,820	260,960	571,340
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	Oct. 5	1,560,280	1,816,500	906,540	722,460
Other sales	Oct. 5	12,985,440	17,407,760	11,546,110	16,034,460
Total sales	Oct. 5	14,545,720	19,224,260	12,452,650	16,756,920
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	Oct. 23	100.6	100.7	101.0	(a)
Farm products	Oct. 23	98.1	98.8	99.5	(a)
Processed foods	Oct. 23	101.9	*101.7	103.0	(a)
Meats	Oct. 23	100.3	100.2	102.9	(a)
All commodities other than farm and foods	Oct. 23	100.7	100.7	100.8	(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 HOME LAUNDRY MANUFACTURERS ASSOCIATION—Month of Sept.:			
Total home laundry appliance factory unit sales (domestic)	568,355	478,573	574,436
Washers	389,158	348,701	401,862
Automatic and semi-automatic	319,901	282,548	323,336
Wringers and others	69,257	66,153	78,526
Combination washer-dryers	3,684	4,274	9,717
Dryers	175,513	125,598	162,857
Electric	113,772	82,647	105,404
Gas	61,741	42,951	57,453
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of August (Millions of dollars):			
Manufacturing	$56,980	$57,000	$54,030
Wholesale	13,880	*13,970	13,600
Retail	27,040	*27,180	25,980
Total	$97,900	*$98,150	$93,620
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of September: (000's omitted)	$2,137,900	$395,400	$2,008,800
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of September:			
Weekly earnings—			
All manufacturing	$97.03	$95.75	$92.73
Durable goods	105.73	103.63	100.00
Nondurable goods	86.18	*86.18	83.74
Hours—			
All manufacturing	40.6	40.4	39.8
Durable goods	41.3	40.8	40.0
Nondurable goods	39.9	*39.9	39.5
Hourly earnings—			
All manufacturing	$2.39	$2.37	$2.33
Durable goods	2.56	2.54	2.50
Nondurable goods	2.16	2.16	2.12
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of July:			
Death benefits	$311,600,000	$316,500,000	$261,900,000
Matured endowments	54,500,000	56,300,000	52,300,000
Disability payments	12,000,000	12,100,000	9,900,000
Annuity payments	70,900,000	68,200,000	65,700,000
Surrender values	149,000,000	142,700,000	144,500,000
Policy dividends	135,400,000	153,800,000	118,700,000
Total	$733,400,000	$749,600,000	$653,600,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of August (000's omitted):			
Ordinary	$4,505,000	$4,528,000	$4,437,000
Industrial	554,000	548,000	579,000
Group	1,214,000	1,146,000	1,375,000
Total	$6,273,000	$6,222,000	$6,391,000
MANUFACTURERS' INVENTORIES & SALES— Month of August (millions of dollars):			
Inventories—			
Durables	$32,700	*$32,630	$30,800
Nondurables	24,280	*24,370	23,230
Total	$56,980	$57,000	$54,030
Sales	33,190	*33,400	31,380
METAL OUTPUT (BUREAU OF MINES)— Month of August:			
Mine production of recoverable metals in the United States—			
Gold (in fine ounces)	147,654	*129,999	117,489
Silver (in fine ounces)	2,862,098	*2,775,902	2,876,750
Copper (in short tons)	93,600	*91,470	83,594
Lead (in short tons)	14,614	*21,275	21,305
Zinc (in short tons)	42,085	*38,359	39,728
MONEY IN CIRCULATION—TREASURY DEPT. As of Aug. 31 (000's omitted)	$33,900,000	$33,900,000	$32,600,000
NEW YORK STOCK EXCHANGE— As of Sept. 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,913,000	*$3,796,000	$4,037,000
Credit extended to customers	27,000	23,000	46,000
Cash on hand and in banks in U. S.	380,000	388,000	420,000
Total of customers free credit balances	1,090,000	*1,130,000	1,227,000
Market value of listed bonds	111,374,841	108,523,518	107,999,239
Market value of listed shares	308,440,299	324,513,774	361,140,794
Member borrowings of U. S. Govt. issues	907,000	592,000	549,000
Member borrowings on other collateral	2,782,000	2,552,000	2,813,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of September (in billions):			
Total personal income	$443.0	*$443.0	$419.7
Wage and salary receipts, total	297.0	298.1	281.4
Commodity producing industries	117.5	*118.1	111.4
Manufacturing only	93.6	94.1	87.8
Distributing industries	76.6	*76.6	73.4
Service industries	47.0	*47.0	43.8
Government	56.4	*56.5	52.7
Other labor income	12.4	12.4	11.5
Business and professional	36.9	37.0	35.2
Farm	12.8	*12.8	13.1
Rental income of persons	12.9	12.9	12.4
Dividends	15.9	*15.7	15.0
Personal interest income	30.2	30.0	27.7
Transfer payments	34.7	34.5	33.1
Less employees contribution for social insurance	10.4	10.5	9.7
Total nonagricultural incomes	425.9	*425.9	402.3
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914=100—As of Sept. 15:			
All farm products	250	244	242
Crops	232	229	229
Commercial vegetables, fresh	201	201	202
Cotton	280	275	277
Feed, grain and hay	154	151	156
Food grains	226	226	214
Fruit	266	243	255
Oil-bearing crops	238	245	242
Potatoes	153	174	141
Tobacco	525	518	541
Livestock	266	256	253
Dairy products	258	248	267
Meat animals	326	318	303
Poultry and eggs	153	141	138
Wool	251	253	230
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of September:			
Net sales	------	$304,377,300	------
Net purchases	$325,513,500	------	$25,114,650
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of August (000's omitted):			
Exports	$1,682,500	$1,709,100	$1,669,400
Imports	1,358,800	1,337,100	1,251,800

Securities Now in Registration

★ **INDICATES ADDITIONS SINCE PREVIOUS ISSUE**
● **ITEMS REVISED**

NOTE — Registration statements filed with the SEC since the last issue of the "Chronicle" are now carried separately at the end of this section "Securities Now in Registration." Dates shown in parenthesis alongside the company's name, and in the index, reflect the expectations of the underwriter but are not, in general, firm offering dates.

Also shown under the caption "Effective Registrations" are those issues which became effective this week and were offered publicly.

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. Note—The SEC has issued an order temporarily suspending this issue.

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.

● **Advance Mortgage Corp. (11/20)**
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.

● **Aerosystems Technology Corp. (11/9)**
Aug. 29, 1962 filed 165,000 common. **Price**—$3. **Business**—Company has been engaged in experimentation on aerodynamic concepts and holds ten U. S. Patents relating to advanced vertical lift vehicles and systems for achieving controlled vertical flight. **Proceeds**—For additional equipment, research and development, plant facilities and other corporate purposes. **Office**—Route 15, Sparta, N. J. **Underwriter**—Chase Securities Corp., N. Y.

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.

Aiken Savings Trust
Aug. 22, 1962 filed 100,000 shares of beneficial interest. **Price**—$10. **Business**—Company plans to qualify as a real estate investment trust. **Proceeds**—For investment. **Address**—Florence, S. C. **Underwriter**—None.

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.

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**—To be named.

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**—To be named.

● **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., New York. **Offering**—Temporarily 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**—To be named.

● **Alsco Electronics, Inc.**
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. **Note**—This letter was withdrawn. It is expected to be refiled at a later date.

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. (11/7-9)
Dec. 15, 1961 filed $900,000 of 6% convertible subordinated debentures and 90,000 common, to be offered in units consisting of one $100 debenture and 10 shares. **Price**—$100 per unit. **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.

American Educational Life Insurance Co.
Sept. 28, 1962 filed 60,000 class A common. **Price**—$7.50. **Business**—Writing of life insurance policies and allied lines. **Proceeds**—For investments, and working capital. **Office**—1808 West End Bldg., Nashville. **Underwriter**—Standard American Securities, Inc., Nashville.

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 Finance Co., Inc. (11/8)**
April 21, 1961 filed $500,000 of 6% convertible subordinated debentures due 1972, 75,000 common, and 25,000 warrants, to be offered in units of one $200 debenture, 30 shares, and 10 warrants. **Price**—$500 per unit. **Business**—Company and its subsidiaries are primarily engaged in the automobile sale finance business. One additional subsidiary is a Maryland savings and loan association and two are automobile insurance brokers. **Proceeds**—For the retirement of debentures, and additional capital funds. **Office**—1472 Broadway, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

● **American Flag & Banner Co. of New Jersey (11/13-16)**
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. (11/13-16)**
March 26, 1962 filed $1,685,000 of 6½% convertible subordinated debentures due Sept. 1, 1977; also 275,000 common. **Price** — For debentures, at par; for stock, by amendment. **Business**—Transportation, distribution and sale of natural gas. **Proceeds**—For debt repayment and expansion. **Office** — 546 S. 24th Ave., Omaha. **Underwriter**—Cruttenden, Podesta & Miller, Chicago.

● **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. **Note**—This registration will be withdrawn.

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 Plan Corp. (11/7-9)
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 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. **Note**—This registration was withdrawn.

Ampal-American Israel Corp.
Oct. 8, 1962 filed $5,000,000 of its 6% s. f. debentures (series J) due 1972. **Price**—At par. **Business**—Company was formed in 1942 to develop trade between U. S. and Israel, and to aid in economic development of Israel. **Proceeds**—For repayment of loans. **Office**—17 E. 71st St., N. Y. **Underwriter**—Israel Securities Corp. (same address).

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.

Antenna Systems, Inc.
Sept. 28, 1962 filed 35,000 common. **Price**—By amendment (max. $30). **Business**—Design, manufacture and installation of large microwave antennas and antenna components. **Proceeds**—For reduction of bank loans, and working capital. **Office**—349 Lincoln St., Hingham, Mass. **Underwriter**—None.

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). **Note**—This registration was withdrawn.

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.

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.

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.

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**—138 Achad Haam St., Tel-Aviv, Israel. **Underwriter**—Adanim American Israel Investment Co., Inc.

Bank Leumi le-Israel B. M.
June 22, 1962 filed 1,400,000 ordinary and 3,920,000 "A" ordinary shares being offered to stockholders on the basis of four ordinary or "A" ordinary shares for each 5 shares of either class held of record Oct. 18. Rights will expire Nov. 8. **Price**—80 cents. **Business**—The company is the largest commercial bank and non-governmental financial institution in Israel. **Proceeds** — For general corporate purposes. **Office** — Tel-Aviv, Israel. **Underwriter**—Kuhn, Loeb & Co., Inc., N. Y.

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. **Note**—This registration will be 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.

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.

Birtcher Corp.
Sept. 21, 1962 filed 288,476 capital shares to be offered for subscription by stockholders on the basis of one new share for each three held. **Price**—By amendment (max. $5). **Business**—Manufacture of electrotherapeutic, electronic surgical, diagnostic and monitoring equipment. **Proceeds**—For debt repayment, machinery and working capital. **Office**—4371 Valley Blvd., Los Angeles. **Underwriter**—None.

● **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. **Offering**—Indefinite.

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.

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.

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. (11/5)
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.

● **Cameron Iron Works, Inc.**
Sept. 14, 1962 filed 280,000 common. **Price**—By amendment (max. $21.50). **Business**—Manufacture of equipment used in the petroleum and processing industries. Company also makes forged metal products used in the aviation, missile and atomic industries. **Proceeds**—For selling stockholders. **Address**—P. O. Box 1212, Houston, Texas. **Underwriters**—White, Weld & Co., Inc., and Lehman Brothers, N. Y. **Offering** — Temporarily postponed.

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

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NEW ISSUE CALENDAR

November 1 (Thursday)
Columbia Gas System, Inc. ______ Debentures
(Bids 11 a.m. EST) $20,000,000

November 5 (Monday)
Cameo Lingeries, Inc. ______ Common
(Schweickart & Co.) $1,000,000

November 7 (Wednesday)
American Bolt & Screw Mfg. Corp. ______ Units
(S. D. Fuller & Co.) $900,000
American Plan Corp. ______ Units
(Bear, Stearns & Co.) 248,000 units
Diversified Real Estate Trust ______ Ben. Int.
(Bacon, Johnson Realty Management Co., Inc.) $10,000,000
Georgia Power Co. ______ Bonds
(Bids 12:30 a.m. EST) $23,000,000
Georgia Power Co. ______ Preferred
(Bids 11:30 a.m. EST) 70,000 shares
Norton Co. ______ Common
(Paine, Webber, Jackson & Curtis and Goldman, Sachs & Co.) 425,000 shares
Radar Relay, Inc. ______ Common
(White, Weld & Co., Inc.) 100,000 shares
San Diego Imperial Corp. ______ Common
(Blyth & Co., Inc.) 124,552 shares
Tennessee Gas Transmission Co. ______ Bonds
(Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co. Inc.) $50,000,000

November 8 (Thursday)
American Finance Co., Inc. ______ Units
(Myron A. Lomasney & Co.) $1,250,000
International Data Systems, Inc. ______ Common
(E. H. Austin & Co.) 150,000 shares
Russ Togs, Inc. ______ Class A Stock
(Shearson, Hammill & Co.) 159,254 shares
West Penn Power Co. ______ Bonds
(Bids 11 a.m. EST) $14,000,000
Wiegand (Edwin L.) Co. ______ Common
(Eastman Dillon, Union Securities & Co.; Moore, Leonard & Lynch and Reinholdt & Gardner) 606,450 shares

November 9 (Friday)
Aerosystems Technology Corp. ______ Common
(Chase Securities Corp.) $495,000
Industrial Development Bank of Israel Ltd. ______ Units
(Brager & Co.) 1,500 units
Russell Stover Candies, Inc. ______ Common
(Stern Brothers & Co. and Harriman Ripley & Co. Inc.) 120,000 shares

November 13 (Tuesday)
American Flag & Banner Co. of New Jersey ______ Common
(K-Pac Securities Corp.) $325,000
American Gas Co. ______ Common
(Cruttenden, Podesta & Miller) 275,000 shares
American Gas Co. ______ Debentures
(Cruttenden, Podesta & Miller) $1,685,000
First Connecticut Small Business Investment Co. ______ Common
(P. W. Brooks & Co.) 200,000 shares
Flower City Industries, Inc. ______ Common
(Leib, Skloot & Co., Inc.) $375,000
I. P. D. Financial Corp. ______ Common
(J. J. LeCort Associates, Inc. and Harris, Clare & Co., Inc.) $1,200,000
Instromech Industries, Inc. ______ Common
(Price Investing Co.) $300,000
Livestock Financial Corp. ______ Common
(Shearson, Hammill & Co.) $1,300,000
Met Food Corp. ______ Debentures
(Brand, Grumet & Siegel, Inc.) $1,000,000
Nevada Northern Gas Co. ______ Common
(Offering to stockholders—underwritten by Eastman Dillon, Union Securities & Co.) $2,194,500
Orbit Stores, Inc. ______ Common
(Norton, Fox & Co., Inc.) 100,000 shares
Russell Mills, Inc. ______ Common
(Hornblower & Weeks) 312,500 shares
Stainless Steel Products Inc. ______ Capital Stock
(First California Co., Inc., and Dempsey-Tegeler & Co., Inc.) $800,000
United Markets Inc. ______ Units
(Moran & Co.) $500,000

November 14 (Wednesday)
Computer Concepts Inc. ______ Common
(Doft & Co.) $500,000
Consolidated Leasing Corp. of America ______ Common
(Blair & Co.) 99,000 shares
Consolidated Leasing Corp. of America ______ Debentures
(Blair & Co.) $1,000,000
Household Finance Corp. ______ Debentures
(Lee Higginson Corp.; White, Weld & Co.; and William Blair & Co.) $60,00,000
Louisville & Nashville RR. ______ Bonds
(Bids 12 noon EST) $25,000,000
Rona Lee Corp. ______ Common
(Winslow, Cohu & Stetson Inc.) $500,000

November 15 (Thursday)
Gulf Atlantic Utilities, Inc. ______ Common
(Pierce, Carrison, Wulbern, Inc.) 90,000 shares
Keene Packaging Associates ______ Common
(Hardy & Co. and Kleiner, Bell & Co.) $600,000

November 16 (Friday)
Jetronic Industries, Inc. ______ Debentures
(Well & Co.) $375,000

November 19 (Monday)
Cosnat Corp. ______ Debentures
(Van Alstyne, Noel & Co.) $1,250,000
First American Israel Mutual Fund ______ Ben. Int.
(Paine, Webber, Jackson & Curtis) 2,750,000 shares
Hallandale Rock & Sand Co. ______ Units
(Mutch, Khanbegian, Flynn & Green, Inc.) $450,000)
Illinois Terminal RR. ______ Bonds
(Bids 12 noon CST) $8,750,000
Jersey Central Power & Light Co. ______ Bonds
(Bids 12 noon EST) $11,000,000
Lewis (Tillie) Foods, Inc. ______ Debentures
(Van Alstyne, Noel & Co.) $4,000,000
Optech, Inc. ______ Common
(Stone, Ackerman & Co., Inc. and Heritage Equity Corp.) $300,000
Putnam Management Co., Inc. ______ Common
(Paine, Webber, Jackson & Curtis and Kidder, Peabody & Co., Inc.) 150,000 shares

November 20 (Tuesday)
Advance Mortgage Corp. ______ Common
(Shields & Co.) 200,000 shares

November 21 (Wednesday)
Ernst, Inc. ______ Common
(Birr, Wilson & Co., Inc.) $300,000

November 26 (Monday)
Chestnut Hill Industries, Inc. ______ Common
(Clayton Securities Corp.) $2,250,000
Jackson's/Byrons Enterprises, Inc. ______ Class A
(Clayton Securities Corp.) 120,000 shares
Jackson's/Byrons Enterprises, Inc. ______ Debentures
(Clayton Securities Corp.) $750,000
Kaiser-Nelson Corp. ______ Common
(Robert L. Ferman & Co., Inc.) 140,000 shares
Pacific Power & Light Co. ______ Bonds
(Bids 11 a.m. EST) $32,000,000
Pak-Well Paper Industries, Inc. ______ Class A
(Francis I. du Pont & Co.) 150,000 shares
Standard Security Life Insurance Co. of New York ______ Common
(Ira Haupt & Co.) 230,000 shares
Tabach Industries, Inc. ______ Common
(Costello, Russotto & Co.) $250,000

November 27 (Tuesday)
Pacific Gas & Electric Co. ______ Bonds
(Bids to be received) $65,000,000
Sperti Products, Inc. ______ Common
(Blair & Co.) $230,000 shares

November 28 (Wednesday)
Southern Electric Generating Co. ______ Bonds
(Bids to be received) $6,500,000

November 29 (Thursday)
Zero Mountain, Inc. ______ Common
(Don D. Anderson & Co., Inc.) $300,000

December 3 (Monday)
Jamoco Air Conditioning Corp. ______ Common
(Martin-Warren Co., Ltd.) $120,000
Metropolitan Edison Co. ______ Bonds
(Bids to be received) $15,000,000

December 4 (Tuesday)
New England Power Co. ______ Bonds
(Bids 11 a.m. EST) $12,000,000
New England Power Co. ______ Preferred
(Bids 12 noon EST) $10,000,000

December 5 (Wednesday)
Consolidated Edison Co. of New York, Inc. ______ Bonds
(Bids to be received) $60,000,000
Montana-Dakota Utilities Co. ______ Bonds
(Bids to be received) $15,000,000

December 11 (Tuesday)
Southern New England Telephone Co. ______ Debens.
(Bids to be received) $45,000,000

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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 around Cedar Lake, Ind. **Proceeds** — To construct a sewage disposal system. **Address** — R.R. N. 3, Box 28, Cedar Lake, Ind. **Underwriter**—None.

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.
Apri 10, 1962 ("Reg. A") 2,000,000 common. **Price**—15c. **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. **Offering**—Expected in early 1963.

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.

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. (11/26-29)
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.

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.

Clark Semiconductor Corp.
Aug. 22, 1962 filed $153,045 of 5% subord. debentures due 1967 and 166,500 common shares to be offered in units of $170.05 of debentures and 185 shares. **Price**—$220 per unit **Business**—Production of very high frequency power transistors. **Proceeds**—For debt repayment and other corporate purposes. **Office** — Walnut Ave., Clark, N. J. **Underwriter**—None.

Coastal Chemical Corp.
Sept. 24, 1962 filed 40,000 class A, 39,239 outstanding class C, and 20,000 class D shares. **Price**—$35. **Business**—Manufacture of anhydrous ammonia and other fertilizer materials and components. **Proceeds**—For working capital. Mississippi Chemical Corp., parent, will receive the proceeds from the sale of the class C stock. **Address**—Yazoo City, Miss. **Underwriter**—Mississippi Chemical Corp., Yazoo City, Miss., will act as underwriter for the stock.

Collins Radio Co.
Sept. 21, 1962 filed 557,515 common shares to be offered for subscription by common stockholders on the basis of one new share for each four held. **Price**—By amendment (max. $26). **Business**—Design, development and manufacture of specialized radio communication equipment and aircraft and flight control devices. **Proceeds**—To reduce bank loans. **Office**—5225 "C" Ave., N. E., Cedar Rapids, Iowa. **Underwriters**—Kidder, Peabody & Co., Inc., and White, Weld & Co., Inc., N. Y. **Offering**—Indefinitely postponed.

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.

Colorado Imperial Mining Co.
Sept. 20, 1962 filed 200,000 common. **Price**—$1. **Business**—General mining. **Proceeds**—For exploration and operating expenses. **Office**—Creede, Colo. **Underwriter**—None.

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. **Note**—This registration will be withdrawn.

Columbia Gas System, Inc. (11/1)
Sept. 24, 1962 filed $30,000,000 of debentures due 1987. **Proceeds**—For construction programs of susbidiaries. **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. **Bids**—11 a.m. (EST) Nov. 1.

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).

● Commonwealth Edison Co.
Oct. 11, 1962 filed 5,000 common. **Price**—By amendment (max. $50). **Proceeds**—For selling stockholders. **Office**—72 W. Adams St., Chicago. **Underwriters**—First Boston Corp., N. Y. and Glore, Forgan & Co., Chicago. **Offering**—Imminent.

● Computer Concepts Inc. (11/14)
Dec. 29, 1961 filed 20,000 class A common. **Price** — $25. **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. **Offering**—Indefinitely postponed.

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., New York.

Conso Products, Inc.
Sept. 27, 1962 filed 125,000 common. **Price**—By amendment (max. $10). **Business**—Manufacture of home furnishing trimmings and accessories. **Proceeds**—For machinery and working capital. **Office**—27 W. 23d St., N.Y. **Underwriter**—H. Hentz & Co., N. Y.

● Consolidated Leasing Corp. of America (11/14-15)
April 27, 1962 filed $1,000,000 of 6½% subord. debentures due 1977 (with warrants), and 99,000 common. **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.

Consumers Water Co.
Oct. 12, 1962 ("Reg. A") 2,900 common. **Price**—$34.25. **Business**—A holding company for seven water supply firms. **Proceeds**—For selling stockholders. **Office**—95 Exchange Pl., Portland, Me. **Underwriter**—H. M. Payson & Co., 93 Exchange St., Portland, Me.

Contact Lens Guild, Inc.
Sept. 19, 1962 ("Reg. A") 75,000 class "A" common. **Price**—$4. **Business**—Manufacture and sale of a patented contact lens. **Proceeds**—For moving expenses, research, inventory, advertising and working capital. **Office**—360 Main St. E., Rochester, N. Y. **Underwriter**—John J. DeGolger Co., Inc., Rochester, N. Y.

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**—To be named. **Note**—This firm formerly was named Control Dynamics, Inc. **Offering**—Indefinitely postponed.

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. (11/19-21)
May 26, 1962 filed $1,250,000 of 6% convertible subordinated debentures due 1977. **Price**—At par. **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.

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.

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.

● 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** — R. J. Henderson & Co., Los Angeles. **Note**—This registration was withdrawn.

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 subsidiary 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.

Data-Vend Corp.
Sept. 28, 1962 filed 125,000 common. **Price**—$4. **Business**—Company plans to acquire and operate enterprises in the publishing, communications and related fields. **Proceeds**—For expansion and working capital. **Office**—369 E. 149th St., N. Y. **Underwriter**—Dynamic Planning Corp., N. Y.

Delta Bowling Corp.
Sept. 28, 1962 filed 100,000 common, of which 50,000 shares are to be offered by company and 50,000 by stockholders. **Price**—$3. **Business**—Leasing and operating of bowling centers. **Proceeds**—For expansion, equipment and working capital. **Office**—230 Park Ave., N.Y. **Underwriter**—Provost Securities, Inc., N. Y.

Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be ofered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, 2 units for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction, equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **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 (11/7-9)
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).

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.

Dixie Lime & Stone Co.
Sept. 27, 1962 filed 100,000 common. **Price**—By amendment (max. $6.75). **Business**—Mining and processing of crushed granite, lime rock, and agricultural limestone. **Proceeds**—For loan repayment, and working capital. **Office**—11 N. Main St., Ocala, Fla. **Underwriter**—Courts & Co., Atlanta, Ga.

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. **Note**—The SEC has questioned the accuracy and adequacy of this statement.

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.

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.

Dynapower Systems Corp.
Sept. 28, 1962 filed 750,000 common. **Price**—$1. **Business**—Manufacture of electro-mechanical vehicles and electronic devices for medical and marine purposes. **Proceeds**—For working capital, equipment and debt repayment. **Office**—2222 S. Centinela Ave., Los Angeles. **Underwriter**—None.

● **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., New York. **Note**—This registration is expected to be withdrawn.

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.

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.

Electro-Nucleonics, Inc.
Sept. 24, 1962 ("Reg. A") 29,525 common. **Price**—$5. **Business**—Research and development toward improvement of gas centrifuge technology for separation of isotope and gaseous materials. **Proceeds**—For equipment, expansion, research and working capital. **Office**—368 Passaic Ave., Caldwell, N. J. **Underwriter** — Richard Bruce & Co. Inc., N. Y.

Electro-Temp Systems, Inc.
Oct. 18, 1962 ("Reg. A") 160,000 common. **Price** — $1. **Business**—Sale of commercial and industrial refrigeration machinery and equipment. **Proceeds**—For debt repayment, equipment, inventory and working capital. **Office**—150-49 Hillside Ave., Jamaica, N. Y. **Underwriter**—S. C. Burns & Co., Inc., N. Y.

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.

Ernst, Inc. (11/21)
Aug. 21, 1962 ("Reg. A") 60,000 common. **Price**—$5. **Business**—Manufacturing of men's ties. **Proceeds**—For debt repayment, new products, equipment and working capital. **Office**—712 Sansome St., San Francisco. **Underwriter**—Birr, Wilson & Co., Inc., San Francisco.

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 Enterprises, Inc.
Sept. 17, 1962 filed 83,500 common. **Price**—$4.50. **Business**—Operation of self-service retail shoe department in discount department stores and one retail store. **Proceeds**—For inventory, expansion, debt repayment, and working capital. **Office**—4906-08 Ave. D, Brooklyn, N. Y. **Underwriter**—Dynamic Planning Corp., 51 Broadway, New York.

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.

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.

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.

First American Israel Mutual Fund (11/19-21)
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 Connecticut Small Business Investment Co. (11/13-16)
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. **Note**—This registration was withdrawn.

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.

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. **Note** This offering was postponed.

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.

Flower City Industries, Inc. (11/13-16)
Oct. 11, 1962 filed 100,000 common. **Price**—$3.75. **Business** — Company plans to engage in the manufacture, export and sale of artificial floral and foliage arrangements. A subsidiary, now manufactures artificial flowers in Hong Kong for shipment to the United States and other countries. **Proceeds**—For plants and equipment, a new subsidiary and working capital. **Address**—St. Thomas, Virgin Islands. **Underwriter**—Lieb, Skloot & Co., Inc., Clifton, N. J.

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 125,000 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.

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.

Gamma Leather Goods Corp.
June 29, 1962 filed 75,000 common and 75,000 five-year warrants to be offered in units consisting of one share and one warrant. **Price**—$4.75 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.

Geigher Pipe Supply Inc.
Sept. 28, 1962 filed 60,000 class A common, of which 50,000 are to be offered by company and 10,000 by stockholders. **Price**—$9.50. **Business**—Sale of steel pipes, valves and fittings. **Proceeds**—For inventory. **Office**—4124 N. Broadway, St. Louis. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

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.

Georgia Power Co. (11/7)
Oct. 5, 1962 filed 70,000 shares of no par cum. preferred. **Price**—By amendment. **Proceeds**—For repayment of bank loans, and construction. **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**—Nov. 7 (11:30 a.m. EST) in Room 1600, 250 Park Ave., N. Y. **Information Meeting**—Nov. 1 (2:30 p.m. EST) in Room 1420, 20 Pine St., N. Y.

Georgia Power Co. (11/7)
Oct. 5, 1962 filed $23,000,000 of first mortgage bonds due 1992. **Proceeds**—For repayment of bank loans, and construction. **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**—Nov. 7 (12:30 a.m. EST) in Room 1600, 250 Park Ave., N. Y. **Information Meeting**—Nov. 1 (2:30 p.m. EST) in Room 1420, 20 Pine St., N. Y.

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.

Glasco Pacific, Inc.
July 12, 1962 filed 250,000 class A and 250,000 common shares to be offered in units of one class 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**

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—For equipment, inventory and working capital. **Office** —1299 N. First Street, San Jose, Calif. **Underwriter**—Birr, Wilson & Co., Inc., San Francisco.

Glen Ellen Corp.
Sept. 6, 1962 filed $600,000 of 6% subord. income debentures due Jan. 1, 1983 and 24,000 common shares to be offered in units of one $1,000 debenture and 40 common shares. **Price**—$1,500 per unit. **Business**—Company plans to develop and operate a ski and recreational resort at Fayston, Vt. **Proceeds**—For construction. **Address** —Box 111, Waitsfield, Vt. **Underwriter**—None.

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.

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.

Gourmet Food Products, Inc.
May 25, 1962 filed 28,113 common. **Price**—$3.50. **Business** — Growing, purchasing, distributing and selling whole potatoes and processing and selling of prepared potato products. **Proceeds**—For the selling stockholders. **Office**—915 Southeast 10th Ave., Portland, Ore. **Underwriter**—To be named.

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.

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.

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. (11/15)
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.

Hallandale Rock & Sand Co. (11/19-21)
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.

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.

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.**
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., New York.

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.

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. **Note**—This registration was withdrawn.

Household Gas Service, Inc.
Sept. 13, 1962 ("Reg. A") $299,000 of 6% s. f. debentures, series A due Oct. 1, 1977. **Price**—At par. **Business** —Sale and distribution of propane gas. **Proceeds**—For purchase of a plant site, moving expenses, and additional equipment. **Office**—238 Genessee St., Utica, N. Y. **Underwriter**—Mohawk Valley Investing Co., Inc., Utica New York.

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.

I. P. D. Financial Corp. (11/13-16)
Aug. 23, 1962 filed 300,000 common. **Price**—$4. **Business**—Company plans to furnish equity capital to business concerns, make loans and assist in arranging mergers and corporate financing. **Proceeds**—For working capital and other corporate purposes. **Office**—200 W. 57th St., N. Y. **Underwriters**—J. J. LeCort Associates, Inc. and Harris, Clare & Co., Inc., N. Y.

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. **Offering** — Indefinitely postponed.

Indian Trail Ranch, Inc.
Aug. 31, 1962 filed 54,238 common to be offered for subscription by stockholders on the basis of one new share for each four shares held. **Price**—$15. **Business**—Ownership of real estate, leases principally for farming and grazing. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Office**—Southern Blvd., West Palm Beach, Fla. **Underwriter**—None.

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. **Note**—This registration will be withdrawn.

● **Industrial Development Bank of Israel Ltd. (11/9)**
Sept. 21, 1962 filed 1,000,000 of 6% preference CC shares and 1,500 ordinary AA shares. The AA shares may be purchased only as a part of a unit consisting of one AA share and 345 CC shares. The CC shares may be purchased as part of a unit or separately. **Price**—For units, by amendment; for CC shares, $10.50 per share. **Business** —The bank was organized in 1957 to encourage the establishment of industrial undertakings in Israel. **Proceeds**—For general corporate purposes. **Address**—Tel-Aviv, Israel. **Underwriter**—Brager & Co., N. Y.

Infotronics Corp.
Oct. 23, 1962 filed 100,000 common. **Price**—$5. **Business** —Research, engineering, manufacturing and marketing in the field of electronic information handling and automation systems. **Proceeds**—For new products, inventory, new plant and working capital. **Office**—1401 S. Post Oak Rd., Houston. **Underwriter**—None.

Instr-O-Matics, Inc.
Sept. 28, 1962 filed 32,000 class A common. **Price**—By amendment (max. $10). **Business** — Company develops, manufactures and sells electronic equipment for use in the marine field, principally in pleasure boating. **Proceeds**—For debt repayment, advertising, inventories, new products and working capital. **Office**—3181 N. Elston Ave., Chicago. **Underwriter** — R. A. Holman & Co., Inc., N. Y.

Instromech Industries, Inc. (11/13-16)
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.

● **International Data Systems, Inc. (11/8)**
Sept. 28, 1962 filed 150,000 common. **Price**—By amendment (max. $3.50). **Business**—Research, design and manufacture of analog and digital electronic devices. **Proceeds**—For loan repayment and working capital. **Office**—2925 Merrell Rd., Dallas, Tex. **Underwriter**—E. H. Austin & Co., San Antonio.

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.

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. **Note**—This registration was withdrawn.

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.

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., New York. **Offering**—In mid-November.

Jaap Penraat Associates, Inc.
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. (11/26-29)**
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.

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. (12/3-7)
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.

Jersey Central Power & Light Co. (11/19)
Sept. 20, 1962 filed $11,000,000 of first mortgage bonds, due Nov. 1, 1992. **Proceeds**—For construction. **Office**—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**—Nov. 19, 1962 (12 noon, EST) at 80 Pine St., N. Y. **Information Meeting**—Nov. 9 (10 a.m.EST) at same address.

● **Jetronic Industries, Inc. (11/16)**
Sept. 7, 1962 filed $375,000 of 6½% subord. conv. debentures due 1972. **Price**—At par. **Business**—Design, development and manufacture of electronic equipment. **Proceeds**—For debt repayment and working capital. **Office**—Main & Cotton Sts., Philadelphia. **Underwriter**—Weil & Co., Washington, D. C.

(J. D.) Jewell, Inc.
Sept. 21, 1962 filed 60,000 common. **Price**—$9. **Business**—Raising, preparation and distribution of poultry and processed frozen specialty foods. **Proceeds**—For debt repayment, additional equipment, and working capital. **Office**—322 Maple St., S. W., Gainsville, Ga. **Underwriters**—Crow, Brourman & Chatkin, Inc., and Pistell, Inc., N. Y.

● **Kaiser-Nelson Corp. (11/26-30)**
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.

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. **Note**—This registration will be withdrawn.

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 (11/15)**
April 2, 1962 filed 150,000 common, of which 75,000 are to be offered by company and 75,000 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.

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-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. **Note**—This registration was withdrawn.

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.

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. **Note**—This letter 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. **Offering** — Temporarily postponed.

Lewis (Tillie) Foods, Inc. (11/19-21)
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.

Livestock Financial Corp. (11/13-16)
Feb. 23, 1962 filed 130,000 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 and plant expansion. **Office**—3006 Boarman Ave., Baltimore. **Underwriter**—R. & D. Investors Corp., Port Washington, N. Y. **Offering**—Indefinitely postponed.

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.

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.

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.

● **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** — To be named. **Note**—This registration was withdrawn.

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.

Management Investment Corp.
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None.

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.

Manna Real Estate Investment Trust
Aug. 30, 1962 filed 460,000 shares of beneficial interest. **Price**—$11. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—1500 Massachusetts Ave., N. W., Washington, D. C. **Underwriter**—Manna Financial Planning Corp. (same address).

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.

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**—To be named. **Offering**—Indefinitely postponed.

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.

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., New York.

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** — $1. **Business** — Manufacture of medical electronic equipment. **Proceeds** — For general corporate purposes. **Office**—Studio City, Calif. **Underwriter** — Financial Equity Corp., Los Angeles.

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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.

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**—To be named. **Offering**—Temporarily postponed.

● **Met Food Corp. (11/13-16)**
March 30, 1962 filed $1,000,000 of convertible subordinated debentures due Nov. 1, 1977. **Price** — By amendment. **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 Edison Co. (12/3)
Oct. 10, 1962 filed $15,000,000 of first mortgage bonds due 1992. **Proceeds** — For construction. **Office** — 2800 Pottsville Pike, Muhlenberg 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**—Dec. 3, 1962 (12 noon EST) at 80 Pine St., N. Y. **Information Meeting**—Nov. 30 (10 a.m. EST), same address.

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.

● **Midwestern Corp.**
Aug. 23, 1962 filed 180,000 common and 15-year warrants to purchase 36,000 common to be offered in units consisting of one share and one-fifth warrant. **Price**—$12 per unit. **Business**—A holding company for a legal reserve life insurance concern. **Proceeds**—To purchase shares of the subsidiary and for working capital. **Office**—75 Public Sq., Cleveland. **Underwriters**—Westheimer & Co., Cincinnati, and Hartzmark & Co., Inc., Cleveland. **Offering**—Imminent.

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.

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. **Offering**—Temporarily postponed.

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 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 Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. **Price**—$1. **Business**—Company plans to engage in cemetery development and to establish and operate a life and disability insurance concern. **Proceeds**—For general corporate purposes. **Office**—13 S. Broadway, Red Lodge, Mont. **Underwriter**—Security Brokerage Co., Billings, Mont.

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., New York., and Piper, Jaffray & Hopwood, Minneapolis.

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**—Droulrr, Lampert & Co., Inc., N. Y.

● **National Union Life Insurance Co. of Pittsburgh**
Sept. 10, 1962 filed 100,000 capital shares, being offered for subscription by stockholders of the company's parent, National Union Fire Insurance Co. of Pittsburgh, on the basis of one share for each 8 held of record Oct. 8, 1962. Rights will expire Nov. 29. **Price**—$15. **Business**—Company writes life and allied classes of insurance. **Proceeds**—For general corporate purposes. **Office**—139 University Place, Pittsburgh. **Underwriter**—None.

Natural Gas & Oil Producing Co.
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City. **Underwriter**—Peter Morgan & Co., N. Y.

● **Nevada Northern Gas Co. (11/13-16)**
Oct. 15, 1962 filed 209,000 common to be offered for subscription by holders of the common stock and convertible securities of Southwest Gas Corp., parent, on the basis of two-ninths of a share for each Southwest share held (or to be received on conversion). **Price** — $10.50 per share. **Business** — Company is constructing, and will operate, a natural gas pipeline in northern Nevada. **Proceeds**—For construction, and working capital. **Office**—2011 Las Vegas Blvd., South, Las Vegas. **Underwriter**—Eastman Dillon, Union Securities & Co., 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. **Note**—This registration was withdrawn.

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 sometime in December.

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.

North Atlantic Life Insurance Co. of America
Aug. 31, 1962 filed 600,000 common to be offered for subscription by stockholders on the basis of two new shares for each common share held of record Aug. 27, 1962. **Price**—$3.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For capital funds. **Office**—163 Mineola Blvd., Mineola, L. I., N. Y. **Underwriter**—None.

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.

Norton Co. (11/7-9)
Sept. 28, 1962 filed 425,000 common. **Price**—By amendment (max. $36). **Business**—Manufacture of various types of abrasive products. **Proceeds**—For selling stockholders. **Office**—One New Bond St., Worcester, Mass. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston, and Goldman, Sachs & Co., N. Y.

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 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.

Optec, Inc. (11/19-23)
Dec. 26, 1961 filed 100,000 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. (11/13-16)**
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**—Norton, Fox & Co., Inc., N. Y.

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 Power & Light Co. (11/26)
Oct. 3, 1962 filed $32,000,000 of first mortgage bonds, due 1992. **Proceeds**—To refund $12,000,000 outstanding 5⅝% bonds due Jan. 1, 1987 and $20,000 of outstanding 5¾% bonds due Sept. 1, 1987. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.-Kidder Peabody & Co. (jointly); Lehman Brothers-Bear Stearns & Co.-Salomon Brothers & Hutzler (jointly); Blyth & Co.-White, Weld & Co. (jointly). **Bids**—Expected Nov. 26 (11 a.m. EST). **Information Meeting**—Nov. 21 (2:30 p.m. EST) at 2 Rector St., N. Y.

● **Pak-Well Paper Industries, Inc. (11/26-30)**
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.

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.

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.

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.

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.

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.

Playboy Clubs International, Inc.
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.

Polequity Corp.
Aug. 29, 1962 ("Reg. A") 60,000 common. **Price**—$5. **Business**—Company through its subsidiaries engages in the sale of life, accident and health, and group and disability benefits insurance; trading in over-the-counter market; underwriting of new security issues and sale of mutual funds. **Proceeds**—For expansion, advertising, and working capital. **Office**—150 Broadway, N. Y. **Underwriter**—J. B. Coburn Associates, Inc., N. Y.

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.

● **Poulsen Insurance Co. of America**
Aug. 27, 1962 filed 100,000 common. **Price**—By amendment (max. $10). **Business**—Writing of group and franchise forms of accident, sickness and life insurance in the Midwest. **Proceeds**—For debt repayment and expansion. **Office**—Executive Plaza, Park Ridge, Ill. **Underwriter**—A. C. Allyn & Co., Chicago. **Note**—This stock will not be offered for sale in New York State. **Offering**—Indefinitely postponed.

Powell Petroleum, Inc.
Sept. 28, 1962 filed 100,000 common. **Price**—$5. **Proceeds**—To drill for and operate oil wells. **Office**—418 Market St., Shreveport, La. **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.

Prince Georges Country Club, Inc.
Oct. 15, 1962 filed 500 common to be offered for subscription by stockholders on the basis of one new share for each share held of record Feb. 18, 1962. **Price**—$1,000. **Proceeds**—For debt repayment, construction of a swimming pool, and other improvements. **Address**—Landover, Prince Georges County, Md. **Underwriter**—None.

● **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. **Note**—This registration will be withdrawn.

Publishers Co., Inc.
Aug. 29, 1962 filed $3,500,000 of 6% subord conv. debentures due 1977 to be offered by the company and 25,000 outstanding common shares to be sold by stockholders. **Price**—For debentures, par; for stock—by amendment (max. $10). **Business**—Book publishing. **Proceeds**—Company will use its proceeds for the purchase of two printing firms: to redeem outstanding 6% notes: for working capital, and other corporate purposes. **Office**—1106 Connecticut Ave., Washington, D. C. **Underwriter**—Roth & Co., Inc., Philadelphia.

● **Putnam Management Co., Inc. (11/19-21)**
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.

Quick-N-Clean Corp. of Minnesota, Inc.
Oct. 1, 1962 ("Reg. A") 205,000 common. **Price**—$1.15. **Business**—Company plans to open a chain of coin operated dry cleaning stores. **Proceeds**—Advertising, expansion and working capital. **Office**—712 Fir St., Brainerd, Minn. **Underwriter**—Northwest Securities, Inc., Detroit Lakes, Minn.

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**—Litle Falls, Passaic County, N. J. **Underwriter**—To be named.

● **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., New York. **Note**—This registration was withdrawn.

Radar Relay, Inc. (11/7-9)
Oct. 1, 1962 filed 100,000 common, of which 75,000 will be sold by company and 25,000 by a stockholder. **Price**—By amendment (max. $10). **Business**—Design and manufacture of electronic monitoring and warning systems, and integrally lighted switches. **Proceeds** — For product improvement and development, working capital, and other corporate purposes. **Office**—1631 10th St., Santa Monica, Calif. **Underwriter**—White, Weld & Co. Inc., N. Y.

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. **Note**—This registration will be withdrawn and then refiled.

Red-O-Lier Corp.
Aug. 27, 1962 filed 100,000 class A common. **Price**—$3.25. **Business**—Distribution of electrical supplies and equipment to commercial and industrial users. **Proceeds**—To finance additional inventories and accounts receivables. **Office**—577 Courtland Ave., N. Y. **Underwriter**—Crosse & Co., Inc., N. Y.

Regal Factors, Inc.
Oct. 2, 1962 ("Reg. A") 90,000 common. **Price**—$2. **Business**—Company plans to engage in factoring and accounts receivable financing. **Proceeds**—For working capital. **Office**—32 Broadway, N. Y. **Underwriter**—Edward H. Stern & Co., Inc., N. Y.

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. **Note**—The SEC has challenged the accuracy and adequacy of this registration statement.

● **Roadcraft Manufacturing & Leasing 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., New York. **Note** — This company formerly was named Roadcraft Corp.

● **Rona Lee Corp. (11/14-15)**
Sept. 26, 1962 filed 100,000 common. **Price**—$5. **Business**—Design, manufacture, and distribution of girls' blouses, sportswear, and coordinates. **Proceeds**—For debt repayment. **Office**—112 W. 34th St., N. Y. **Underwriter**—Winslow, Cohu & Stetson Inc., N. Y.

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**—To be named. **Offering**—Indefintiely postponed.

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.

● **Russ Togs, Inc. (11/8)**
Oct. 4, 1962 filed 159,254 class A. **Price**—By amendment (max. $15). **Business**—Production of misses, junior and children's popular priced sportswear. **Proceeds**—For selling stockholders. **Office**—1372 Broadway, N. Y. **Underwriter**—Shearson, Hammill & Co., N. Y.

Russell Mills, Inc. (11/13-16)
Sept. 28, 1962 filed 312,500 common. **Price**—By amendment (max. $12). **Business**—Manufacture of athletic clothing, knitted underwear, children's sleepwear and cotton cloth. **Proceeds**—For bond retirement and plant expansion. **Address**—Alexander City, Ala. **Underwriter**—Hornblower & Weeks, N. Y. **Note** — This company formerly was called Russell Manufacturing Co.

● **Russel Stover Candies, Inc. (11/19)**
Oct. 3, 1962 filed 120,000 common. **Price**—By amendment (max. $25). **Business**—Manufacture of chocolates and other candies. **Proceeds**—For selling stockholders. **Office**—1206 Main St., Kansas City, Mo. **Underwriters**—Stern Brothers & Co., Kansas City, and Harriman Ripley & Co., Inc., N. Y.

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 Diego Imperial Corp. (11/7-9)
Oct. 1, 1962 filed 124,552 common. **Price**—By amendment (max. $14). **Business**—A holding company for 15 savings and loan associations. **Proceeds** — For selling stockholders. **Office**—1400 Fifth Ave., San Diego. **Underwriters**—White, Weld & Co., N. Y., and J. A. Hogle & Co., Salt Lake City.

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.

● **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. **Note**—This registration was withdrawn.

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.

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 165,000 common. **Price**—$6. **Business**—Manufacture of aluminum sliding windows and doors. **Proceeds**—For equipment, moving expenses and working capital. **Office**—503 E. Pine Ave., Compton, Calif. **Underwriter** — Vickers, MacPherson & Warwick, Inc., New York. **Offering**—Expected in January.

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 Life Insurance Co.
Sept. 10, 1962 filed 250,000 capital shares. **Price** — $5. **Business**—Company plans to sell life and disability insurance. **Proceeds**—For organizational expenses and other corporate purposes. **Office**—225 Bush St., San Francisco, Calif. **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.

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● Servotronics, Inc.
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. **Offering**—Imminent.

Shaker Properties
Oct. 19, 1962 filed 215,000 shares of beneficial interest. **Price**—$15. **Business** — A real estate investment trust. **Proceeds**—For investment and working capital. **Office**—1956 Union Commerce Bldg., Cleveland, Ohio. **Underwriter**—McDonald & Co., Cleveland.

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.

Simpson (J.) & Co., Inc.
Oct. 1, 1962 ("Reg. A") 50,000 class A. **Price**—$6. **Business**—Company is a licensed pawn broker. **Proceeds**—For general corporate purposes. **Office**—1176 Ave. of Americas, N. Y. **Underwriter**—Richard Bruce & Co., Inc., N. Y.

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.

● Sperti Products, Inc. (11/27)
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., New York.

Stainless Steel Products, Inc. (11/13-16)
May 28, 1962 filed 100,000 capital shares. **Price** — $8. **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. **Underwriters** — First California Co., Inc., San Francisco, and Dempsey-Tegeler & Co., Inc., St. Louis.

● Standard Security Life Insurance Co. of New York (11/26-30)
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.

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 Fund, Inc.
March 20, 1962 filed 500,000 common. **Price**—$20. **Business**—A new mutual fund which plans to offer investors the opportunity of exchanging their individual securities for shares of the Fund without incurring Federal income tax liability. **Office**—15 William St., New York. **Dealer-Manager**—J. R. Williston & Beane, N. Y. **Note**—This company formerly was named Stratton Realty & Construction Fund, Inc.

T-A Development Co.
Sept. 12, 1962 filed 2,000 common. **Price**—By amendment (max. $1,000). **Business**—Company plans to acquire, develop, and improve industrial real properties, primarily in Los Angeles County. **Proceeds**—For general corporate purposes. **Office**—9601 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—None.

Tabach Industries, Inc. (11/26-29)
March 29, 1962 ("Reg. A") 125,000 common. **Price**—$2. **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.

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.

Tenna Corp.
Sept. 28, 1962 filed 122,000 common. **Price**—By amendment (max. $11). **Business**—Manufacture of automobile antennas and radios. **Proceeds**—For repayment of bank loans and working capital. **Office**—19201 Cranwood Parkway, Warrensville Heights, Ohio. **Underwriters**—Westheimer & Co., Cincinnati, and Hartzmark & Co., Inc., Cleveland.

● Tennessee Gas Transmission Co. (11/7-9)
Oct. 11, 1962 filed $50,000,000 of first mortgage pipe line bonds due Dec. 1, 1982. **Price**—By amendment. **Proceeds**—For debt repayment, and construction. **Office**—Tennessee Bldg., Houston. **Underwriters**—Stone & Webster Securities Corp.; White, Weld & Co.; Halsey Stuart & Co. Inc.

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.

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.

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.

Traileurop, Inc.
Aug. 30, 1962 filed 150,000 common. **Price**—$5. **Business**—A holding company for European firms engaged in leasing semi-trailers. **Proceeds**—For equipment, debt repayment and working capital. **Office**—99 Wall St., N. Y. **Underwriter**—Kordan & Co., Inc., 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.

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.

United Markets Inc. (11/13-16)
March 15, 1962 filed $400,000 of 8% conv. subord. debentures due 1972 and 20,000 common to be offered in units of one $200 debenture and 10 shares. **Price**—$250 per unit. **Business**—Operation of "Foodtown" supermarkets. **Proceeds**—For general corporate purposes. **Office**—531 Ferry St., Newark, N. J. **Underwriter** — Moran & Co., Newark, New Jersey.

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.

U. S. Cold Storage of Hawaii, Inc.
Sept. 14, 1962 filed 30,000 capital shares, of which 20,000 are to be offered by company and 10,000 by present stockholders. **Price**—$10. **Business**—Company plans to construct and operate cold storage facilities in Hawaii. **Proceeds**—For construction, and working capital. **Office**—3140 Ualena St., Honolulu. **Underwriter**—None.

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.

Universal Capital Corp.
Aug. 28, 1962 filed 1,500,000 common. **Price**—$1. **Business**—Company plans to establish or acquire control of other companies, principally those in life insurance field. **Proceeds**—For general corporate purposes. **Office**—318 N. St. Paul St., Dallas. **Underwriter**—None.

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**—R. J. 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.

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.

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.

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.

West Penn Power Co. (11/8)
Oct. 10, 1962 filed $14,000,000 of first and refunding mortgage bonds due Nov. 1, 1992. **Proceeds**—To redeem a like amount of 5⅛% bonds due June 1, 1989. **Address**—Cabin Hill, Greensburg, Pa. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; W. C. Langley & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Harriman Ripley & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities Corp. (jointly). **Bids**—Expected Nov. 8 (11 a.m. EST) at 320 Park Ave. (31st floor), N. Y.

Western Empire Real Estate Investments
Sept. 26, 1962 filed 600,000 shares of beneficial interest. **Price**—$4. **Business**—Company plans to qualify as a real estate investment trust. **Proceeds**—For investment. **Office**—1755 Gilpin St., Denver, Colo. **Underwriter**—None.

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.

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 December.

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. (11/8)
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.

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.

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 East 40th St., N. Y. **Underwriter**—S. E. Securities, Inc., 10 East 40th Street, New York. **Note**—This registration will be withdrawn.

Wolf (Howard B.), Inc.
Oct. 8, 1962 filed 105,000 common, of which 50,000 shares are to be offered by company and 50,000 shares by a stockholder. **Price**—By amendment (max. $10). **Business**—Design, manufacture and sale of retail stores of junior dresses and suits. **Proceeds**—For debt repayment, advertising, and working capital. **Office**—3809 Perry Ave., Dallas. **Underwriter**—Eppler, Guerin & Turner, Inc., Dallas.

Zero Mountain, Inc. (11/29)
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.

Zipco Inc.
Sept. 26, 1962 filed 150,000 common. **Price**—$5. **Business**—Manufacture of a new type nylon zipper. **Proceeds**—For equipment, debt repayment, advertising, and working capital. **Office**—Box 117 Uncasville, Conn. **Underwriter**—None.

Issues Filed With SEC This Week

★ Astro Oil Corp.
Oct. 25, 1962 ("Reg. A") 100,000 common. **Price**—$4. **Business**—Exploring for oil and gas in Texas. **Proceeds**—For drilling wells, and working capital. **Office**—Wilson Bldg., Corpus Christi, Texas. **Underwriter**—None.

★ Central Maine Raceways, Inc.
Oct. 26, 1962 filed 450,000 common. **Price**—$1. **Business**—Company conducts commercial parimutuel harness racing meets. **Proceeds**—For debt repayment, purchase of land, and raceway improvements. **Office**—33 Court St., Auburn, Maine. **Underwriter**—None.

★ Data Corp of America
Oct. 29, 1962 filed 105,000 common. **Price**—$1.25. **Business**—Development of specialized data processing applications and the furnishing of data processing services. **Proceeds**—For training of personnel, advertising and sales promotion, and working capital. **Office**—44 Beaver St., New York. **Underwriter**—A. D. Gilhart & Co., Inc., New York.

★ Fedco Corp.
Oct. 29, 1962 filed 20,000 common, of which 17,500 are to be offered by company and 2,500 by a shareholder. **Price**—By amendment (max. $15). **Business**—Design and manufacture of tools, dies, molds, beryllium castings and the distribution of plastic, metal and glass products for home use. **Proceeds**—For a recession offer to stockholders and reduction of accounts payable. **Office**—3600 W. Pratt Ave., Chicago. **Underwriter**—None.

★ Fisher (Thomas J.) & Co., Inc.
Oct. 12, 1962 ("Reg. A") 30,000 preferred to be offered for subscription by stockholders on the basis of one preferred share for every 10 common shares held. **Price** $5. **Business**—Conducts real estate operations in Washington, D. C. **Office**—1701 Pennsylvania Ave., N. W., Washington, D. C. **Underwriter**—None.

★ Household Finance Corp. (11/14)
Oct. 26, 1962 filed $60,000,000 of debentures due July 1, 1987. **Price**—By amendment. **Business**—A consumer finance company. **Proceeds**—For loan repayment. **Office**—Prudential Plaza, Chicago. **Underwriters**—Lee Higginson Corp., and White, Weld & Co., New York, and William Blair & Co., Chicago.

★ ICOA Life Insurance Co.
Oct. 25, 1962 filed 1,130,000 common to be offered for subscription by stockholders on a share-for-share basis. **Price**—$4. **Business**—Sale of ordinary life, individual health and disability, and group credit life and disability insurance. **Proceeds**—For expansion, and investment. **Office**—250 Liberty St., S. E. Salem, Ore. **Underwriter**—Oregon Underwriters, Inc., Salem.

★ Las Vegas Properties Trust
Oct. 29, 1962 filed 500,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—4933 Paradise Rd., Las Vegas. **Underwriter**—Securities Co. of Nevada (same address).

★ Maine Fidelity Life Insurance Co.
Oct. 18, 1962 ("Reg. A") 25,000 common to be offered for subscription by stockholders of record Sept. 14, 1962 on the basis of one common share for each 12 shares held. **Price**—$4. **Business**—Writing of life insurance. **Proceeds**—To increase capital funds. **Office**—83 Exchange St., Portland, Maine. **Underwriter**—None.

★ Massachusetts General Life Insurance Co.
Oct. 30, 1962 filed 330,000 capital shares. **Price**—By amendment (max. $13). **Business**—Writing of life, accident and health insurance, and annuities. **Proceeds**—For expansion. **Office**—22 Batterymarch, Boston. **Underwriter**—Kidder, Peabody & Co., Boston.

★ Montana-Dakota Utilities Co. (12/5)
Oct. 30, 1962 filed $10,000,000 of first mortgage bonds due 1987 and $5,000,000 of first mortgage serial bonds due Dec. 1, 1963-82. **Proceeds**—for loan repayment and construction. **Office**—831 Second Ave., S. Minneapolis. **Underwriters**—(Competitive). Probable bidders: Eastman Dillon, Union Securities & Co.; Blyth & Co., Inc.—Merrill Lynch, Pierce, Fenner & Smith, Inc. (jointly); Halsey, Stuart & Co. Inc.; Equitable Securities Corp. **Bids**—Expected Dec. 5, 1962.

★ New England Power Co. (12/4)
Oct. 29, 1962 filed $12,000,000 of first mortgage bonds, series J, due Dec. 1, 1992. **Proceeds**—For repayment of short-term notes. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers-Equitable Securities Corp. (jointly); First Boston Corp.; Kuhn, Loeb & Co. **Bids**—Dec. 4 (11 a.m. EST) at company's office.

★ New England Power Co. (12/4)
Oct. 29, 1962 filed 100,000 shares of cum. preferred ($100 par). **Proceeds**—To redeem a like amount of outstanding 5.52% cum. preferred. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers; Equitable Securities Corp.; Kidder, Peabody & Co.; Lee Higginson Corp.-White, Weld & Co. (jointly). **Bids**—Dec. 4, 1962 (12 noon EST).

★ Norfolk & Carolina Telephone & Telegraph Co. of Virginia
Oct. 23, 1962 ("Reg. A") 3,000 common to be offered for subscription by stockholders on a share-for-share basis. **Price**—$100. **Proceeds**—For debt repayment, a new plant and working capital. **Address**—Elizabeth City, N. C. **Underwriter**—None.

★ Wellington Electronics, Inc.
Oct. 29, 1962 filed 50,000 common, of which 37,500 are to be offered by company and 12,500 by a stockholder. **Price**—$10. **Business**—Manufacture of etched aluminum foil; the company also produces and leases automatic winding machines used in the manufacture of capacitators. **Proceeds**—For loan repayment, equipment, plant expansion and working capital. **Office**—65 Honeck St., Englewood, N. J. **Underwriter**—Hemphill, Noyes & Co., New York.

★ Workman Electronic Products, Inc.
Oct. 25, 1962 filed 140,000 common. **Price**—$3. **Business**—Manufacture, development and assembling of precise electronic replacement components for radio, TV and industrial use. **Proceeds**—For debt repayment, inventory, research, and other corporate purposes. **Office**—Packinghouse Rd., Sarasota, Fla. **Underwriter**—Hensberry & Co., St. Petersburg, Fla.

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

American Kosher Provisions, Inc.
100,000 common shares offered at $5 per share by Reuben Rose & Co., Inc., New York.

American Phoenix Corp.
340,000 class A shares offered at $10 per share by Trost-er, Singer & Co., New York.

California Financial Corp.
$5,000,000 of 55% convertible subordinated debentures due Oct. 1, 1977 offered at par and accrued interest by William R. Staats & Co., Los Angeles, and J. Barth & Co., San Francisco.

Clark Equipment Co.
80,000 common shares offered at $25.75 per share by Blyth & Co., Inc., New York.

Duro-Test Corp.
$3,500,000 of 5½% subordinated debentures, series A, due Oct. 1, 1982, and 210,000 warrants offered in units of one $1,000 debenture and a warrant to purchase 60 common shares, at $1,000 per unit by Auchincloss, Parker & Redpath, New York.

Florida Power Corp.
100,000 shares of 4.58% cumulative preferred offered at $100 per share and accrued dividends by Kidder, Peabody & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Hunter Engineering Co.
100,000 6% cumulative convertible preferred and 100,000 common shares offered in units of one preferred and one common share at $30 per unit by Eastman Dillon, Union Securities & Co., New York.

Maremont Corp.
120,000 common shares offered at $26.25 per share by Kuhn, Loeb & Co., Inc., New York, and Straus, Blosser & McDowell, Chicago.

National Union Life Insurance Co. of Pittsburgh
100,000 capital shares being offered for subscription by stockholders of the company's parent, National Union Fire Insurance Co. of Pittsburgh, at $15 per share on the basis of one share for each 8 held of record Oct. 8. Rights will expire Nov. 29. No underwriting is involved.

Nebraska Consolidated Mills Co.
$3,000,000 of 6¾% subordinated sinking fund debentures, series A, due Nov. 1, 1977, offered at $1,000 each plus accrued interest from Nov. 1, by First Nebraska Securities Corp., Lincoln.

Southern California Edison Co.
$50,000,000 of 4¼% first and refunding mortgage bonds, series P, due Nov. 1, 1987, offered at 100.375% and accrued interest, to yield about 4.225%, by Halsey, Stuart & Co. Inc., Chicago.

Spencer Chemical Co.
25,000 common shares offered at $26.625 per share by Morgan Stanley & Co., New York.

Wisconsin Natural Gas Co.
$5,000,000 of 4¾% first mortgage bonds, due Nov. 1, 1987, offered at 101.142, to yield 4.30%, by White, Weld & Co., and Kidder, Peabody & Co., New York.

Prospective Offerings

Albert Einstein College of Medicine of Yeshiva University
Oct. 24, 1962 it was reported that $10,700,000 of this institution's 5% to 6% first mortgage serial bonds due July 1, 1965 to Oct. 1, 1982 will be offered publicly in early November. **Price** — At par for the 5% to 5¾% bonds and at 101 for the 6s. **Proceeds**—For construction of a new 250-bed hospital, and a 12-story research center. **Office**—Eastchester Rd., and Morris Park Ave., Bronx, N. Y. **Underwriter**—B. C. Ziegler & Co., West Bend, Wis.

Belock Instrument Corp.
Sept. 4, 1962 it was reported that the company plans to raise an additional $1,000,000 by sale of securities. **Business**—Company produces various defense items, such as bomb-sights, gun directors, missile system components, etc. **Proceeds**—For working capital and other corporate purposes. **Office**—112-03 Fourteenth Ave., College Point, N. Y. **Underwriter**—Carl M. Loeb, Rhoades & Co., N. Y.

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.

★ California Electric Power Co.
Oct. 29, 1962 it was reported that this company plans to raise new money in the third or fourth quarter of 1963. A spokesman for the company stated that the utility is thinking of selling 380,000 common shares, although a final decision has not been made. **Office**—2885 Foothill Blvd., San Bernardino. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

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).

★ Community Public Service Co.
Oct. 29, 1962 it was reported that this company plans to issue about $5,000,000 of first mortgage bonds in June 1963. **Office**—408 W. 7th St., Fort Worth, Tex. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; Stone & Webster Securities Corp.

★ Consolidated Edison Co. of New York, Inc. (12/5)
Oct. 26, 1962 the company announced plans to sell $60,000,000 of first and refunding mortgage bonds, series X, due Dec. 1, 1992. **Proceeds**—To repay bank loans. **Office**—4 Irving Place, New York. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.-Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. **Bids**—Expected Dec. 5.

Consumers Power Co.
Sept. 4, 1962, Robert P. Briggs, Executive Vice-President, announced that the company had postponed until mid-1963 its plan to sell additional securities because of

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"larger than anticipated internal generation of cash, substantial refunds from natural gas suppliers and the increased use of bank credit." Earlier, the company reported that it expected to sell about $40,000,000 of securities, probably bonds, in the fourth quarter. **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).

Eastern Freight Ways, Inc.

Oct. 9, 1962 the ICC authorized the company to issue 100,000 common. **Price**—By amendment (min. $5). **Business**—A motor vehicle common carrier operating in nine eastern states from Vermont to Virginia. **Proceeds**—For working capital, debt repayment and advances to subsidiaries. **Office** — Moonachie Ave., Carlstadt, N. J. **Underwriter**—Allen & Co., New York.

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 Alleghany Ave., Philadelphia. **Underwriter**—To be named. The last rights offering in December 1957 was underwritten by Eastman Dillon, Union Securities & Co., New York.

General Aniline & Film Corp.

On Oct. 22, 1962, President Kennedy signed a bill authorizing the Government to sell its holdings of 540,894 class A and 2,050,000 class B shares, representing 98% of the voting control of the company. The stock, now held by the Attorney General, was seized in 1942 as a German asset. No date has been set for the offering which need not be registered with the SEC. Proceeds from the sale will be used to reimburse American citizens for losses of life and property during World War II. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Bache & Co.; Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly).

Gulf States Utilities Co.

Oct. 5, 1962 it was reported that this company plans to sell $16,000,000 of first mortgage bonds due 1992. **Proceeds**—To retire a like amount of 5¼% bonds due 1989. **Office**—285 Liberty Ave., Beaumont, Tex. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler-Eastman Dillon, Union Securities & Co. (jointly); Stone & Webster Securities Corp.; Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Lehman Brothers. **Offering**—Temporarily postponed.

Highway Trailer Industries, Inc.

Sept. 10, 1962 it was reported that this company plans to raise some $2,500,000 by a rights offering to stockholders. Authorized stock now consists of 2,000,000 $1.25 par common shares of which 714,086 shares are outstanding. **Business**—Manufacture of truck trailers, cargo containers, telephone and power line construction equipment, etc. **Proceeds**—To help form a new finance company subsidiary. **Office**—250 Park Ave., N. Y. **Underwriters**—To be named. The last financing by the company was underwritten by Allen & Co., and Van Alstyne, Noel & Co., New York City.

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).

★ Illinois Terminal RR (11/19)

Oct. 31, 1962 it was reported that this company plans to sell $8,750,000 of first mortgage sinking fund bonds due Dec. 1, 1987. **Proceeds**—To repay note loans of $8,500,000 and increase working capital. **Office**—710 North Twelfth Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—Nov. 19 (12 noon CST) at company's office.

Interstate Power Co.

Oct. 10, 1962 it was reported that the company plans to sell $8,000,000 of first mortgage bonds and $4,000,000 of common stock in late May, 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.

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 (11/14)

Oct. 25, 1962 it was reported that the road has applied to the ICC for permission to sell $25,000,000 of collateral trust bonds due Dec. 1, 1987. **Proceeds**—To retire $15,270,000 of bonds at maturity, and increase working capital. **Office**—220 E. 42nd St., New York. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Nov. 14 (12 noon EST) at company's office.

Michigan Consolidated Gas Co.

On Oct. 24, 1962 it was reported that this company plans to sell about $22,000,000 of first mortgage bonds in the third quarter of 1963. **Proceeds**—For construction. **Office**—415 Clifford St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.-Lehman Brothers (jointly).

Michigan Wisconsin Pipe Line Co.

Oct. 24, 1962 it was reported that this company plans to sell about $22,000,000 of first mortgage bonds in the third quarter of 1963. **Proceeds**—For construction. **Office**—500 Griswold St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.

Mitsubishi Electric Mfg. Co.

Oct. 24, 1962 it was reported that the Japanese Finance Ministry had authorized the company to sell $10,000,000 of convertible bonds in the United States in 1962. It is expected that the bonds would mature in 15 years and bear interest of 6.5%. No decision has yet been made as to whether the issue will be sold publicly or privately. **Business**—Production of electric machinery. **Proceeds**—For expansion. **Office**—Tokyo, Japan. **Underwriter**—Kidder, Peabody & Co., 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.

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.

Pacific Gas & Electric Co. (11/27)

Sept. 21, 1962 it was reported that this utility plans to sell $65,000,000 of first and refunding mortgage bonds due 1987. **Proceeds**—For construction. **Office**—245 Market St., San Francisco. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; First Boston Corp. **Bids**—Expected Nov. 27.

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).

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 Electric Generating Co. (11/28)

Aug. 21, 1962 it was reported that this subsidiary of the Southern Co. plans to sell $7,500,000 first mortgage bonds due June 1, 1992. **Office** — 600 N. 18th Street, 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 New England Telephone Co. (12/11)

Oct. 5, 1962 it was reported that this A. T. & T. affiliate plans to sell $45,000,000 of debentures. **Proceeds**—To repay advances from A.T. & T., and for other corporate purposes. **Office**—227 Church St., New Haven, Conn. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.-Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers-Salomon Brothers & Hutzler (jointly); First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected Dec. 11 at 195 Broadway, New York.

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.

Tennessee Valley Authority

Oct. 3, 1962, A. J. Wagner, Chairman, stated that the Authority plans to issue $50,000,000 of short- or long-term securities in the spring of 1963. **Proceeds**—For construction. **Office**—Knoxville, Tenn. **Underwriters**—To be named. On Jan. 24, 1962 the Authority sold at competitive bidding $45,000,000 of 4½% bonds due Feb. 1, 1987. The issue was won by a group jointly managed by Chase Manhattan Bank; Morgan Guaranty Trust Co. of New York; Chemical Bank New York Trust Co.; C. J. Devine & Co.; and the First National Bank of 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.

Federal Power Commission And the Natural Gas Industry

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must be a regulated price which conforms with the standards of the Natural Gas Act. It cannot be equated with the so-called fair field price, which is not a regulated price at all.

In the past year the area approach to producer regulation has moved far down the road from abstraction to reality. In the lead case involving the Permian Basin, we have witnessed within a single year the signal achievement of compiling and introducing much of the testimony and cross examination. The producers in particular merit a word of praise. They introduced a single coordinated presentation of their direct case. Their responses to the Commission's questionnaire provide the most comprehensive information on production operations and costs that has ever been assembled. Considering the unprecedented nature of the case and the procedural pioneering which is essential if the case is to be brought to a reasonably prompt conclusion, I believe that the progress has been more than satisfactory.

Combined Producer-Pipeline Cos.

No group of problems has perplexed the Commission more than those which are created by the fact that many pipeline companies are themselves producers, either directly or through affiliated companies. Usually some or all of the gas they produce is used in their own pipeline operations. Much, and perhaps most, of the exploration and development costs have been charged to the gas consumer. The production department of a pipeline company, or a production subsidiary, obviously cannot bargain at arm's length with the buyer, and the interdepartmental or intercompany charges are therefore a matter of special interest to the Commission.

The Commission's thinking on one aspect of this complicated problem has, I think, been clarified in the past year. As a number of the Commission's actions indicate, it intends to pierce the corporate veil in its consideration of the pipeline production question. I see no reason why a pipeline which has a separate producing subsidiary or affiliate should be given any different treatment than a pipeline which conducts its production activities through a production department.

Pipeline Information Obstacle

The Commission has had difficulty in grappling with the pipeline production problem, and we finally realized that the source of much of the difficulty was the lack of reliable information on the factual setting of the problem. The whole field of pipeline production is one in which little information has been made available to the public. We have only fragmentary information on the extent of pipeline company reserves, except for the reserves which have been committed to the interstate market. We do not know the extent to which the acquisition of these reserves has been financed by the rate payers; how the pipeline reserves have been used in relationship to purchased gas so as to minimize their over-all gas supply costs and to maintain pipeline deliverability; how the pipelines have determined which of their reserves to use and which to sell, and whether the pipelines' own customers have shared equitably in the low-cost reserves; or the basis on which the pipelines have costed the gas purchased from subsidiaries or sold to others.

A staff committee has been established within the Commission to explore the facts in this vital regulatory area. Until we know the facts we are obviously not in position to adopt any long-term policies or to reach any but interim conclusions on the relationship of pipeline production to the over-all problem of gas supply and pricing.

It seems apparent to me that there are large potential benefits to the consumers of a pipeline which has developed its own sources of supply at costs comparable to the costs of purchased gas. However, to the extent that pipeline exploration and production have been carried on for speculative purposes, or for any purpose other than to support the pipelines' obligations to make natural gas available to its customers at the lowest reasonable cost, such potential benefits may be entirely lost. The only conclusion I have been able to reach thus far is that pipeline production is neither good nor bad in itself but that everything depends upon how the pipelines and the Commission handle the problem.

Pipeline Reserve Requirements

Another major item of unfinished business before the Commission is our policy on the amounts of pipeline reserves required to support service obligations. The Commission's present policy as you all know is to require reserves with a 12-year deliverability for the entire system as a prerequisite for certificating either a new pipeline or an expansion of an existing line. The rule is undoubtedly a sound one for new projects, where management is untested and the dimensions of both market and supply factors are difficult to appraise. As applied to expansions of well-established pipelines, it may well be too blunt a tool.

The objective of the industry and the Commission should be to assure that natural gas is discovered and committed to the interstate market in an orderly manner and in such a way that the gas is brought to the ultimate consumer at the lowest possible cost which is consistent both with fairness to the industry and full assurance of continuity of supply. I believe that the managements of established pipelines need greater flexibility to achieve this goal.

Criticizes Inflexible 12-Year Rule

The pressure to provide more flexible pipeline reserve requirements has been based on the efforts of pipelines to reduce their costs which in turn holds promise of lower rates to consumers. In such a praiseworthy endeavor the Commission should provide encouragement. Under the present rule companies may be forced to saddle themselves with long-term commitments when market conditions are unfavorable and prices are high. The growing use of 100% take-or-pay provisions in producer contracts is, of course, an interrelated part of the gas supply problem and such clauses are the subject of a pending rule-making proceeding. In many cases the 1-year rule has caused pipelines to commit themselves for gas supply to an extent which has put them in a serious take-or-pay situation. As a result many pipelines find themselves inhibited from taking advantage of the periods when there is a buyer's market to build up their reserves. In my judgment, indiscriminate application of the 12-year rule could very well have the effect of increasing the cost of gas to consumers without providing any offsetting benefits.

The pipeline companies have shown an understandable interest in their own survival, which in turn depends upon the availability of reserves. Through the years most of them have acquired a great wealth of information and have built up large and expert gas purchase organizations to assure them of the availability of the supplies they expect to bring to market. Many pipelines have also strengthened their reserve positions by their own production activities, which in the aggregate have made an important contribution to the Nation's gas supply resources.

It is the responsibility of the Commission to assure itself continuously that the pipeline companies are adhering to the objective of maintaining a safe reserve position at the lowest possible cost. So long as they do so, a rigid rule adopted before the Commission had a foundation for confidence in the industry's ability to renew and expand the initial supplies with which they started should no longer be the exclusive touchstone with respect to reserve requirements.

Let me make clear that I do not have in mind that the Commission will necessarily reduce the over-all reserve requirements for the industry below 12 years of deliverability. The point, rather, is that we should operate on a more flexible rule which will enable pipelines to program the acquisition of reserves based upon market factors and not the evidentiary requirements of sporadic pipeline certificate cases.

Periodic Reports on Reserves

The Commission staff has devoted considerable time to a reexamination of the 12-year rule. One idea we are seriously considering is to require periodic reports of the pipelines on their reserve situation and thus keep their reserves under continuous review. In this manner the reserve issue would not be treated in the context of a certificate case, but would be determined periodically. Within the next year I believe that you will see our studies translated into action which will result in a more realistic guideline for the industry that will have the effect of reducing the cost of gas to consumers while at the same time assuring continuity of service.

I should now like to discuss for a moment on rate of return—a subject of understandably keen interest to all regulated industries.

I have thought for a long time that there was large room for improvement in the procedures and standards for fixing the rate of return in public utility cases. At present the principal guide for commissions is so-called expertise or informed judgment. Between the necessities of a company or its minimum entitlement under the Constitution, on the one hand, and the maximum which can be justified for a public service enterprise, on the other, lies an area in which there should be room to reward diligence and efficiency and to motivate management to imaginative efforts to bring down costs and rates and improve service. The difficulty is that we do not have objective standards of evaluation of managerial performance, and in the absence of such standards to invite utilities to expatiate on their accomplishments would lead only to increasing the size of records which are already too voluminous.

There is a school of thought that says the rate of return problem can be solved by elevating the general level of rate of return and rewarding all companies alike. This proposal does not meet the test of rewarding and encouraging superior performance, and is not a solution which is likely to appeal to regulatory agencies charged with the duty of protecting consumers against excessive rates. Rate of return differentials are another matter. The potential leverage of such differentials in stimulating management to ever higher standards of performance should not be ignored by regulatory agencies. If the industry or its consumers can suggest a workable substitute for the present system of awarding approximately the same rate of return irrespective of individual company performance, it can make a large contribuiton to the cause of effective regulation in the over-all public interest.

I have devoted this paper to some difficult industry problems, but the positive way of looking at them is that they are characteristic of a growing and dynamic industry. The natural gas industry is one of great strength and vitality, and a prime and growing source of the basic energy required to perform the tasks of the home and the factory. It has enormous physical and managerial resources which can make it an even more polished and effective instrument of service to the people of our country. This objective requires that we continue to think together about the problems of the industry with a view to the continuing improvement of the industry's outstanding record of performance.

*An address by Mr. Swidler before the American Gas Association, Atlantic City, N. J., Oct. 9, 1962.

Dealer-Broker Recommendations

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Port of New York Authority Bonds—Circular—Stern Brothers & Co., 1009 Baltimore Avenue, Kansas City 5, Mo.

Premier Industrial—Memorandum—Robert W. Baird & Co., Incorporated, 110 East Wisconsin Avenue, Milwaukee 2, Wis.

Public Service Company of North Carolina Inc. — Analysis — Southern Investment Company Incorporated, Johnston Building, Charlotte 2, N. C. Also available is an analysis of **Pyramid Life Insurance Company.**

Quaker City Industries—Analysis—Richard Gersh Associates, Inc., 200 West 57th Street, New York, New York.

Remington Arms Company—Comment in current issue of "Investor's Reader" — Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also in the same issue are comments on **Reverse Stock Splits, Buckingham Corp., Indian Head Mills, Colonial Corp., Harsco Corp., International Minerals & Chemical Corp., W. R. Grace & Co., Federal National Mortgage Association,** and **Virginia Electric & Power Co.**

Rucker Company—Analysis—Schwabacher & Co., 100 Montgomery Street, San Francisco 4, Calif.

Sage International Inc.—Report—First California Company Incorporated, 300 Montgomery Street, San Francisco 20, Calif.

Seaboard Finance Co.—Report—Purcell & Co., 50 Broadway, New York 4, N. Y.

Security Columbian Banknote Company—Analysis—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

Shell Oil Company of Canada—Analysis—Royal Securities Corporation, Ltd., 244 St. James Street, West, Montreal, Que., Canada.

Sprague Electric—Memorandum—Laidlaw & Co., 25 Broad Street, New York 4, N. Y.

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

Standard Oil Company of Indiana—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Standard Oil of New Jersey—Memorandum—Benj. D. Bartlett & Co., 313 Vine Street, Cincinnati 2, Ohio.

Standard Packaging— Discussion—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are data on **Western Union Telegraph Co.** and **Westinghouse Electric Corp.**

Standard Packaging—Memorandum—Sincere and Company, 208 South La Salle Street, Chicago 4, Illinois.

Tidewater Oil—Analysis—Hardy & Co., 25 Broad Street, New York 4, N. Y. Also available are comments on **Minerals & Chemicals Philipp, Olin Mathieson,** and **Pure Oil.**

Tokyo Electric Power Co. Inc.—Analysis—International Bond and Share, Inc., International Building, San Francisco 8, Calif. Also available are comments on the **Overseas Markets,** with brief comments on various companies.

Tonka Toys Inc.—Report—J. M. Dain & Co., Inc., 110 South Sixth Street, Minneapolis 2, Minn.

U. S. Shoe—Memorandum—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are memorandum on **Carter Products, Stone Container, Whirlpool, Fischbach & Moore** and **Capital Cities Broadcasting.**

Vahlsing, Inc. — Analysis — Crow, Brourman & Chatkin, Inc., Carlton House, Pittsburgh 19, Pa.

Western Air Lines—Memorandum—E. F. Hutton & Company, Incorporated, 1 Chase Manhattan Plaza, New York 5, N. Y.

Worcester County (Mass.)—Business Survey—Worcester County National Bank, 446 Main Street, Worcester, Mass.

Big Business and Economic Progress Are Interdependent

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electronic equipment, and chemicals. Recent departures from this rather exclusive club included textile and motion picture firms. Earlier departures included leaders from shipbuilding, shipping, leather, sugar, and ice. Since World War II, 13 new firms have won membership in the club and three have been readmitted. Obviously, the top is a slippery place and is just as uncertain for big business as it is for small business.

However, big business generally is expanding and for this we should be thankful. I use "we" in the broadest sense, for whom do we mean by the term big business? The question is pertinent because I believe that the critics of big corporations frequently have a false image of these enterprises as consisting of a relatively small handful of men ensconced in the executive suites of the towers of Manhattan. But a valid image of big business must include employees — millions of them. Corporations presently employ, at a payroll of some $200 billion in 1962, more than 30 million people—almost as many as the rest of the economy combined, even including Federal, State, and local governments. These employees get 80% of all corporate-originated income, with the remaining 20% going to interest, dividends, and retained profits.

Any valid image of big business must also include its individual stockholders. Within the past decade, the number of stockholders has almost doubled, and at the present time the number of Americans owning stock in publicly held corporations is estimated to exceed 17 million.

Consumer as the Final Judge

In the final analysis, however, it is not the business manager, the employees, or the stockholders who decide what is to be produced and who is to produce it. It is the consumer—the customer—who makes some businesses prosperous and some poor, and who will inevitably make some of the small businesses of today the big businesses of tomorrow. It is also the consumer who calls new industries into existence and pushes old ones into obsolescence. It is this process of consumer choice and industrial competition to meet consumer choice that makes all enterprises, either directly or indirectly, expand or contract. Thus, bigness in business is a result of human needs and basic economics. We hear a lot of talk today about the need for growth of the economy. I think it must be recognized that bigness itself is simply the end result of growth. If we were to set an arbitrary limit on the size to which a particular business entity can grow, we would, almost by definition, be stifling growth and—what is more serious—we would stifle the incentive to grow. Clearly, growth and the prospect of profits are the incentives that cause us to make better products, broaden our markets, and become more efficient. We would be defeating our purpose if we were to restrict this process of growth through such a basic misunderstanding.

Again, we must not forget that size is relative. Our competition is large. Russia is monolithic in its economic structure. It has in effect one chemical company, one auto company, one steel company. By these standards, none of our larger companies can be considered to be too large.

Our friends in Europe are developing a common market, which will lead to larger, more efficient business organizations and better use of the natural talents and resources of each of the member countries. European governments also foster the development of their industries with financial aid, tax concessions, and export assistance. These European firms are going to be extremely competitive with our own industries in the world markets.

Big Government Is Needed

One might observe, also, that our Federal Government, itself, is tremendous — and necessarily so because it, too, has a big job to do. It employs 2½ million people, has a payroll of $14 billion, and total expenditures of almost $90 billion. I have seen no serious proposals that it parcel out its powers, employees, and expenditures to the 50 States. This country needs a huge military establishment, and I am sure that no one would suggest that we could do a better defense job by letting each of our States have its own navy, army, and air force, or each have its own version of Project Mercury.

I am convinced that in a world made up of elements that are becoming larger and more competitive, business will have increasingly bigger jobs to do; and while some of them can be done by small business, many of them will require resources well beyond those of small companies. So, what is the alternative to big companies? How would our critics suggest these jobs be done? The only alternative I can see is to have the Government do them. Certainly, it is the only other entity that is big enough to do them. If Government is the only alternative to big companies, we have a very clear-cut decision to make as a country — free enterprise or nationalized enterprise. There simply is no other choice. And yet, few if any of our Government officials would openly champion nationalization of industry.

Nub of the Problem

This is really what I consider to be the nub of our problem. We hear much about national goals and public interest that are laudable generalities. But our Government and the public seem uncertain as to the role that free enterprise is to play. They seem to have an instinctive aversion to big business without any clearly defined reasons.

I believe that this uncertainty and indecision is an important contributing factor to the recent performance of the economy—the failure of the sixties to soar. It may contribute to our failure to show up so well in the space race with Russia, and it may contribute to our failure to sell the American system to many of the emerging nations.

The Russians have the advantage over us in that they have one simple idea that they follow with determination and dedication. They take full advantage of their State-controlled enterprise. They force it to do the things they want on a big scale, and they sell that idea with consistancy and zeal.

Profits and Greed

We, on the other hand, give a great deal of lip service to our free enterprise system, and yet shackle it down so that we don't get the best from it. We have a continual procession of businessmen publicly criticized or accused of making what are called unreasonable profits. Whether the charges are true or not, the headlines in the paper succeed in leaving a bad impression, and it is upon such impressions that world opinion of our nation is formed. When we talk about our free enterprise system, we seem to be apologizing for capitalism. In short, as a country we seem uncertain about our own system; and certainly businessmen have become confused as to what their country expects of them. Profits, which are the lifeblood of our free enterprise system—the return for risk and work—seem to have become associated with greed in the minds of many people. But, after all, it is the prospect of profit that is the principal inducement for people to invest in new business ventures—which this country must have to keep its economy moving ahead.

I certainly don't want to suggest that every single businessman is simon-pure. We all know that is not true. Corporations, like the Government or labor unions, or any other institution, are made up of human beings, and like any collection of the human species can have undesirable individuals.

What I do want to suggest is that we must develop understanding between business, Government, and the public. I believe responsible businessmen should recognize the problems of Government. Its problems are staggering and make the problems of business seem minute by comparison. The leaders of our Federal Government have to guide us through a morass of international problems and along a path that is beset with frightening pitfalls. They must manage our defenses so that we are the most powerful nation on earth, and yet not bankrupt the country while doing so. In the civil rights field, they must deal with the highly charged emotional feelings of people on both sides of questions such as integration. In economic policy, the power of the Government is so great that the wrong word, an action, or lack of action can have serious consequences. The Government must find an equitable balance between the rights of labor and the rights of business, between the farmer and the consumer, and between State and Federal powers. Balancing all of these conflicting interests and reaching acceptable and workable decisions is truly quite a formidable responsibility. And on top of all this, as all politicians know —but others sometimes forget— they must be reelected or they will not be able to make their contribution to good government.

When Is Big Business or Government Bad?

I believe, however, that we, as citizens, are justified in criticizing our Government, and have a duty to do so, when it is wasteful, corrupt, or dictatorial—but we must not criticize it solely on the ground that it is big. It has a big job to do.

By the same token, businessmen also have a big job to do. The Government certainly is justified in attacking and penalizing businessmen when they fix prices, restrain competition, or give poor value to the consumers, but not solely because their companies are big. If we are to reach our stated national goals of a fast-growing economy and a strong national defense, I believe we must first understand that business and Government should be judged alike—bigness is not bad in itself but only when that bigness produces harmful effects. So let's both accept that each is big, has to be big, and let's help each other with the problems that arise out of our size.

It is this kind of understanding that must be achieved if the average citizen is to reject those individuals who persist in the misguided public harassment of business managers. These managers not only have the responsibility of operating their businesses profitably in the interest of their stockholders, but also recognize that they must continue to develop the new skills and techniques required to support the plans and programs of the Government. Also, I wonder whether stockholders are going to participate in the effort to get this country moving again by investing their savings in new ventures, if these ventures are likely to be declared suspect when they happen to produce a better than minimum or average profit. I know that this country was not developed under that kind of philosophy and I, for one, don't think that we can maintain our past record of growth if such thinking is to prevail.

The advertising industry has come under attack recently and if unreasonable regulations and restrictions are to become the order of the day, it will find it increasingly difficult to maintain the overhead expense required to conduct the kind of research that is necessary to develop more effective means of communication. Because advertising firms are practitioners of effective communication, I am hopeful that they will take advantage of every opportunity to dispel and negate some of this fallacious thinking that is all too prevalent today.

Here, again, this is a big job, and it is only by a combined effort that we can hope to achieve a better understanding of our business system, which, in turn, is a prerequisite to utilizing our full industrial potential in the struggle for military and economic strength.

*An address by Mr. Mason before the Advertising Research Foundation's annual conference, New York City, Oct. 2, 1962.

The State of TRADE and INDUSTRY

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prices. Possibly the market will reach the point where selective price increases are practical.

The Iron Age commented that none of these factors is decisive. But lumped together, they will have a stabilizing force in the market and work against recession pressures that could be building up for 1963.

At the same time, the magazine said the current market is characterized by false starts and day-to-day fluctuations in the new order rate.

On the plus side, high rates of auto production are cutting into automotive steel stocks at a faster rate. Chrysler is improving its order pattern, and General Motors is approaching a normal buying rate. Ford is increasing its orders, but continued high steel production at the Ford steel mill is still cutting into Ford steel orders.

Week's Auto Output Exceeds Last Year's Making October Record Month Since November, 1955

Auto production in the U. S. this week continued at its highest level of the year and also included assembly of the 1,000,000th 1963 model passenger car, *Ward's Automotive Reports* noted.

The statistical agency estimated production last week at 163,102 units, a slight rise from 162,771 assemblies of two weeks ago. In the corresponding week of a year ago, also an "optimum" period, the car count was 159,136.

Ward's said that car making since Jan. 1 this year overtook output for entire 1961 (5,516,317) sometime this past Monday of this week.

It was Monday of last week that the millionth '63 model was made—some eight days ahead of the same '62 model milestone last year.

By the end of overtime operations scheduled for 22 assembly plants Oct. 27, production of 1963 models was at an estimated 1,144,000, compared with 997,869 1962 models made by the same time in 1961.

Thus far in October, the industry has assembled about 630,000 cars. The entire month is expected to yield upwards of 720,000, highest for any October on record and greatest volume for any month since November of 1955.

Electric Output Up 5.8% Over Last Year

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 27, was estimated at 16,149,000,000 kwh., according to the Edison Electric Institute. Output was 29,000,000 kwh. below that of the previous week's total of 16,178,000,000 kwh., and 886,000,000 kwh. or 5.8% above the total output of the comparable 1961 week.

Freight Rail Loadings Down 5.8% From 1961 Week

Loading of revenue freight in the week ended Oct. 20 totaled 613,223 cars, the Association of American Railroads announced. This was an increase of 6,446 cars or 1.1% above the preceding week.

The loadings represented a decrease of 37,735 cars or 5.8% below the corresponding week in 1961, and a decrease of 24,350 cars or 3.8% below the corresponding week in 1960.

There were 15,066 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Oct. 13, 1962, (which were included in that week's over-all total). This was an increase of 2,747 cars or 22.3% above the corresponding week of 1961 and

3,452 cars or 29.7% above the 1960 week.

Cumulative piggyback loadings for the first 41 weeks of 1962 totaled 552,708 cars for an increase of 94,282 cars or 20.6% above the corresponding period of 1961, and 114,367 cars or 26.1% above the corresponding period in 1960. There were 61 class I U. S. railroad systems originating this type traffic in this year's week compared with 58 one year ago and 54 in the corresponding week in 1960.

Truck Tonnage Off 0.6% From Last Year's Week

Intercity truck tonnage in the week ended Oct. 20 was 0.9% below the volume in the corresponding week of 1961 the American Trucking Associations announced. Truck tonnage was 0.6% above that of the previous week of this year.

While this weekly survey indicates truck tonnage is trailing volume of a year earlier, the year-to-year decrease is colored by the unusually strong upturn in traffic in the Fall of 1961. This is particularly true with respect to terminals in Houston, Albuquerque, and Milwaukee.

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 16 localities, with 18 points reflecting decreases from the 1961 level. Sizable year-to-year tonnage increases were registered at San Francisco and Detroit trucking centers, up 17.0 and 11.7%, respectively. Three points, Houston, Albuquerque, and Milwaukee reflected decreases in excess of 10%.

Compared with the immediately preceding week, 13 metropolitan areas reflected increased tonnage, while 21 areas showed decreases. The sizable week-to-week gains indicated at Boston and New York were attributable in part to the Columbus Day holiday, and the religious observances during the earlier week.

Lumber Output Is 5.1% Below 1961 Level

Lumber production in the United States in the week ended Oct. 20, totaled 217,952,000 board feet compared with 231,505,000 in the prior week, according to reports from regional associations. A year ago the figure was 229,778,000 board feet.

Compared with 1961 levels, output declined 5.1%, shipments rose 0.8% and new orders fell 3.8%.

Following are the figures in thousands of board feet for the weeks indicated:

	Oct. 20 1962	Oct. 13 1962	Oct. 21 1961
Output ______	27,952	23,505	229,778
Shipments ____	219,544	223,850	217,868
New orders ___	224,622	229,181	233,449

Business Failures Down in Latest Week

After a strong climb in the prior week, commercial and industrial failures fell back to 290 in the week ended Oct. 25 from 332 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were slightly less numerous than a year ago when the toll came to 304 and were off appreciably from 331 in 1960. As well, business mortality dipped 3% below the pre-war level of 300 in the comparable week of 1939.

Failures involving liabilities of $100,000 or more held steady at 39, the same as last week, and ran slightly above the 33 of this size a year ago. On the other hand, smaller casualties with losses under $100,000 declined to 251 from 293 in the previous week and 271 in the similar week of 1961.

All of the week's downturn was concentrated in retail trade where the toll dropped to 137 from 163 and in construction, off to 40 from 70. There was virtually no change in wholesaling casualties at 34 as against 33 a week earlier, or in commercial service, at 22 as against 21. In manufacturing, an increase lifted its toll to 57 from 45. Fewer retailers and construction contractors succumbed than a year ago, but in other lines failures equalled or exceeded 1961 levels.

Five geographic regions reported lower tolls during the week, with Middle Atlantic casualties down to 76 from 97 and East North Central off fractionally to 56 from 60. Little change occurred in three regions—the South Atlantic toll stood at 40, the Pacific at 62 and the West South Central at 22. The only noticeable increase took place in the West North Central States, up to 16 from 10. Year-to-year trends were mixed; five areas had fewer failures than in 1961, three had more and one showed no change.

Canadian failures edged down to 49 from 51 a week earlier but continued to exceed slightly the comparable year-ago level of 42.

Wholesale Food Price Index Up Fractionally in Latest Week

After holding even for three weeks, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., edged up 0.5% to $5.90 on Oct. 30 from $5.87 in the preceding week. This upturn brought the index to the same level as a year ago when it stood at $5.90, although it remained considerably below the 1960 level of $6.03 for the similar date.

Substantially higher in wholesale markets this week were hams, bellies and potatoes, while moderate gains also were registered for barley, milk, cocoa and hogs. On the other hand, a total of nine foodstuffs were quoted lower in wholesale cost this week: flour, wheat, corn, rye, oats, lard, sugar, cottonseed oil and raisins. However, these dips were of slight size and only partially offset the larger price increases.

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.

Wholesale Commodity Price Index Dips Slightly in Latest Week

Following a mild upturn in the middle of last week, the general wholesale commodity price level edged down this Monday to the lowest point since Oct. 5, reports Dun & Bradstreet, Inc. Corn, rye and flour were quoted appreciably lower at wholesale than a week earlier, and these declines offset the fractional increases chalked up for several commodities as well as the fairly marked rises in silver, rubber and steer prices.

The Daily Wholesale Commodity Price Index inched down to 270.24 (1930-32=100) on Monday, Oct. 29, from 270.73 in the prior week. While still slightly above the 270.16 on the comparable day last month, the index remained considerably lower than the year-ago level of 273.30.

Indian Summer Hurts Retail Purchasing

Unseasonably warm weather throughout most of the nation cut into consumer buying activity during the week ended Wednesday, Oct. 24. Men's and women's apparel departments suffered the greatest losses as purchasing of heavy outerwear items slowed to a standstill. Home furnishings sales, however, moved ahead of last year, and demand for automobiles remained exceptionally good.

The total dollar volume of retail trade in the week ended Oct. 24 ranged from 3% lower to 1% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc.

Nationwide Department Store Sales Decline 1.0% Below 1961's Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index reported neither an overall advance nor a loss for the week ended Oct. 20 compared with the like period in 1961. In the four week period ended Oct. 20, 1962, sales advanced 1% over the corresponding period in 1961.

According to the Federal Reserve System department store sales in New York City for the week ended Oct. 13, were 2% below the same period in 1961.

Tax-Exempt Bond Market

Continued from page 6

Brothers & Co., Gregory & Sons, R. H. Moulton & Co., National State Bank of Newark, City National Bank and Trust Co., Kansas City, Federation Bank and Trust Co. and First National Bank in St. Louis. The bonds were offered to yield from 1.60% to 3.20% for various coupons and, with the bank lineup of this account, portfolio demand was in immediate evidence and all but 15% of the bonds have been placed.

Fourteen bids were submitted for the $4,000,000 Georgia State Highway Authority (1963 - 1992) bonds with the account headed by the *First National City Bank* the successful bidder at a net interest cost of 3.118%. The other 13 bids ranged in interest cost from 3.124% to 3.194%.

Associated with First National City Bank in this underwriting are Northern Trust Co., Philadelphia National Bank, Marine Trust Co. of Western New York, Fidelity Union Trust Co. and the First National Bank of Memphis. Scaled to yield from 1.50% to 3.25% initial investor demand for this issue has been slow with about one-third of the bonds sold.

Warwick, Rhode Island came to market for $2,950,000 High School (1963-1982) bonds and the group headed by *Halsey, Stuart & Co.* was the successful purchaser on its bid of 100.02 for a 3% coupon. The runner-up bid of 100.48 for a 3.10% coupon was submitted by the Morgan Guaranty Trust Co. and associates.

Other members of the winning group include Estabrook & Co., Paine, Webber, Jackson & Curtis, Francis I. duPont & Co., Cooley & Co., and Fahnestock & Co. Scaled to yield from 1.70% to 3.20% a balance of $2,100,000 presently remains in account.

The State of Mississippi sold $2,500,000 general obligation (1964-1982) bonds to *Phelps, Fenn & Co.* and associates at a 2.952% net interest cost. The second bid naming a net interest cost of 2.974% came from the Northern Trust Co. account.

Associated with Phelps, Fenn & Co. as major members of the successful group are White, Weld & Co., Paine, Webber, Jackson & Curtis, M.A. Saunders & Co, Inc., Scharff & Jones, Inc., Newman, Brown & Co., Inc., Hattier & Sanford, Reinholdt & Gardner, George K. Baum & Co. and J. M. Dain & Co. Scaled to yield from 1.65% to 3.20% for various coupons, investor and bank demand was instantaneous with all of the bonds sold during the order period and the account marked closed.

Phelps, Fenn & Co., R. W. Pressprich & Co. and Hornblower & Weeks submitted the best bid for $2,325,000 Wyoming, Michigan Sewage Disposal System (1964-2001) bonds at a net interest cost of 3.4035%. The runner-up bid of a 3.434% net interest cost came from the Northern Trust Co. account. Scaled to yield from 1.75% to 3.50%, today's balance is $1,500,000.

Week's Major Sale

The group headed jointly by *Kidder, Peabody & Co., Blyth & Co.* and *Wertheim & Co.* submitted the better of two bids for $45,000,000 New York State Dormitory Authority Revenue (1965-1994) bonds naming a net interest cost of 3.2093%. The competing bid, offering a 3.234% net interest cost, was made by the syndicate managed jointly by Phelps, Fenn & Co., Lehman Brothers, Smith, Barney & Co. and Halsey, Stuart & Co.

Other major members of the successful group include Equitable Securities Corp., Eastman Dillon, Union Securities & Co., Ladenburg, Thalmann & Co., Glore, Forgan & Co., Drexel & Co., John Nuveen & Co. and B. J. Van Ingen & Co. The bonds were offered to yield from 2.00% in 1965 to 3.35% in 1991 and as we go to press it is estimated that the issue is better than 50% sold. The bonds due 1992 carried a 2½% coupon and were offered at a 3.60% yield and the 1993 maturity carried a 1-tenth of 1% coupon and was sold at a 4.50% yield.

This week's final issue of note consisted of $6,500,000 Orleans Parish, Louisiana School (1963-2002) bonds which were awarded to the syndicate headed by *Blyth & Co.* at a 3.21% net interest cost. Second best bid for the bonds offering a 3.345% net interest cost came from the account headed by Halsey, Stuart & Co.

Associated with Blyth & Co. as major members of this group are Lehman Brothers, Dean Witter & Co., The Hibernia National Bank in New Orleans and Scharff & Jones, Inc. The bonds were offered to yield from 1.60% to 3.45% and initial orders have amounted to $1,600,000.

Toll Bonds Rise

The sensitive dollar quoted long term revenue bond issues have done better since last reporting. A few of the toll road issues have shown good gains. Chesapeake Bay Bridge 5¾s, Chicago Calumet 3⅜s, Chicago-O'Hare 4¾s, Illinois Toll 3¾s, Indiana Toll 3½s, Kansas Turnpike 3⅜s, Massachusetts Turnpike 3.30s, New Jersey Turnpike 3⅜s, New York Thruway 3.10s, Pennsylvania Turnpike 3.10s, Richmond - Petersburg Turnpike 3.45s, Virginia Toll 3s and other issues have shown gains of 1 point or more since last reporting.

In relation to the toll roads it seems significant to us that but few fiduciaries, trust officers and other discerning investors and counsellors, have seemed to keep abreast of the positive developments among the toll roads. By many, the toll road segment of investment has unthinkingly been relagated to continuing disfavor by almost sweeping generality. We believe that this attitude has been overdone to the detriment of many investors. There is much misunderstanding about toll roads and old prejudices unfortunately prevail.

Unwarranted Fears

D. Louis Tonti, Executive Director of the New Jersey Highway Authority, speaking before the American Bridge, Tunnel and Turnpike Association, recently effectively dealt with many of the misapprehensions concerning toll roads and bridges and has helped place the economic need and the financial justification of these roads in their proper economic and financial perspective. He properly placed emphasis on economic development that has already contributed to substantial increases in toll highway usage and noted the explosive potential that appears for the not distant future.

The Commercial and Financial Chronicle's revenue bond Index shows that these issues gained close to ⅜ths of a point, on an average, during the last week. The yield Index moved from 3.582% to 3.56%. The Index is derived by averaging the yields of 23-long-term revenue bond issues. Toll road, toll bridge and utility revenue issues are included.

Ziegler Appoints Carman, Branch Mgr.

LA JOLLA, Calif. — Appointment of Douglas Carman as resident manager of a new California branch office located at 7825 Ivanhoe Ave., La Jolla, California, was announced by D. J. Kenny, President of B. C. Ziegler & Company—West Bend, Wisc., underwriters of hospital, church and school bond issues.

Douglas Carman

Prior to joining the Ziegler Co., Mr. Carman was associated for 25 years with the Milwaukee investment counseling firm of Newton & Co., serving as Vice-President and director. Mr. Carman was also a Vice-President, director and member of the Investment Committee of the Newton Fund, Milwaukee-based mutual fund.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—Although the danger of a military clash between the U. S. and Russia over Cuba apparently has been avoided, the government's top economic and fiscal planners are still working on plans and policies generated by the crisis and for other possible contingencies.

The economic planners, looking ahead, are basing their assumptions on serious but not catastrophic developments in the months ahead—unlike the military planners who must be forced to assume the worst and be poised hour - by - hour. The economic-political outlook now forming the basis for the domestic planning is based on the following assumptions:

The world will ebb and flow toward and away from a major war. Possible periodic outbursts of shooting will be localized—in the seas around Cuba, in the approaches to West Berlin, perhaps in the Black Sea or Turkey. They will not touch off the ultimate war. But they will force the country into a much deeper mobilization buildup.

Already, the Defense Department's order freezing military personnel in the service for probably a year, maybe more, will increase U. S. military manpower strength by about 50,000 persons as enlistments creep upward while separations are frozen. This alone means the government will be buying more of the housekeeping items it needs — food, clothing, shelter, transportation.

The additional men on top of the step-up in firepower needed to continue the nation's confrontation of the Russians will increase orders for guns, missiles, planes, bullets, spare parts and all the rest. This will not affect the economy, overnight—but it will affect it.

Possible Economic Impact

One of the most obvious results is that the recession, widely predicted for early next year, now is not expected. Rather, a rise in production—and perhaps prices—is foreseen as the nation moves to increase its mobilization capacity. It's too early yet for the forecasters to predict a production boom, but it is a possibility.

At the same time, there will be upward pressure on prices, these experts say. While the country has at the moment substantial excess productive capacity for both guns and butter, there are already some signs of increased consumer buying pressure building up. Within days of the President's announcement, some areas reported increased purchases in some items, including autos and some soft goods.

Tax Cut Threatened?

The outlook for tax cuts for next year or the year after is another possible casualty. The military blockade operation and military manpower shifts will cost the government about $100 million—bringing this fiscal year's deficit to at least $7.8 billion. And a more substantial defense mobilization would obviously eliminate the necessity of a tax reduction to spur the economy.

With the country embarked on a much sterner policy toward world Communism, the prospect for a steady rise in the rate of defense spending over the next few years is a certainty.

In the first days after the President announced his decision to unmask the Soviet treachery in Cuba and throw down the gauntlet, the primary interest in Washington, as in all the world, was on the direct military strategy. The outcome, obviously, was up to the Soviets. However, the necessary non-military aspects of the crisis also became increasingly important to government. While the midnight oil burned initially in the offices of the Pentagon and State Department at first, it began soon to show up in the Commerce Department, Labor Department, and the civilian agencies of government. The tempo of activity in the non-military departments has been reduced somewhat, rather than abruptly halted. Seemingly the world is in store for a much warmer sequence in the cold war for the months and years ahead whatever the outcome in Cuba.

More Non-Nuclear Weaponry

The heated international temperature also is pointing up again that this country's defense structure may continue toward a primarily missile network, but there is still need for vast expenditures for traditional weapons—fast bombers and fighters, modern landing craft, tanks and other vehicles, fast ships, and the modernized foot soldier well-armed with various weapons. There had been an assumption that when a head-to-head meeting with the Russians came, it would involve the ultimate weapons, as we know them or can develop them. But the Cuban crisis has shown that the U. S. cannot neglect its strengths on something short of nuclear war.

This too has not escaped the notice of the long-range defense and economic planners in Washington. There are already signs that more of our research and defense dollars for the new fiscal year may be used to bring these "local defensive" weapons as up-to-date as our ballistic missiles and atomic warheads now are.

Planners admit that all of their work now is pure speculation. The base on which they rest their planning may change many times in even the next few weeks. But this is their assessment of the outlook as of this writing.

New Tariff Cuts Will Be Developed Slowly

The Kennedy Administration, up to its collective ears in international tensions, won't now move quickly to put its newly-won powers to bolster foreign trade through new tariff reductions. Best guess now is that it will be some two years before the next round of free world tariff cuts begin to go into effect.

At the moment, the U. S. Tariff Commission and other government agencies are busily trying to revise some 8,000 tariff classifications, to simpler language and make the categories more descriptive. They need the approval of the 35 other nations in the General Agreement on Tariffs and Trade (GATT) before they can do this, which is slow in coming. If all works well, it will be at least Jan. 1 before these new tariff classifications go into effect.

The purpose of the new classifications is not to change existing tariffs, but officials at the Commission admit that in some few cases this will happen as the definitions are changed. They also admit that because present laws won't permit them to lower tariffs, the effect of any changes that creep in will be to raise some U. S. tariffs. They expect that there may be some howls from foreign countries, but their answer will be that these will be corrected in the next round of tariff-cutting negotiations.

Once this revision is out of the way, the Administration will start to work getting ready for another major round of tariff cutting talks under the new trade bill. The new trade bill allows the President to cut most existing tariffs by as much as 50% in three annual steps. It permits him to remove tariffs entirely on goods of which the U. S. and the European Common Market produce 80% of the world's supply. The only exceptions are goods which have been subject to a boost in tariffs under the so-called escape clause within the past five years.

Cumbersome Machinery

The machinery under which the tariff cutting will eventually take place is cumbersome and complicated. The first step will be for the President to designate a committee to draft a list of goods on which the U. S. may consider granting lower tariffs and a list of goods on which the U. S. will request foreign countries to lower their duties. He will probably use the existing Interdepartmental Committee on Tariff Agreements. This committee works in secret, and after some months will present its lists to the President. The important one is, of course, the list of goods on which the U. S. may agree to cut tariffs. This list is reviewed by the President and his top advisors, and then published and sent to the Tariff Commission.

This is only the beginning. The Commission must draft economic reports on each item to be sent to the White House within six months. Commission officials say it will take them all of six months to hold hearings and make their reports. Then, the list is again reviewed, and a final secret list given to U. S. negotiators.

The negotiators take several months talking with various foreign representatives, so the whole process will probbaly take two years or more. But when they come, these tariff reductions are likely to be sweeping.

Most of them will be on imports from the European Common Market. The new trade law was passed to offset the restrictive tariffs the Community has put into effect, shutting off many lucrative overseas markets for U. S. firms. The Administration was convinced that the only way to reopen these markets was to offer lower tariffs on Community shipments to this country. Congress went along (adding various plans for easing the impact of increased low-cost foreign goods on U. S. firms and workers). The Japanese generally are beating U. S. prices even with current tariffs, so the negotiations will probably not bring a long list of tariff cutting with them.

[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.]

"I know I said a TOKEN payment would be sufficient —but I didn't mean a SUBWAY token!"

COMING EVENTS

IN INVESTMENT FIELD

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

The CHRONICLE will publish on Nov. 29 a special pictorial Supplement giving complete coverage to the proceedings at the Convention.

Nov. 7, 1962 (New York City) Investment Association of New York Annual Dinner at the Waldorf Astoria Hotel.

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.