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EDITORIAL

As We See It

The Budget Bureau in Washington announced at the middle of last week that it had altered its estimate of this year's fiscal operations to indicate, not a half billion surplus (as it had proclaimed at the beginning of this year) but a deficit of $7,800,000,000. Accompanying that announcement was the bland assertion that "under current conditions of an economic recovery significantly slower than assumed in January, the present 1963 budget estimates reflect generally accepted fiscal requirements." In defense of, or possibly in explanation of this rather cryptic assertion, the Bureau says that the darling of many economists—Gross National Product—will this year reach the total of $554 billion, which falls some $13 billion short of the estimate of Administration authorities at the beginning of the current calendar year. The authorities are also dissatisfied with the current unemployment figure. In short, "generally accepted fiscal requirements" embody huge deficits not only when recession or depression is upon us or threatens us but when the rate of growth in business activity or in employment falls short of official estimates of what they should be!

This seems to us to be carrying the New Deal idea a good deal farther than even the Keynesian and Neo-Keynesian economists surrounding Franklin Roosevelt ever dared do. A quick look at the record is enlightening. Gross National Product may be lower than the optimists in Washington hoped or believed it would be, but at $554 billion, it would top any peacetime figure by upward of $35 billion! And on the very day that these figures and these remarkable generalizations were issued, a group of leading Government economists formally declared that they could see (Continued on page 20)

Factors Affecting the Outlook For Bonds and Interest Rates

By Charles F. Nagel, Vice-President, Provident Tradesmens Bank and Trust Co., Philadelphia, Pa.*

International considerations can be expected to preclude any significantly higher bond prices and lower yields. Analysis notes today's unusual yield-patterns and difficulties in forecasting, and describes factors likely to provide income opportunities from time to time. Those seeking bonds as a ready source of funds are advised to gear maturities carefully; and intermediate and longer term bonds — particularly non-callables — are recommended to endowment funds seeking stability of income as an alternative to or a partial hedge against uncertain growth prospects in the days ahead.

In forecasting trends of business activity, interest rates, stock prices, or even the weather, heavy reliance is normally placed upon historical data, and it is usually assumed that under substantially similar conditions at a given starting point, past patterns of trend development are likely to be repeated. We look in vain, however, for a historical precedent for the pattern of interest rates and bond prices that has prevailed throughout most of the 1961-62 business recovery period. Forecasts at this time are therefore more difficult and few students of the money market are willing to make firm predictions as to the outlook for the longer term, or even for the short run.

Charles F. Nagel

The three business cycles of the past decade witnessed dramatic swings in short term interest rates and also wide fluctuations in intermediate and longer term bond prices. Thus, from the 1953 business peak to the 1954 recession trough, 91 day Treasury Bill yields declined from 1.96% to .61%. In the 1957-1958 recession, such yields declined from 2.92% to .58%. In the 1960-61 recession, the comparable decline was from 4.66% to 2.08%. On the average during the three recessions, 91 day Bill yields declined to nearly one-third the previous high, and usually presented an earnings problem to investors dependent on short term rates. During the same three recessions, the Victory Loan 2½s of Dec. 15, 1972-67 fluctuated an average of nearly 10 points, while the longer 3¼% Treasury Bonds due June 15, 1983-78 fluctuated an average of nearly 12 points. Highly influential in such money market swings was the ever more sensitive and flexible credit policy pursued by Federal Reserve authorities following the unpegging of the United States Government bond market in 1951, and designed to promote healthy growth of the American economy and to resist recurrent inflationary pressures.

In marked contrast to the experience in the preceding cycles, short term rates have increased only moderately since the current business recovery got underway in February 1961. Long term rates have remained relatively stable. Several factors contributed to this extraordinary performance, including the relatively mild nature of the 1960-61 recession and the moderate pace of the ensuing recovery, the relative stability of prices and the diminished inflationary threat; also the fact that commercial bank loans had actually increased during the 1960-61 recession and had therefore tempered its downward effect on short-term rates. Most influential of all, however, was the closely coordinated Treasury and Federal Reserve debt management and credit poli- (Continued on page 22)

NSTA CONVENTION SUPPLEMENT NEXT WEEK—The Special Supplement devoted to Editorial and Pictorial coverage of the 29th Annual Convention of the National Security Traders Association will be published on Nov. 29.

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

H. PAUL ALTHAUS

Resident Manager of York, Pa., Office of Reynolds & Co.

National Airlines

It may well be that stocks of airline companies will be among the leaders in the next upward movement. These companies suffered much travail during the conversion to jets but this is now about completed.

That airline traffic will continue to grow rapidly seems a foregone conclusion but what is not so generally appreciated is the growth of air freight. In the modern jet, about one-third of the capacity is unfit for passengers but is ideally suited for cargo. (In the fiscal year 1962 National Airlines doubled its air freight from the previous year).

National Airlines flies some of the choicest routes in the country. From New York, and other northern cities to Florida, and from Florida along the southern tier of the U. S. via New Orleans and Houston, to San Diego, Los Angeles, and San Francisco on the West Coast. This latter route is sometimes called the Missile and Space route because of the large government installations along this line. National Airlines also services Cape Canaveral.

In the fiscal year ending June 30, 1962, National earned $2.31 per share plus an additional cash flow through depreciation of about $6 per share. Recently, National Airlines consolidated its debt by a $51 million loan. Among other things, this arrangement eliminated restrictions to paying cash dividends and also released the 400,000 shares of Pan American World Airways stock, previously pledged as security. Part of this stock has already been exchanged with Pan American for an equal number of the 464,000 shares of National owned by that company. Conversations are now being held for the exchange of the balance of these stocks.

For the first quarter of National's fiscal year ending September 30, 1962, earnings were $1.61 per share. October showed only slight improvement as this month is the poorest of the year for National, but for the whole fiscal year ending June 30, 1963, approximately $4 per share should be earned plus an additional cash flow of about $7 per share via depreciation. As debt is paid off the heavy interest charges, now an expense, will go into earnings.

I flew to Miami Nov. 2, 1962, for the annual meeting. I was much impressed with the calibre of the management especially Lewis Maytag, Jr., the President and Dudley Swim, the Chairman of the Board. Among other things, Mr. Maytag said that by the first of the year National would be the first airline in the country to be completely converted to jets. He also said that shortly the Pan American stock would be completely exchanged for National stock thus decreasing the outstanding National stock by about 22%.

Due to the new jet program there is plenty of room to take care of additional travelers without more equipment. Viewing all the facts regarding National Airlines, it is my considered judgment and well within the realm of possibilities that in a few years earnings could reach $5 to $6 a share per annum.

The purchaser of National Airlines will be buying into an industry which will in all likelihood grow at a more rapid rate than the economy as a whole, will have a stock which appears cheap in relation to current earnings and which could result in substantial capital gains over a period of time. National Airlines common is listed on the New York Stock Exchange.

KEITH C. RUSSELL

Partner, Hayden, Miller & Co., Cleveland, Ohio

The Leece-Neville Company

It is a rare opportunity to find a well-established company whose stock is selling at about nine times earnings, and whose sales in the past fiscal year increased 27% and earnings rose 168%!

Such a company is 52-year-old, Cleveland-based Leece-Neville, pioneer producers of alternator systems for automobiles and trucks, and manufacturer of generators, motors, switches, voltage regulators and other electrical products.

The company developed the first alternator in 1942 and holds original patents on the unit. Produced in quantity since 1946, alternators made their first impact on trucks, buses and military vehicles. The newest concept at Leece-Neville has been design of an alternator system for passenger cars — priced competitively with automotive generators of comparable capacity.

An alternator is used in place of a generator, and performs the same function with greater effectiveness. It produces AC current, which is then converted to DC by means of a rectifier. Since most electrical problems are attributable to battery failure, the Leece-Neville alternator offers these benefits:

Delivers five to 10 amperes with the engine idling to keep the battery charged at all times (a generator does not charge battery until the vehicle speed reaches 15-20 miles per hour).

Permits full use of all electrical accessories at all speeds (including idle).

Assures easy starting, even in most severe weather.

Improves the performance of the engine ignition system, 2-way radio and other electrical accessories.

Provides longer life because there are fewer wearing parts. It is also easier to maintain.

The alternator is manufactured in many sizes and types for automotive and industrial applications, including railroad and marine engines, cranes, fire engines and other heavy-duty equipment.

For some years after its organization, Leece-Neville confined its products largely to starting and lighting equipment and electrical control devices for passenger automobiles and for marine use. Gradually it developed equipment for heavier duty applications. This choice of products identified Leece-Neville as a producer of heavy-duty equipment.

At present, the company has two plants in Cleveland and a third in Gainesville, Ga., and employs a work force of approximately 1,200 skilled men and women. The facilities—in excess of 300,000 square feet—are used to produce the following classes of quality products in addition to the alternator:

Small electric motors for heaters, defrosters, window regulators, seat actuators and similar automotive applications.

Heavy duty DC cranking motors, generators, switches, voltage regulators and allied equipment for highway and construction vehicles.

Motors, generators, allied controls, and special components for the Department of Defense.

A line of AC motors—shaded pole and permanent split capacitor — for home air-conditioning, ventilating systems, and other similar appliances.

The company markets all its products nationally through its own field salesmen, and through licensed distributors or specialized sales representatives. It has six Canadian outlets; and, through an international export agency in New York, sells to warehouse distributors and Government agencies abroad.

Leece-Neville has, for a number of years, engaged in a long-range product diversification program. About 10% of its work force is assigned to research and engineering.

Fiscal year ended July 31, 1962, was the most noteworthy in the history of the company. Sales rose to $17,880,831 from $14,085,084, an increase of 27%. Earnings rose from $236,164, or 47 cents a share, to $629,238, or $1.26 per share, an increase of 168%. Since 1950, sales have risen over 300% and earnings have increased 270%. The following is a table of sales, earnings and dividends since 1950.

July 31	Net Sales (000)	—Per Share*— Earnings	Div.
1962	$17,880	$1.26	$.40
1961	14,090	.47	.25
1960	14,370	.39	.20
1959	14,870	†.93	.15
1958	10,340	.09	.05
1957	12,070	.13	.19
1956	13,410	.77	.23
1955	11,690	.90	.32
1954	11,430	.69	.14
1953	12,990	.79	.23
1952	9,150	.50	.18
1951	6,330	.41	.18
1950	4,430	.34	.09

*Adjusted
†Does not include $0.31 special credit.

Cash dividends have been declared in every year since 1923, being supplemented by 3% stock dividends in 1956 and 1957, 5% in 1959 and a 2-for-1 split in 1962. Total assets are $8,629,722, with current assets amounting to $6,782,909, compared with current liabilities of $3,516,682, a ratio of nearly 2 to 1. Long-term debt amounts to only $600,000 payable

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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.)

Why Significant Over-All Tax Cuts Are Needed Now

By Hon. Douglas Dillon, Secretary of the Treasury, Treasury Department, Washington, D. C.*

In order to accelerate economic growth, the Administration announced its intention to ask Congress next year to lower substantially the tax burden on individuals through sizable reforms and rate cuts to complement recent concessions to business. Mr. Dillon promised that the objective is not a quick one shot stimulant for the economy but encompasses our needs for the next ten years or more. The case presented for significant tax changes takes into account today's international tensions and increased Government spending; denies resultant deficit will be price-inflationary; notes European support for this move to reinvigorate the economy; and avers budget surpluses will result as full employment ensues.

None of us is satisfied with the performance of our economy over recent years. Fiscal and monetary policies play a critical role in that performance. Therefore the need for a fresh look at this area is clear.

Douglas Dillon

The President will submit to the Congress in January a major program of tax reform and reduction. This program will involve a basic reworking of our fiscal structure. The results will have a major bearing on our success in meeting our economic goals, not only in 1963, but for many years ahead. We welcome inquiry into the policy issues involved.

One of the major responsibilities of any modern society is to provide the sort of economic environment in which men and women, willing and able to work, can find useful employment. The duty of the Federal Government to shape its policies to that end has been embodied in law. But our goal cannot simply be one of providing enough jobs today. We also want our economy to grow more rapidly over the years ahead. That is a must if we are to provide jobs for the new workers who will be entering the labor force in increasing numbers, if we are to banish remaining poverty, and if we are to continue to carry the heavy burdens imposed by our role in the world.

Inadequate Five-Year Performance

For the past five years, our country's performance in meeting these goals has clearly been inadequate. True, production is now running at record levels, 16% above the rate of early 1961, unemployment has been cut by 30% over the same period, and total profits have been well maintained. But in only one month during the past five years has unemployment dropped below 5% of the labor force, and a 4% unemployment rate—roughly the average of the first postwar decade — has not been closely approached since the Spring of 1957. Output per man-hour has increased more slowly since the mid-50s than during the earlier postwar years, and less than the average for this country.

While we have made progress toward eliminating the deficit in our balance of payments, that deficit still persists, and its eventual elimination will require continued effort. Even the price stability of recent years, gratifying as it is, can be traced in part to the same excess capacity and unemployment that are measures of our deficient performance in other directions. Tax reform and reduction can play a vital role in improving our performance.

For a long time, we have been familiar with the use of fiscal and monetary policies to achieve full employment, an adequate growth rate, and price stability. But in recent years the balance of payments problem has added a wholly new dimension to our economic objectives and to the problems of achieving a coordinated set of financial policies. It has reinforced the urgency of one of our basic domestic goals — maintenance of relative price stability. But, it has many other implications for economic policy as well. Thus, monetary policy must now be shaped with a view toward its impact on international capital flows, which are influenced particularly by the level of short-term interest rates. Very simply, we no longer have the freedom to follow the sort of monetary policies that would drive short-term rates to very low levels. Unless our short-term rates maintain a proper relationship to similar rates in foreign markets, our funds will simply flow abroad in volume — which we cannot afford.

But, that does not mean that we cannot maintain an ample supply of long-term credit for productive investment, for better housing, and for needed community facilities. That is what we have been trying to do, and rates for

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The Changing Role of Business in Our Society

By David Rockefeller,* *President, Chase Manhattan Bank, New York City*

A leading banker proposes joint collaboration of business and colleges to provide "management sabbaticals" to help executives keep abreast of the rapid, pervasive, and fundamental changes in the role of business in our society. Such leaves, Mr. Rockefeller believes, could be every seventh year and last a semester to a full academic year at a cost which business could well afford and which it may find impossible not to pay. Noted is the declining role and influence of business compared to government and labor even though business' importance to the economy continues to grow. If management's judgment and imagination are to cope with tomorrow's problems it must be aware of business' changing role and the formidable problems of adjustment, communication and leadership. Mr. Rockefeller contends the academician can substantially help upgrade management's success in the handling of those problems.

When a friend told Ralph Waldo Emerson, "The world is coming to an end tonight," the Sage of Concord is said to have replied casually, "I can get along without it."

David Rockefeller

If I were to tell you that the world in which you and I were born and reared has already come to an end, I suspect that most of you would react with Emersonian calm. But the critical difference today is that we cannot get along without doing something about it.

For the central challenge of this dangerous decade is the revolutionary speed of economic, social, political, scientific and military change. Every nation is caught up in it. Western Europe is renouncing the habits and prejudices of a thousand years to cope with it. Great Britain is preparing to abandon five hundred years of island isolation in the belief that she must adjust or abdicate her leadership.

Our very vocabulary is being recast by the accelerating sweep of scientific and technological change. Automation, atomic reactors, earth and solar satellites, jet airliners, antibiotics — all these would be alien words to a hermit emerging from a World War II refuge.

Nowhere is the ferment of change more impressively exemplified than in the role of business in our society. Seventy-five years ago, it was not clear whether American business might some day fulfill Karl Marx's passionate prophecies about a capitalist system of tightly-held power and privilege. But business in 1962 has evolved in a very different direction from that which Marx anticipated.

Swift Transformation of Business Role

There has occurred a transformation so swift in pace and so profound in social, geographical, cultural and economic implications that it has outstripped the perception of most historians, commentators, even businessmen themselves. This transformation has raised serious problems, not only for business itself but for other elements of our society.

Today, in the venturesome spirit of the American Philosophical Society's search for mutual understanding, I would like to explore the directions and dimensions of the change in business' role. Then I would like to examine three problems, growing out of the change, that seem to me to have special relevance both to business and to the intellectual community.

Change is measured by many yardsticks. In *social* terms, the old concept that the owner of a business had a right to use his property as he pleased to maximize profits, has evolved into the belief that ownership carries certain binding social obligations. Today's manager serves as trustee not only for the owners but for the workers and indeed for our entire society. As a nation of wage and salaried people, we work in the main for business organizations. Business recruits our youth from college and provides them with pensions in their old age. It contributes major support to charitable institutions, and has become a principal source of funds for the growth and improvement of our colleges and universities. Corporations have developed a sensitive awareness of their responsibility for maintaining an equitable balance among the claims of stockholders, employees, customers and the public at large.

In *geographical* terms, the changing role of business is illustrated by the burgeoning array of American companies becoming international in scope. Direct investment abroad by United States corporations has nearly tripled in the past decade, and now runs to about $35 billion. These foreign subsidiaries produce and sell goods valued at more than $25 billion—an amount equal to the combined Gross National Product of Norway, Sweden and Denmark. The increasingly international character of American business has provided businessmen with critical challenges— and exhilerating opportunities—in shaping responses to basic trends like the modernization of the underdeveloped nations. As American business has internationalized its activities, corporate managers have had to supplement their salesmanship with statemanship.

In *cultural* terms, the change is strikingly evidenced by the growing interdependence of business and the intellectual community. Seventy-five years ago, businessman and scholar often had little in common; today, they are creative collaborators. Together, they have spearheaded the dynamic thrust of our economic growth. Together, they have fostered the development of an educated society—the businessman by providing opportunities for educated people, the scholar by providing trained manpower. In the American labor force of 30 years ago, there were scarcely three college-educated men and women for every 100 workers. Today, there are 18; and 20 years from now there may be as many as 35. The dependence of business on the intellectual community is pointedly illustrated in the explosive expansion of research. University scientists are in the vanguard of the massive effort that is doubling our scientific knowledge every decade, and promises to give an unprecedented lift to industry and to the national economy. In basic interests, objectives and approach, the businessman and the scholar have drawn steadily closer together so that today they no longer dwell in separate communities but in adjoining neighbor-

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OBSERVATIONS...

BY A. WILFRED MAY

THE LAY INVESTOR ON THE TWO-WAY STREET

During the Great Bull Market of the 1950-1960s fears were widely expressed over the likely impact of the painful discovery by the new army of investors that the stock market does not travel on a one-way rising street.

The market's recent 22% "Slide," with quantitative data on the "before-and-after" behavior of the market novitiates now provide telling evidence on the invalidity of the preceding forebodings. Its importance is further enhanced by the high level of odd-lot amateur short selling, with its traditionally regarded bearishness.

CLUB ACTIVITIES

The behavior of the spawning boom-stimulated *investment clubs* is particularly valuable in giving surprising evidence of little correlation of their members' degree of market interest with the stock market's speculative course of inflation and deflation (such interest in the market being apart from portfolio policy of either bullishness or bearishness).

Table A listing the changes in the number of such market-playing Clubs belonging to the National Association, with their member-population counts, shows little tying-in with the stock market's concurrent performances.

We see that before, during, and after the market's break their growth has been sustained. During the 12-month period October, 1960-1961, against the bullish market's background, the members' total rose by 15%. In the following 12 months to October, 1962, which period encompassed the Big Break, the number of member Clubs maintained the increase of 15%. During the intermittent periods surrounding the market's "Slide," as is also shown in Table A, the growth was maintained

TABLE A

Total Number Investment Clubs And Members at Significant Dates

	No. Clubs	Members
Oct. 1960	**5,902**	**76,041**
Oct. 1961	**6,594**	**90,508**
Apr. 1962	7,621	99,730
June 1962	7,985	104,770
Oct. 1962	**8,083**	**105,495**

Also reflecting continuing interest is the members' maintenance of their clubs. There has been no significant increase in the rate of club drop-outs. In the June, 1962 market-break period the rate of drop-outs was 2.4%, against 2.2% for June of the preceding year. Last August, it was 2.1% as against 1.9% in August, 1961.

* * *

THE FUND RECORD

The Mutual Funds' corresponding records of investor behavior as shown in Table B, has not been as favorable as the Clubs'. The public purchase of fund shares totaled $15 million in October, 1962, against $261 million in October, 1961, but exceeded the October 1, 1960 sales ($149.6 million).

But in the public's abstention from panicky redemptions during the Stock Market's Break period the investors' constructive performance has again confounded the prophets of doom.

The redemptions expressed in their ratio to assets, actually were lower during the market Breakladen June quarter of 1962 than they had been in the corresponding period of 1961.

Redemptions last month (October), were practically no higher than a year ago.

* * *

Exit of Popular Illusions

In any event, in investing behavior processes the market Break has served most usefully both the investment club and mutual fund shareholder.

TABLE B

Mutual Funds' Total Shareholder Accounts ("T.S.A.") and Share Sales at Significant Dates

(All in Millions)

	Total Shareholder Accounts	Sales
Oct., 1960	$4.7	$149.6
Oct., 1961	5.3	261.9
Jan., 1962	5.3	361.8
Apr., 1962	5.7	260.1
June, 1962	5.7	218.6
Oct., 1962	5.9	156.7

The public now has greater realization — acquired "the hard way"—that the holding of fund shares does not constitute an admission ticket to a *numbers game*—or at least that the numbers do not perpetually follow a one-way upward direction.

The market Break, with the corresponding slashing of the funds' asset values, has likewise restored interest in *investment income,* which has been so deeply submerged by the assumed permanence of capital gains (i.e. "beating the market").

Such revival of the role of income (by way of ordinary income dividends) should curtail the fund investors' sizable redemptions of their shares. They will be aware of the fact that it takes about three years of dividend income to compensate the holder for the average "load" (buying commission) which he laid out at time of acquisition. Under the contractual plan, where the buying commission is lumped during the first years of the holding (called front end load) it takes 7½ years of investment income to compensate him for his buying commission.

* * *

Regarding the suitability of mutual fund for acquisition by Investment Clubs:

In the case of the open-end funds, the paying of a management fee would seem to be out of order. But *closed-end* funds when selling on the market at a *discount* from asset value, which through such reduction in their cost price increase their annual income yield in addition to eliminating the "load," would seem to be appropriate for Investment Club and mutual fund portfolios, as well as other realistic investors.

Four major closed-end companies are now selling at discounts up to 35%; with four others commanding premiums above asset values ranging up to 18%.

Why 1963 Will Be Another Banner Retail Sales Year

By George Troutt,* *Vice-President and Treasurer, Associated Dry Goods Corp., New York City*

Optimistic appraisal of retail sales outlook sees department stores as a growing beneficiary of predicted rise in non-durables in 1963. Mr. Troutt anticipates this year will end with a 6% over-all sales expansion over 1961 abetted by automobile purchases. He is mindful of the doleful economic signs for 1963 but is confident that the consumer, the past bedrock of our economic strength, will again confound the pessimists with their buying performance. Discount stores are expected to gain for themselves a permanent place in the highly competitive retail field, and to become the promotional department stores of the future. However, the retail expert is confident that the traditional department stores have learned their lessons well and will be able to acquit themselves against the newer competition.

Before giving my predictions for retail sales for 1963 it might be well to review for a moment what is included in the figures commonly referred to as Retail Sales.

George Troutt

For reporting purposes, retail sales are divided into two broad categories, durable and non-durable goods. The durable goods make up about 30% of the total. Within this broad classification automobiles and automobile accessories are the most important, contributing over half of the total. Lumber and building material yards, hardware stores, farm equipment stores, furniture and home furnishings stores, jewelers, sporting goods and bicycle shops, music stores and camera stores make up the balance.

The other main category, non-durable goods, contributes about 70% of retail sales. Within this broad group, food stores provide 37%, the general merchandise group including department stores, mail order and variety stores 16%, and the balance comes from gasoline stations, eating and drinking places, apparel shops, drug stores, florists, cigar stores, newsstands, liquor stores and stationery stores.

And now, I would like to outline briefly our view of the economic setting in which retailers will operate in 1963. It has been said that we have been through, or possibly are still in a "confidence crisis." The shocks given to business confidence by the steel intervention in April and the stock market break in May reached the consumer both directly and indirectly. June was a disappointing month in our business. But from the consumer standpoint the crisis was apparently brief. The rise in retail trade in July continuing through August, has brought renewed optimism.

The economists with whom I consulted in preparation for this paper are doubtful whether this optimism about the short-term outlook is fully justified, however. They point to the fact that new orders for durable goods have been falling for some time. Durable goods manufacturers have been working off their backlog of unfilled orders and will soon need to cut back their rate of production. They tell me of the hesitancy of inventory accumulation.

Our economists also point out, as a second reason for caution, the behavior of many well known indicators. New incorporations, average weekly hours, new orders for durable goods, liabilities of business failures, the index of spot market prices, common stock prices, and so on, are all declining.

With these words of caution our economists see a sideways movement of the gross national product for the last quarter of 1962 and the first quarter of 1963, with a substantial upswing thereafter. They also predict that this slowdown will be reflected in a slide off of the Federal Reserve Board Index of Industrial Production for the next two quarters with a recovery beginning sometime in the second quarter of next year.

Consumer as the Bedrock of Our Strength

The trouble spots are concentrated in the business area, in capital expenditures and in the heavy durable goods field. In contrast, we expect retail trade to be the bright spot in the economy this year. The American consumer has been the most dynamic force in our postwar economy. He is our bedrock of strength on which we have built our amazing economic machine. It sometimes seems that the vital role of consumption in this economy is frequently overlooked and inadequately appreciated. The consumer has pulled us out of past recessions and has moderated the downswings of our economy.

In what appears now to be an economic slowdown brought on perhaps by the "confidence crisis" previously mentioned, the consumer again is the basis for optimism regarding the balance of this year and the outlook for 1963.

The liquid position of the consumer is good. Throughout this year the consumer has been adding to his savings at a high rate and, since the break in the stock market, the increase in deposits in savings banks has been dramatic.

The 1962 upswing in the sales of new automobiles has resulted in a smaller increase of instalment credit than might have been expected. Since automobile instalment credit is a substantial part of the total instalment debt, its moderate rise has limited the cyclical upswing of instalment credit as a whole.

Inventories of retail outlets are in good proportion and the fact that retailers are open to buy will mean that they will be offering new, fresh, attractive merchandise for the fall which always i a stimulus to business.

And now for predictions about retail trade for 1962 and 1963.

We think 1962 will be a good year for retailing. Sales of durable goods which dropped from $71 billion for 1960 to $67 billion in 1961 are expected to rise sharply to a total of $73 billion for this year. This rise of 8½% is attributable largely to the strong sales of new automobiles this year.

In the non-durable stores group we estimate that sales will reach $159 billion this year compared to $151.5 billion in 1961 and $148.8 billion in 1960.

If these estimates of $73 billion for durable goods and $159 billion for non-durable goods are reached, total retail trade for 1962 will be $232 billion compared to approximately $219 billion in both 1960 and 1961. This will be a 6% increase for this year.

1963 Retail Outlook

Personal income in 1963, one of the main determinants of retail trade, is likely to advance about 3½% over our present estimates for 1962.

Our forecasts do not show a further increase in durable goods sales in 1963. While I am sure there are some who will disagree with this prediction, our economists project a decline in new car unit sales for 1963. This will be offset by an increase in prices of new automobiles and an increase in sales of other consumer durables which should follow the current upswing in housing starts by six or nine months. Accordingly, we estimate the sales of durables at $73 billion for 1963, the same as our estimate for 1962.

In the non-durable stores area we are estimating an increase for 1963 in all categories. The food group which makes up the largest proportion of non-durable sales could reasonably be expected to continue its rise in volume through increased usage of precooked foods. It might contribute as much as a $2 billion gain in sales over 1962 bringing total food group sales to approximately $60 billion.

We also expect the general merchandise group, the apparel group, gasoline stations, drug stores, liquor stores, etc., to show gains in 1963 contributing perhaps another plus of $4 billion in sales over the record 1962 levels. If these estimates are correct, non-durable sales for 1963 will reach $165 billion compared to $159 billion in 1961.

To restate these estimates we expect total retail trade to expand from $232 billion this year to $238 billion next year with all of the $6 billion increase coming in the non-durable goods area.

That portion of total retail trade which comes from department stores, the business that I am most familiar with, is only a small proportion of the total, but I am glad to report a growing proportion.

This gain in sales momentum was brought about by an aggressive branch store program, by increased efficiency of operation, by increased emphasis on consumer services, by broad assortments and by a policy of actively meeting discount competition on similar merchandise.

The emergence of the discount house has attracted a lot of attention to our industry. After the war, the discount appliance stores broke the traditional pricing policies of the department stores by selling name brand household appliances at short markups but without the credit, delivery and repair services that had proved so costly and burdensome to the department stores.

During this same period, department stores were rapidly expanding into the suburbs with branch stores. In most instances these branch stores, being of necessity smaller in size, omitted the budget departments commonly carried in the basement stores in the downtown locations. This omission left a void into which the discount houses expanded into a broad category of department store type budget priced merchandise.

Meeting Discount Store Competition

Department stores have recently recognized this omission and the public's acceptance of limited service stores, particularly in the sale of this budget priced merchandise. They have now aggressively begun to expand in this area. With their established public image and existing administrative organizations, the traditional department stores will be formidable competition for the newly organized so-called discount outlets.

Actually there is nothing new about discounting. Retailing based on price appeal alone, with great emphasis on sharply priced sales leaders, is as old as our industry. There is a place for the lower priced, limited service store. Many of the newly established stores and chains of stores which have mushroomed under the discount house banner will be well enough operated to gain for themselves a permanent place in this highly competitive field. They will become the promotional department stores of the future. It seems doubtful to me, however, that the name discount store will be meaningful for too many years, at least as far as the public is concerned, and I feel confident that the alertness of the traditional department store will keep this type of merchandising in its proper proportion.

It is well to recall that in these days of rising income and education level of the population it seems very doubtful that there will be any great swing away from buying merchandise on the basis of true value, good taste and style in favor of purchasing on the basis of price alone.

The determination of our expanding population to share in our country's prosperity and growth results in an ever increasing appetite for goods and services and will, in my opinion, give retailing another banner year in 1963.

*An address by Mr. Troutt before the 10th annual Marketing Conference of the National Industrial Conference Board, New York, N. Y.

Director of N. Y. Hanseatic

New York Hanseatic Corporation, 60 Broad Street, New York City, securities dealers and underwriters, has announced that Craig S. Bartlett has been elected a director effective Dec. 1, 1962, following his retirement as Vice-President and Treasurer of Manufacturers Hanover Trust Co.

Craig S. Bartlett

He is a trustee and treasurer of the F. E. Rippel Foundation, a past president of the Municipal Forum and the Men-in-Finance Club of N.Y.U., and was a founder of the "Money Marketeers." He is a member of the Bond Club of New York.

Mr. Bartlett is an alumnus of New York University and has been active in its affairs for many years. Currently he is serving on the finance committee of the Board of Trustees. In 1960, the University's Graduate School of Business Administration Alumni Association named him "Man of the Year."

Tax-Exempt Bond Market

BY DONALD D. MACKEY

With all the factors that might combine and culminate in serious bond market uncertainty, the state and municipal bond market has absorbed the impact with remarkable aplomb. Recent reporting has dramatized the approximate $8,000,000,000 Federal deficit for fiscal 1963. This factor has been to a large degree discounted by the bond market in that most of this deficit has already been financed. Further deficit financing in substantial amount is being variously anticipated and, partly as a result, Congress must again increase the Federal debt limit before the end of the fiscal year.

These circumstances have not of themselves been tangibly negative market factors but when confused with the barrage of headlines concerning Federal income tax cuts in "early 1963" that daily confront both readers and viewers, the effect on the bond market and particularly the tax-exempt bond market could be decidedly negative.

The implications involved in a presently unbalanced budget, a future budget imbalance even on the basis of present tax schedules, and an anticipated tax cut to the extent of perhaps $10,000,000,000 with cold war costs mounting and an administration offensive forming up to push enactment of further costly social services, could shake the bond market down a couple of points without much tracing. But this stalwart bond market has been but imperceptibly shaken even though some of the market makers, at least, are shaken up a bit.

Scarcity Factor

As most bond men are aware, the strength of the market has been primarily motivated by the relative scarcity of long-term bonds. Long-term U. S. Treasury bonds are relatively scarce and may remain so. Corporation offerings have been scarce this year as have foreign bond flotations. State and municipal bond issues have become relatively scarce during the past few months. With the U. S. Treasury and the Federal Reserve interested in maintaining a receptive bond market at rates lower than have obtained for several years, scarcity has made it a not too difficult open market operation.

Since these market objectives have been rather obvious and because competition has increased appreciably within the state and municipal bond business due primarily to impressive additions to the dealer bank ranks, tax-exempt bond issues have been bid up rather inordinately and frequently with no reasonable correlation to the market place.

Small Price Decline

At present, the market seems to be merely unsettled by the foregoing variety of vicissitudes as we have previously intimated. *The Commercial and Financial Chronicle's* high grade state and municipal bond yield Index averages out at a 2.91% basis as of Nov. 21.

Last week the basis was 2.904%, indicating a market decline of less than $1.25 per bond for the period.

It is apparent that dealer inventories have been accumulating during the past month. Most dealers' lists have been added to variously since the reserve requirement announcement a few weeks back. The *Blue List* offering sheets give us an accurate norm with which to gauge inventory and, judging from the recent increases in daily offerings, inventories have jumped substantially. Current total of state, municipal and authority bond offerings is $510,956,000. This level is higher than it has been since early July. All market factors considered, however, this total seems not significantly heavy.

Light Calendar

The heavier inventory condition is for the present, at least, offset partially by a relatively light new issue calendar. Right now the total of scheduled and tentatively scheduled new issues through the remainder of the year is little more than $385,000,000.

With but little likelihood that this volume will be appreciably expanded by either unusually large additions to the sealed bid calendar or negotiated offering schedule, investment bankers may continue to be over-competitive. a worsening in the cold war situation, on the other hand, might set the market back the 10 or 15 basis points that presently seperate it from volume demand. At any rate, no drastic market change appears imminent.

Memphis Names Underwriters on $194 Million Bonds

Board of Commissioners of the Memphis, Tenn., Light, Gas and Water Division has named Lehman Bros. as senior manager of the group which will bring to market in the near future a total of $194,200,000 revenue bonds. Co-managers of the syndicate will be Blyth & Co., Inc.; Kuhn, Loeb & Co., and Equitable Securities Corp. The financing will include issues of $103,000,000, due from July 1965, to January, 1985, and $91,200,000 maturing from 1963 to 1981 inclusive.

Recent Awards

The new issue calendar for the past week totaled a modest $118,714,000 of bonds and while yields were slightly more liberal than in past weeks competition among underwriters to buy bonds continued to be very keen.

Last Thursday was an active day with a half dozen issues of general market importance selling at public sale. The largest loan of the week, $26,640,000 City of Philadelphia, Pa. various purpose and refunding (1964-1993) bonds, attracted four bids with the group headed by the *First National City Bank* the high bidder at a 2.9938% net interest cost. The other three bids ranged in interest cost from 2.994% to 3.076%.

Other major members of the successful group include Halsey, Stuart & Co., Inc., Philadelphia National Bank, Harris Trust & Savings Bank, C. J. Devine & Co., Northern Trust Co., Goldman, Sachs & Co., Salomon Brothers & Hutzler, R. W. Pressprich & Co., Continental Illinois National Bank and Trust Co., Shields & Co., Blair & Co., Inc., Stone & Webster Securities Corp., Fidelity-Philadelphia Trust Co. and First National Bank of Oregon, Portland.

Scaled to yield from 1.55% in 1964 to 3.25% in 1989, initial bank portfolio demand was excellent, with all of the bonds maturing through ten years spoken for during the order period and the remaining bonds sold down to the latest balance of $4,978,000. The 1990 to 1993 bonds carried a one-tenth of 1% coupon and were committed pre-sale.

The City of Shreveport, La. awarded $9,200,000 Public Improvement (1965-1987) bonds to the syndicate headed jointly by *Ira Haupt & Co.* and *Howard, Weil, Labouisse, Fredericks & Co.* at a net interest cost of 3.1650%. The runner-up bid, designating a net interest cost of 3.188%, was made by Halsey, Stuart & Co., Inc. and associates.

Other major members of the winning syndicate include Allen & Co., American Securities Corp., Dominick & Dominick, Francis I. duPont & Co., G. H. Walker & Co., Deposit Guaranty Bank & Trust Co., Jackson, Mississippi, Dorsey & Co., Inc., Stern Bros. & Co. and Stein Brothers & Boyce.

The bonds were offered to yield from 2.00% to 3.35% with the initial reception best described as fair. The present balance is $5,837,000.

The City of Syracuse, New York sold $6,730,000 various purpose (1963-1976) bonds to the *Morgan Guaranty Trust Co.*, bidding alone, as 2.30s on its dollar price bid of 100.04. The second bid of 100.429 for 2.40s was made by the Kidder, Peabody & Co. account and there were ten other bids made for this well regarded bond. No reoffering scale was released as the bonds were ap-

Continued on page 39

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.20%	3.05%
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	2.90%	2.80%
Pennsylvania, State	3⅜%	1974-1975	2.70%	2.55%
*Delaware, State	2.90%	1981-1982	2.90%	2.80%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.05%	2.90%
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	3.17%	3.11%

November 21, 1962 Index=2.91%

*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 23 (Friday)			
Chicago, Ill.	7,000,000	1964-1977	11:00 a.m.
November 26 (Monday)			
Akron, Ohio	3,100,000	1964-1983	1:00 p.m.
Cedar Rapids, Iowa	1,370,000	1964-1974	10:00 a.m.
Pella, Iowa	2,180,000	1963-1977	1:30 p.m.
November 27 (Tuesday)			
Bayard Con. S. D., No. 1, N. Mex.	1,600,000	-------	-------
Grant County Cobre Consol. Sch. Dist No. 2, New Mex.	1,600,000	1963-1972	8:00 p.m.
New Hope, Minn.	1,220,000	1964-1983	7:30 p.m.
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.
Furdue 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.
Texas Water Dev. Bd., Austin, Tex.	15,000,000	1964-1997	10:00 a.m.
November 28 (Wednesday)			
Decatur, Ga.	1,500,000	1965-1992	2:00 p.m.
Jersey City, N. J.	3,000,000	1963-1982	11:00 a.m.
Kentucky (State of)	25,000,000	1972-1990	11:00 a.m.
Leesburg, Fla.	1,000,000	1964-1990	11:00 a.m.
Mobile County, Ala.	3,885,000	1965-1990	10:30 a.m.
Oklahoma City Municipal Imp. Authority (Revenue), Okla.	10,000,000	1971-1999	11:00 a.m.
Pittsylvania County, Va.	2,250,000	1963-1982	Noon
Providence, R. I.	3,150,000	1963-1992	11:00 a.m.
Puerto Rico Aqueduct & Sewer Authority (San Juan)	14,000,000	1964-1991	11:00 a.m.
Sacramento City Unified SD., Cal.	5,500,000	1965-1983	10:00 a.m.
Wayne Co. Sexton-Kilfoil Drainage District, Mich.	2,150,000	1963-1981	11:00 a.m.
November 29 (Thursday)			
Buena Vista Township, Mich.	2,200,000	1965-1992	7:30 p.m.
East Side Levee & San. Dist., Ill.	1,390,000	1974-1982	7:00 p.m.
Jefferson Parish La.	1,728,219	1964-1972	2:00 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	1964-1993	10:00 a.m.
Florida. Devel. Commission (Road Rev. Bonds), Broward Co., Fla.	9,000,000	1964-1985	2:00 p.m.
Gary Sanitary District, Ind.	9,900,000	1965-1994	10:00 a.m.
Hemet Valley Union S. D., Calif.	1,084,000	1965-1988	11:00 a.m.
Madison, N. J.	1,360,000	1963-1984	8:00 p.m.
December 4 (Tuesday)			
Anderson, Ind.	7,750,000	1963-2000	2:00 p.m.
Detroit, Mich.	6,375,000	1965-1973	11:00 a.m.
Garland, Texas	2,440,000	1964-1990	7:30 p.m.
Nashville, Tenn.	8,000,000	1966-1993	7:30 p.m.
Ouachita Parish S. D. No. 1, La.	2,000,000	1964-1983	7:00 p.m.
Salt Lake Co. Granite S. D., Utah	5,589,000	1969-1972	7:30 p.m.
Statesville, N. C.	1,750,000	1963-1992	11:00 a.m.
December 5 (Wednesday)			
Cook County Township High Sch. Dist. No. 205, Ill.	4,500,000	1964-1980	8:00 p.m.
Grant Joint Union H.S. Dist., Calif.	1,015,000	1965-1983	10:00 a.m.
Hollywood, Fla.	3,050,000	1964-1993	11:00 a.m.
Mentor Exempted Village SD, Ohio	1,100,000	1964-1983	2:00 p.m.
Williamsburg, Va.	1,100,000	1964-1983	Noon
December 6 (Thursday)			
Henrico Co. Tuckahoe San. D., Va.	1,000,000	1964-1983	Noon
Marietta City Sch. Dist., Ohio	2,000,000	1964-1985	Noon
December 10 (Monday)			
Maricopa County SD. No. 210, Ariz.	2.400,000	1967-1977	11:00 a.m.
New York (State of), Albany	30,000,000	-------	-------
December 11 (Tuesday)			
El Monte Sch. Dist., Calif.	2,880,000	1965-1983	9:00 a.m.
December 12 (Wednesday)			
Elyria City Sch. Dist., Ohio	5,760,000	1963-1985	1:00 p.m.
Georgia State Hospital Authority (Atlanta), Ga.	6,500,000	-------	-------
Jefferson City School District, Mo.	1,495,000	1964-1982	4:00 p.m.
Public Housing Administration, Washington, D. C.	100,130,000	-------	Noon
December 13 (Thursday)			
Tampa, Fla.	11,935,000	1964-1992	11:00 a.m.
December 17 (Monday)			
Cleveland City Sch. Dist., Ohio	10,000,000	1964-1983	-------
December 18 (Tuesday)			
Green Bay, Wis.	1,600,000	1964-1995	11:00 a.m.
Grossmont Jr. College Dist., Calif.	2,000,000	-------	-------
Mountain View Sch. Dist., Calif.	1,340,000	1964-1983	9:00 a.m.
December 19 (Wednesday)			
Richmond, Va.	11,300,000	-------	Noon
December 27 (Thursday)			
Elgin, Ill.	2,600,000	1964-1985	-------

ACF Industries Inc.

By Dr. Ira U. Cobleigh, *Economist*

A consideration of the changes, over the past few years, which have improved the quality and diversity of earning power at A. C. F., and added stature to its common stock.

The business of ACF was founded 63 years ago and, for many years, was concentrated in the manufacture of railroad cars. While its American Car and Foundry division is, today, the second largest builder of railway cars in the United States, the corporate accent, and the main stream of earning power, are now in other activities.

Shipper's Car Line Division

Actually, ACF Industries now conducts its increasingly diversified activities through six divisions. Of these, the most important is Shipper's Car Line Division, which, through a wholly-owned SHPX group of subsidiaries, owns, and leases to railroad and industrial customers, a fleet of some 21,500 cars. Of these cars, about 85% are leased under maintenance and service contracts, and the balance under net leases. The fleet includes tank and special purpose freight cars. This leasing business has been growing at the rate of about 8% annually, compounded, and for the fiscal year ended April 30, 1962, car leasing operations alone produced net earnings of about $3.50 per share, or 85% of total net income. For the current fiscal year, earnings from this division should exceed $3.75 a share on the common.

American Car and Foundry

American Car and Foundry Division continues the traditional car manufacturing business of the corporation, but now concentrates on production of special purpose and advance designed tank, hopper and piggyback flat cars. This latter type is increasingly important. Piggyback railroad traffic in truck trailers is showing an impressive gain, particularly on runs exceeding 500 miles, where savings of as much as $.10 a mile, over highway operations, can be effected.

While railway car building generally has been in the doldrums, and a number of lines now build their own, ACF concentrates on the building of special purpose cars and is equipped to do this efficiently. The old plant in Berwick, Pa. has just been discontinued, and car building is now done in three modernized plants in Milton, Pa.; Huntington, W. Va. and St. Louis, Mo. Overhead costs have been substantially reduced and ACF is in a position to benefit substantially from any significant upturn in the car building industry.

Carter Carburetor

Carter Carburetor Division is the largest independent producer of carburetors. It also manufactures fuel system components for automotive and farm equipment use, fuel pumps and a new motor vehicle smog control device, which has interesting future potentials. This device has already been approved by the Air Pollution Control Board, in California.

Other Divisions

Of the three other divisions, W.K.M. Division is a major producer of valve and fittings for the oil and gas transmission business. ACF Electronics Division is primarily a research and development organization, designing and building electronic aircraft flight simulators, instruments for anti-submarine warfare, infrared computers, microwave and radar devices for tracking missiles, etc. The Albuquerque Division manages a nuclear weapons facility for the Atomic Energy Commission on a cost plus-fixed-fee basis. Work is done here on expanding the peacetime uses for atomic energy, as well as development of nuclear rockets such as the Rover and the Pluto.

From the foregoing, you can perceive that ACF Industries has broadened the base of its earning power, by stressing car leasing rather than manufacturing, and by intelligent diversification; and has, thus, reduced, substantially, the cyclical variations in its business. Moreover, the company has the resources, and the management skills to continue a policy and program of prudent diversification.

The past decade has produced a considerable variation in earning power at ACF. For fiscal 1957, sales reached $299.2 million and peak net earnings of $9,818,000, or $6.92 per share, were realized. For fiscal 1959, sales dipped to $185.9 million, and per share net to $1.92. Earnings improved in 1960 and 1961, with per share net of around $3.60 in each year. Last year defined a solid uptrend to $4.21 per share (not counting a non-recurring profit of $2.64) and for this year, a number of competent analysts have been predicting a net of around $5 per share.

Financial Data

Capitalization is simple, consisting of $83,898,000 in long-term debt (of which over half is without recourse to parent company) and 1,427,708 shares of common, listed on NYSE and currently selling at 73. The range for the year has been between 52⅛ and 75⅛. The leverage created by debt and the relatively small number of outstanding shares make it possible for improvement in earnings here, to be swiftly translated into per share net; and accordingly, the common can respond quite sensitively, marketwise, to good news.

Since, in recent weeks, the market has placed more stress on the "meat and potato" issues, rather than the glamour ones, ACF has been attracting increasing investor interest. The company is "solid," balance sheet wise, with current assets, at April 30, of $116,790,000 (including $42.3 million in cash and Governments) against only $30 million in current liabilities. Book value on that date stood at $86.50 per share.

Dividends at the rate of $2.50 per share have been paid since 1957, and the current trend of earnings suggests the possibility of an increase in the not too distant future. There were stock dividends of 10% in 1952 and 1953.

Management, under the talented direction of Mr. William T. Taylor, Chairman of the Board since April 1957, is regarded as highly competent, and the company, especially in the last two years, has gained visibly in investment stature and corporate prestige. About 320,000 shares, or 22% of the common stock, is held among some 30 investment institutions. This seems a significant tribute to the merit of this equity and to expectations for enhanced earning power.

For those investors whose approach to share buying is a more traditional one, an examination of the merits of ACF common at this time may not be amiss, and may prove rewarding.

Meyers With Halle, Stieglitz

Joseph F. Meyers has become associated with Halle & Stieglitz, 52 Wall Street, New York City, members of the New York Stock Exchange, as manager of the firm's newly opened municipal bond department. Mr. Meyers was formerly with Spencer Trask & Company.

On Board of Canadian Int'l Growth Fund

The election of Alan Aylesworth MacNaughton, Q.C., M.P., to the Board of Directors of Canadian International Growth Fund, Ltd. has been announced by Kenneth S. Van Strum, President.

A. A. MacNaughton

Mr. Macnaughton, a Member of the Canadian Parliament since 1949, is a partner in the law firm, Macnaughton & Harvey, Montreal, and President of Cantrifol, Ltd., Centavia Lt., Lenco Ltd., Pantene Ltd., Lautan Ltd., and Power Lines Construction Ltd. He is a director also of Hoffmann-La Roche Ltd., Swiss Corporation for Canadian Investments Ltd., the Albion Insurance Co. of Canada Ltd., and Federation Insurance Company of Canada.

Recently elected Chairman of the Liberal Party Caucus, Mr. Macnaughton was Chairman of the House of Commons' Public Accounts Committee from 1958 through 1961, and served as Canadian Alternate Delegate to the 8th Assembly of the United Nations.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Aerospace Industry — Review — The Milwaukee Co., 207 East Michigan Street, Milwaukee 2, Wisconsin.

Bond Market—Comments—Wayne Hummer & Co., 105 West Adams St., Chicago 90, Ill.

Canadian Fishing Industry — Analysis in the current "Commercial Letter" — Canadian Imperial Bank of Commerce, Toronto, Canada.

Electronic Industry — Report — Ralph E. Samuel & Co., 2 Broadway, New York 4, N. Y.

European Economic and Political Trends—Study—Markus & Stone, 120 Broadway, New York 5, N. Y.

German Equities—Review—Bear, Stearns & Co., 1 Wall St., New York 5, N. Y. with particular reference to **Rhine Westphalia Electric Power Corp., Siemens & Halske, Kaufhof, Rudolph Karstadt, Deutsche Bank** and **Dresdner Bank.**

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 reports on **Ichida & Co., Jujiya Co.** and **Maruco Co.**

Los Angeles Banks—Comparative analysis of 20 banks—Olmstead, Allen & Co., 210 West Seventh St., Los Angeles 14, Calif.

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.

Overseas Markets—Report—International Bond and Share, Inc., International Building, San Francisco 8, Calif.

Petroleum Situation — Review — Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York 15, New York.

Railroads — Memorandum — F. P. Ristine & Co., 67 Broad St., New York 4, N. Y.

Rails—Bulletin—Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Relative Attraction of Various Industry Groups—Comparative discussion—Hemphill, Noyes & Co., 8 Hanover St., New York 4, N. Y.

Rubber Industry—Review—David L. Babson & Co., Inc., 89 Broad St., Boston 10, Mass.

Silver—Discussion in current issue of "Bank Letter"—First National Bank in Dallas, First National Bank Building, Dallas, Tex.

Soft Drink Equities — Analysis — With particular reference to **Canada Dry Corp., Coca-Cola Co., Pepsi Cola Co.** and **Dr. Pepper**—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are reports on **Warner Lambert Pharmaceutical Co., Gulf, Mobile & Ohio Railroad Co., Missouri Pacific Railroad Co., St. Louis San Francisco Railroad Co.** and **Air Products.**

Space Stocks — Comments with particular reference to **Martin Marietta, United Aircraft, McDonnell Aircraft** and **North American Aviation** — Davis, Skaggs & Co., 111 Sutter St., San Francisco 4, Calif. Also available are comments on **Southern Pacific, Union Pacific, Northern Pacific, Girard Trust** and **Grolier, Inc.**

Tax Free 5½% Income—General obligation municipal bonds of the San Francisco Bay Area—Information—Grande & Co., Inc., Hoge Building, Seattle 4, Wash.

Tax Switch—Comments and suggestions—Freehling, Meyerhoff & Co., 120 South La Salle St., Chicago 3, Ill.

* * *

Albemarle Paper — Memorandum —Wm. H. Tegtmeyer & Co., 105 South La Salle St., Chicago 3, Ill.

Allegheny Airlines—Discussion in November issue of "American Investor" — American Investor, American Stock Exchange Building, 86 Trinity Place, New York 6, N. Y. Also in the same issue are articles on **Mill Factors Corp., Globe Security Systems, Inc., Lynch Corp., Genung's Inc.** and **Occidental Petroleum Corp.**

Allied Chemical — Comments — Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available are comments on **International Paper, National Airlines, National Distillers & Chem Cal, Sinclair Oil** and **Worthington Corp.**

Allied Supermarkets — Memorandum—Spingarn, Heine & Co., 37 Wall St., New York 5, N. Y. Also available are memoranda on **American Bosch Arma, Getty Oil** and **Seaboard Finance.**

American Cyanamid Co.—Analysis—Bacon, Whipple & Co., 135 South La Salle St., Chicago 3, Ill. Also available are analyses of **New York State Electric & Gas Corp.** and **F. W. Woolworth Co.**

American Greetings Corp. — Report—Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y.

American Greetings Corp. — Memorandum — Prescott & Co., Union Commerce Building, Cleveland 14, Ohio.

American Tobacco Co.—Review—Purcell & Co., 50 Broadway, New York 4, N. Y. Also available are reviews of **National Distillers & Chemical Corp., National Steel Corp., Loral Electronics Corp., General Tire & Rubber** and **Hallicrafters Co.**

Archer Daniels Midland Co. — Analysis — Butcher & Sherrerd, 1500 Walnut St., Philadelphia 2, Pennsylvania.

Beatrice Foods Co. — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Chase Manhattan Bank.**

Braun Engineering Co. — Memorandum—Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Buckingham Corporation—Analysis — Hooker & Fay, Inc., 221 Montgomery Street, San Francisco 4, Calif.

Burlington Industries — Analysis —Dreyfus & Co., 2 Broadway, New York 4, N. Y.

California Computer Products Inc. —Analysis — Mitchum, Jones & Templeton, Inc., 650 South Spring Street, Los Angeles 14, Calif. Also available is an analysis of **Hunt Foods & Industries Inc.**

Campbell Soup Co.—Comments in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine Street, New York 5, N. Y. In the same issue are comments on **Container Corp., Peabody Coal Co., Times-Mirror, Consolidated Electronics Industries Corp., Metromedia Inc., Bristol Myers Co., Sanders Associates Inc.,** and **Virginia Dare Stores Corp.**

Canadian Pacific Railway Co.—Analysis—C. M. Oliver & Co., Ltd. 821 West Hastings St., Vancouver 1, B. C., Canada.

Chesapeake Corp. of Virginia—Report—Hardy & Co., 25 Broad St., New York 4, N. Y.

Cleveland Cliffs Iron—Review—Colby & Co., Inc., 85 State St., Boston 9, Mass. (Firm requests stamped self-addressed envelope on requests for reports.) Also available are comments on **Drilling & Exploration Co.** and **White Motor.**

Colgate Palmolive Co.—Report—Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available

Continued on page 35

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

A more careful study of the election returns of Nov. 6 reveals that the Republicans did not come off so badly as was first thought. They elected 32 new House members. Their hard luck was that they didn't keep enough of what they had. Among Governors they did exceedingly well and, when it is considered that these gentlemen have control of the state machine, the bearing upon the next Presidential election becomes highly important. They will have had the disposal of all state patronage for two years and the opportunity to build up Republican organizations in their states.

The election of Republican Governors in Ohio and Michigan cannot be dismissed. The election of a Republican in New York State was not unexpected but is important nevertheless.

Analyzing the results of the election in "depth" rather than on the face of the party figures presents a picture heartening to conservatives who traditionally form the bulk of the GOP, as well as to Southern right wingers in the Democratic party.

The picture demonstrates that the conservatives not only maintained but indeed somewhat enhanced, their power in the one area that will be the decisive field of battle in the next two years: the House of Representatives.

Of the 88 conservatives seeking re-election (and rating a total of 80% or better on the Americans for Constitutional Action voting scoreboard), 85 were returned to office. The three who were defeated — Rousselot, Hiestand and McDonough, all of California—were drastically gerrymandered out of any reasonable chance of election by the Democratic legislature and Governor Edmund "Pat" Brown.

In the South, not one Democratic or GOP incumbent with an ACA voting record of 80% was defeated, in either primary (traditionally the decisive test in southern elections) or in the general election.

So much for the incumbents. In addition, the highly publicized fact that the Republicans made a net gain of only two seats has obscured the fact that a total of 32 Republicans were elected. Spot estimates of this new crop indicates that the overwhelming majority classified themselves as "Goldwater Republicans" or otherwise emphasized their strong conservative stands during the election.

Thus the Republican grass roots, in this election, demonstrated that it wants candidates faithful to traditional American principles. It also served notice on GOP winners in the gubernatorial races who have Presidential ambitions that they must heed the course set by the Republicans in Congress. It's an old old saw that the party in Congress shapes the legislative record from which the candidates in their ensuing Presidential election can differ, only at their peril.

In the aftermath of Governor Rockefeller's re-election political analysts with a few exceptions list him as the leading contender for the GOP nomination in 1964. But a discerning reserve appears in such mentions of Rocky, and the reasons for it are not hard to find.

The Governor won easily, but his margin over Robert Morgenthau, his obscure opponent, fell considerably below the expectations of the Rockefeller-ites. It had been expected that he would get a 750,000 majority and some enthusiasts even talked of a million. Actually his plurality was only 518,000, smaller than the majority by which he upseated Averill Harriman in 1958. If the 120,000 votes cast for the fledgling conservative party ticket are taken into account, Rocky's position is hardly enhanced. No doubt about it, Rockefeller's showing does not help his ambitions for the Presidential nomination. However, who else do the Republicans have that can carry New York State by 500,000?

NSTA NOTES

SAN FRANCISCO SECURITY TRADERS ASSOCIATION

The following members were nominated to act as officers and directors of the San Francisco Security Traders Association for the year 1963:

President—Bryan, Robertson, Reynolds & Company.

Vice-President—Wm. L. McLoughlin, Blyth & Co., Inc.

Secretary-Treasurer—Thomas F. Fee, Shuman, Agnew & Co.

Directors—Sidney Bradford, Irving Lundborg & Co.; Wm. R. Gaynor, Smith, Barney & Co.; Paul E. Isaacs, Sutro & Co.; James W. Zink, Mitchum, Jones & Templeton, Inc.

Importance of Common Stocks in Pension Funds

By K. Lee Martyn,* *Moody's Investors Service, New York City*

Moody's executive explains pension funds' remarkable growth and success within the context of factors responsible for their substantial income improvement. Reviewed are the reasons funds favor equities in their changed portfolio compositions; do not need the advantages inherent in municipals; look with increasing interest upon real estate mortgages; and can invest untroubled by liquidity pressures.

Total assets of all public employee retirement systems as reported by the Bureau of the Census as late as 1957 were $12.8 billion. By 1961, total assets had risen to $20.8 billion, an increase in four years of more than 62%, or on an average basis compounded of about 16% per year. During the year 1961, assets increased approximately $2.3 billion, with about 59% of these new funds being invested in corporate bonds. Approximately 23% of net investment was allocated to real estate mortgages. Investment in Federal obligations and tax-exempt securities was practically negligible. The catch-all classification amounted to about 8% of net investment, while corporate stocks accounted for 4% of new money invested.

K. Lee Martyn

In the years since 1957, State and local employee retirement funds have improved their yield on all investments from an average of 3% to 3.71% at the end of 1961. This rise was consistent, and is expected to improve again this year.

Diversification Into Greater Yields

Basically, there are three important factors which have contributed to this substantial increase in interest income over the past several years. First, there has been a substantial increase, as I pointed out, in the total of invested assets. Secondly, there has been a trend toward greater diversification of assets within each portfolio. Not many years ago, U. S. Government and State and local government securities were the primary holdings of retirement funds. But with the advent of increased benefits and the pressures of inflation, plus the specialized management that has been brought to these funds, higher yielding securities have been legally approved and added to portfolios. This has offered a tremendous opportunity to retirement systems, in that they have been able to make major changes in their investment policies toward the acceptance of securities outside the governmental areas. Industrial and public utility bonds are obviously more attractive than are tax-free and U. S. Government yields. Additional States have made major changes, in that they now permit investment in common stocks.

The third primary reason for substantial income improvement has been the generally higher level of interest rates in the past few years.

These important changes in the character of the combined assets of all retirement systems may be illustrated by pointing out a few facts. For example, in 1957, government and municipal issues accounted for approximately 65% of all assets, whereas corporate securities accounted for the balance of approximately 33%, the balance being made up of cash. By 1961, non-governmental securities had increased to nearly 49% of total assets, while governmental securities totaled only 50%.

Governments Drop and Municipals Not Sought

The change in percentages does not, however, indicate the entire picture. In 1957, of the total assets amounting to $12.8 billion, governmental securities totaled $8.4 billion, and all other issues accounted for the balance, or $4.2 billion. By 1961, governmental securities had increased to $10.1 billion and the balance, in the form of non-governmental issues, increased to $10.5 billion. Incidentally, U. S. Government securities over this period changed almost not at all, and in 1961 actually declined in total dollar amount from the total held at the end of 1960.

A word about municipal and state obligations. In general, municipal securities are attractive to investors because of their exemption from the Federal income tax, and because they are generally accepted as "legal" for many types of institutional and trustee portfolios. Because of these features, most municipals of satisfactory grade, yield a return which is lower than that of U. S. Treasury obligations. The yield is obviously much lower than for corporate securities also. These features, however, are of no value to a state or local pension fund which is not concerned with tax exemption or the "legality" for investment of the funds of widows and orphans. Hence, with some exceptions, state and municipal bonds are not an attractive medium for the investment of public retirement funds.

Corporate obligations, on the other hand, particularly those publicly offered, are attractive for use as the major investment medium for public retirement funds, in that (1) a high level of quality can be maintained with only a minimum of qualifying restrictions, (2) generally, they offer a worthwhile higher yield than governments or municipals, and (3) business depressions aside, there is a continuous supply of new issues offered each year.

Growing Interest in Mortgages

Real estate mortgages, up to the present time, have played a very small part in either industrial or public pension funds. By way of contrast, they make up a substantial proportion of the investment for life insurance companies, mutual savings banks, savings and loan associations, and other long-term investors. As seen by recent trends, it would seem reasonable to assume that public pension funds will no doubt follow this lead established by the older, long-term investing institutions. Here, it is more difficult to determine quality, but where the basic safety of the security is determined, mortgages give a comparatively higher yield, even after servicing costs and offer a large continuous supply for investment of cash flow. Mortgages do have a higher acquisition cost than bonds, and also require considerably more post-acquisition servicing cost. Usually, however, this additional expense is more than offset by the substantially higher net yields available through investment in mortgages.

Then, too, public pension plans are more and more considering investment in corporate common stocks, and similar equities. With the growing industrialization of the nation, careful regulation of the securities markets, and improvement in the economic and financial controls of the business cycle, common stocks have become an accepted part of the long term pension portfolio. Selected with care and diversified as to industries and companies, common stocks of private corporations constitute a particularly attractive investment medium for public and private retirement systems because of their greater earnings.

Higher Return of Equities

Over a period of years, dividend yields on common stocks have exceeded interest return on fixed income obligations. For example, for the period from 1919 to 1959, Moody's Index of 125 Industrial Common Stocks offered an average annual return of 4.88% compared with Aa rated corporate bonds which yielded 4.04%. To put it another way, in 1940, Moody's 125 Industrial Common Stock Average had a cost of $31.76 per share. In 1961, the average dividend was $6.07, a yield of 19.1% on the original cost. If we were to rule out the World War II years, and had bought the 125 Industrials in 1946 at $49.84 a share, the yield on cost today would be 12.17%. The very same average that we could have purchased in 1946 at $49.84 would have as of the end of last month, a value of $171.37, and this alone is well down from the high reached at the end of 1961 of $216.89—thus taking into full account the decline of the general level of common stocks since December of 1961. All of these figures do not take into consideration the potential additional income that could have been realized through sale of a particular security at any one time during this period.

No Liquidity Pressures

Another important aspect of pension fund investing is the fact that, as with life insurance operations, there is very little need for liquidity—in other words, there is no great need for disposing of assets in order to raise cash to pay benefits to members of the Fund. Contributions, much like life insurance premiums, are usually set up in such a way that there is a regular receipt of cash by the Fund, either monthly or quarterly, throughout the year. In terms of the mechanics of the investment operations, a portion of this contributed income is allocated to the payment of benefits to those members retired, and the balance is funneled into the investment program in accordance with the policies of the responsible trustees and officers. In addition, the interest and dividends received from the Fund are also added to the cash flow for investment, thus offering an opportunity to compound the growth and income of the entire portfolio.

In conclusion, the widely recognized Moody ratings of corporate and municipal debt obligations offers assistance to the general public, and the officers and trustees of public pension funds in discharging their duties to the current and ultimate beneficiaries of the portfolio. By reason of their substantial growth and public acceptance in recent years, pension funds have become, and will undoubtedly continue to provide supplemental income to members beyond their productive years. The development of these funds is merely an extension of the important American idea of providing funds to the American economy, and at the same time providing security to employees.

*From an address by Mr. Martyn before the Michigan Association of Public Retirement Systems, Detroit, Mich., November 8, 1962.

McGay V.-P. of Granbery, Marache

Harold S. McGay, Jr. has been elected Vice-President and Director of institutional sales of Granbery, Marache & Co., Inc., 67 Wall Street, New York City, members of the New York Stock Exchange, it has been announced by Herbert W. Marache, President.

Prior to joining Granbery, Marache on Oct. 15, 1962, Mr. McGay was New York Manager of institutional sales at McDonnell & Co., Inc., New York. He had been with McDonnell & Co. since 1955. Henry H. Michaels III is also now associated with Granbery, Marache in the institutional sales department.

So. Cal. Bank Adv. Assn. Elects

LOS ANGELES, Calif. — Newly elected officers of Southern California Bank Advertisers Association are: President, Robert H. Rasmussen, School Relations Officer of Bank of America; Vice-President, W. Allen Perry, Vice-President of San Diego Trust and Savings Bank; and Secretary-Treasurer, Kitty Paladin, Advertising Assistant, Union Bank.

SCBAA is comprised of key advertising and public relations personnel of Southern California Banks. Elected at the October meeting held at the California Club in Los Angeles, the officers will serve during the coming year.

Investing in Stocks to Protect Purchasing Power

By John N. Trainer, Jr., *President, Trainer, Wortham & Co., Inc., Investment Counselors, New York City*

Mr. Trainer is convinced that the best way to protect the purchasing power of one's dollar is to select stocks carefully, for both an increase in capital as well as income, and that one should avoid outright purchase of European issues. The investment counselor's recent visit abroad proved to him the preferableness of participating in European growth by investing in American firms which can benefit from growing opportunities abroad. He reports on the strength of, and respect for, the U. S. dollar, and expresses his opposition to unilateral dollar devaluation. At the most, Mr. Trainer surmises there is a possibility of minor dollar adjustment taken in conjunction with European countries. Discussion includes comments on the difficulty of finding attractive issues and proper approach to timing.

A few decades ago the classic goal of the investor was relatively simple — to conserve his capital. This is a phrase which we have all heard too often — the conservation of capital. But conditions are quite different today. They are changing due to the complexities of modern life and especially to our present politically oriented economy.

John N. Trainer, Jr.

Nowadays, it is not enough merely to protect your **dollars.** This is easy. All you have to do it place your money belt under the mattress and hope the mattress doesn't catch fire. But today every single one of your dollars must work **harder** than in the past to insure one thing — to maintain your standard of living. Actually, you would have failed by a wide margin to maintain this living standard during the past two decades solely by a steadfast protection of dollars. What you must protect is your **purchasing power.**

Everything, it seems, is going up these days. Guided missiles, women's skirts — and especially the cost of living. This is why it isn't sufficient merely to protect one's dollars. Let's take a look at the past. Back in the 1930's a lot of people put their faith — and their money — into annuity programs. At that time a 7% return appeared eminently desirable. But today that $7,000 on a **static** principal of $100,000 will buy only a fraction of the same goods and services. Costs keep going up, not only for new houses, but even for postage. A letter used to cost two cents, it is now four cents and the Post Office is talking about making it five cents. Many doubtless have faced the problem of sending their children through college. Compared with 20 years ago, that tuition bill now seems like the down payment on a dormitory.

Sees Inflation Continuing

Well, someone may say, what about inflation? Isn't it slowing down? Quite frankly, I believe the answer is **"no."** The signs today state all too emphatically that the copybook definition of inflation — too much money chasing too little goods—has undergone a subtle but significant change. You need only to look around you. There is no shortage of food in stores, but it's mighty expensive. Despite large government surpluses nestling in warehouses, food prices have gone up. I think you will see this trend continuing in the years ahead. The cost of living appears to have climbed aboard a steadily ascending escalator and will remain so as long as our Administration continues to spend more than it takes in.

So what can a person do to protect his purchasing power? I believe that the purchase of sound common stocks — under a constantly critical eye—can provide the answer.

Interestingly enough, it is possible to gain ground in this direction even during the type of stock market we have experienced in the past six months of this year. As an investment counseling firm, we advised our clients to take advantage of the lower security prices by making certain changes. These switches out of uninteresting securities into others with greater potential were made when relative prices were favorable and the impact of capital gains taxes in many cases was less acute.

An Approach to Timing

Timing too is important, but not all-important. Here the extremes consist of dollar-cost averaging—which really calls for no timing but essentially faith in your initial decision—and trying to catch the short-term swings in the market. We do not subscribe to the latter technique because the risk of being wrong is too great for most investors. **What** exactly then is our approach to timing? We attempt to foresee the broad swings of the market.

To illustrate my point, let us return to the example of $100,000 invested in annuities during the 1930's. This identical sum, had it been put into preferred stocks around that time would have paid off much more handsomely. Business conditions were poor then, and many corporations passed up the payment of dividends on their preferred shares. But the day when the economy would improve could be foreseen, and investment in preferreds would have maintained one's purchasing power and possibly even increased it, since companies subsequently resumed their dividends and holders of cumulative preferred stocks received back dividends in addition to the current payments. And, at the same time, the market price of these preferred issues rose substantially in recognition of the improved outlook. Thus, we see the difference between merely protecting your dollars — as one might have accomplished with an annuity — and protecting your purchasing power. And a soundly selected list of common stocks bought at that time would have done far better.

Of course nobody — either in New York City or elsewhere—is fortunate enough to own an infallible crystal ball. But history shows us that International Business Machine stock, adjusted for splits and dividends, cost the equivalent of $5 a share just prior to the 1929 market break and then —three years later in 1932—sold at the equivalent of $3 a share. This means that if you had bought this stock in 1929 and held it until today you would have done extremely well. On the other hand, had you been smart enough to place that money in a bank in 1929, you could have bought seven shares of International Business Machines in 1932 instead of four in 1929!

European Stocks' Prospects and Drawbacks

The constant task of attempting to protect the purchasing power of clients' funds took me recently on a trip to Europe. I wanted to find out whether or not we ought to invest in European securities. In the course of my journey I talked with leading bankers, industrialists and investment men in Portugal, Italy, France and Switzerland. There can be no question—that the economy—and living standards—are climbing in almost all parts of the Continent. Everywhere you see **tremendous** activity, houses and factories being built, and new cars galore. But ought we today to invest in European stocks? That was my specific quest.

In Switzerland, interestingly enough, the banks are so deluged with money that they either refuse deposits or **charge** interest on them. Therefore, you may be interested in hearing what a very astute Swiss banker confided to me. "Personally," he said, "I've got 70% of my own funds invested in American stocks. **And** I have not sold any in recent months." The banker told me this after the May break in the U. S. stock market.

I returned from my trip convinced that certain severe drawbacks exist currently in buying the stocks of European companies, despite their dramatic record of the postwar years. There is, in the first place, great difficulty in securing adequate financial information. Company earnings often are obscured. Accounting practices can hide true assets. Financial reports are both tardy and sketchy. Finally, there exists a constant question mark, inasmuch as European stocks are extremely sensitive to political uncertainties. When it comes to political uncertainties you might think that matters sometimes deteriorate in Washington but, believe me, Europe holds the edge in this respect. What will happen in West Germany after Adenauer? In France after de Gaulle? What about Italy where 23% of the electorate votes the Communist ticket? In addition, costs are rising rapidly in Europe, even though they are still below ours here.

Under this cloud of uncertainty there is gradually taking shape the European Common Market. The Russians don't like what they see here, for the simple reason it means a stronger Continent against the inroads of Communism. And make no mistake—the economic threat of Communist competition is a very real factor in the lives of bankers and businessmen of Western Europe.

Invest in U. S. A. Firms With Plants Abroad

Let us assume then that the Common Market will forge stronger economic ties abroad. But will the investment in Common Market stocks protect your purchasing power as successfully as investments in United States companies? We have come to the decision that it is wiser to avoid the outright purchase of European stocks, but rather to invest part of our funds in American corporations which can benefit from the growing opportunities abroad. Singer makes many of its sewing machines in the plants of European affiliates. The same holds true for data processing units with the IBM trademark. Gerber enjoys markets on the Continent for its baby foods. Eastman Kodak makes most of its better cameras in Germany. These are typical of American companies with a stake in Europe's future. The aggressive American businessman is therefore taking advantage of cheaper labor, cheaper power, etc., obtainable abroad.

Another facet of the expanding economy in Europe is the increased competition—this must be watched and studied. The events unfolding abroad are exciting in part because of what they betoken for corporations based in this country. As watchful investors we cannot afford to ignore the impact of the Common Market. For example, the new trade bill passed by Congress will create fresh export opportunities for certain American industries. At the same time it can pose problems for other industries. Take a glance at your watches. I suggest that rising labor costs here could make it competitively unprofitable for the eventual manufacture of these timepieces in the United States. But let us look at even more basic industries. Cement companies — traditionally regarded as good dividend payers — face a tariff dilemma. Chemicals? It appears logical that some chemicals may be produced more cheaply abroad because of the proximity of supply. Aspirin — which you might gulp down when you consider the rising cost of living—may pose no great problem for manufacturing because the production of this acetyle derivative is simple and its ingredients abound. But certain other chemical substances are found more inexpensively abroad. Factors such as these will help us to determine which chemical stocks to buy—or to avoid buying — in the United States.

Expects Only Minor Dollar Adjustment

You perhaps have heard dire predictions that the American dollar faces devaluation. Frankly, I don't think we will see a drastic devaluation of the dollar. There is a possibility of a small adjustment in the price of gold, but it will come only after consultations with European nations and not as a result of unilateral action on the part of our government.

We have seen such minor adjustments in connection with the Dutch guilder and the German mark earlier this year, and it is quite possible that further moves are in order to stimulate freer trade between this country and Europe. It seems that we sometimes develop a bigger case of jitters over our own economy than do foreigners. Let me mention an example. One of our clients, who is a South American resident, late in 1961 dispatched $200,000 to a Swiss bank with complete authority to exercise its investment judgment. This man wanted to protect his purchasing power against the possible devaluation of the American dollar. Last July he came to my office and, among other things, said he thought I would be interested to know that the Swiss bank did not buy any European stocks for him. Instead, it transferred the funds to England and put the entire sum into U. S. dollars, and it is still there today. This Swiss banker obviously had great faith in the American dollar.

In the opinion of almost everybody I talked to in Europe, unilateral action on our part to increase the price of gold would play only into the hands of the Russians. They already are selling the Western World all the gold they can produce to build up their credit balances for purchase of capital and other goods which in the end go towards strengthening their economy to more successfully compete with us. And they can compete very effectively because they have no labor unions to contend with, but instead have, let us call it what it is, "slave labor." There are sound steps however which can be taken to protect the American dollar and my observation was that European nations were cooperating closely with our government in this respect. France and Italy, to illustrate this point, already have prepaid sizable portions of their loans to this country.

Summary

Getting back to the United States and the complexities of an investment portfolio, may I say that I have found only two ways of protecting purchasing power in an expanding economy. One is to increase capital; the other is to increase income.

Common stocks, when properly chosen, permit investors to realize **both** an increase in capital and income over a period of years. Many people have become fascinated with the concept of "growth" stocks and the definition of this term has seen much abuse. But very simply a growth stock is one wherein you can reasonably expect over a period of years an increase in per share earnings and a corresponding increase in dividends.

Now a brief word on my general assessment of the economy today. Back in 1955-56 we felt that the basic pipelines for goods largely had been filled, so that the best potential existed in fields where continued growth could be anticipated. Specifically, we turned away from the cyclical industries that were becoming more competitive into investments such as banks, life insurance, and certain utility companies where continued growth was indicated. Today we are continuing to emphasize the same type of stocks, but we find it increasingly difficult to find attractive issues as more and more competition enters our economy.

Federal Chartering of Mutual Savings Banks

By R. Stewart Rauch, Jr.,* *President, The Philadelphia Saving Fund Society, Philadelphia, Pa.*

The best hope for mutual savings banks' geographical extension is enactment of Federal chartering legislation. Taking as his model what has happened since the creation of Federal S. & L. Associations, the Philadelphia banker declares that dual banking opportunities would not preclude extension by State charters nor weaken State banking supervisory role, but would be a magic password opening legislative doors now closed to mutuals. Mr. Rauch discusses the latest draft of the Federal Charter Bill. He urges savings bankers to study it carefully, and appeals for State and national associations team work to apprise members of Congress of cogent arguments for the proposed bill.

Perhaps the challenge to savings banking most important to our future is the extension of the mutual savings bank system through Federal chartering. We are in the position of being a national industry that has outlets in only one-third of our states. I am convinced that most of the remaining 32 states need mutual savings banks—and my convictions are shared, not only by the Commission on Money and Credit and by a study made at the University of Chicago, but, what is more important, by leading citizens of some of these states.

R. Stewart Rauch, Jr.

Although Alaskans were successful is obtaining a state Mutual Savings Bank Act, the situation in that last outpost of the old frontier was unique. So, realistically, the best hope for geographical extension of our industry is the enactment of Federal chartering legislation. We need not fear that Federal chartering will preclude extension by state charter indeed, if the experience of other thrift institutions is any indication, Federal chartering will be the magic password to open legislative doors now closed to us.

One of our highly respected colleagues, William A. Lyon, President, Dry Dock Savings Bank, New York City, last month in a speech to the Savings Banks Association of Massachusetts, deplored the convulsion that has set in upon the banking industry. He noted the increasingly aggressive nature of Federal supervision of financial institutions, making states and state-chartered financial institutions the chief sufferers. Many mutual savings bankers hold the belief that one remedy for their institutions in this convulsive period would be found in the enactment of Federal legislation admitting mutual savings banking to the privileges of a dual banking system already enjoyed by commercial banks, savings and loan associations, and credit unions. I do not feel that the advent of Federal charters for mutual savings banks would weaken the role of state banking supervisors.

Past experience is a guide to what would probably happen when savings banks are authorized to obtain Federal charters. In 1933 the Home Owners Loan Act first enabled the creation of Federal savings and loan associations. That legislation was followed in later years by the strengthening of state supervisory authority over state-chartered savings and loan associations. To use the state of Maryland as an example, although state licensed institutions doing a savings and loan business existed in 1933, within the past two years state legislation has been adopted placing much stronger state supervision over savings and loan associations. Similar state experience can be cited. It is significant to note that this strengthening process in state legislation has occurred at a time when Federal savings and loan associations have long been established within the State of Maryland. So the advent of Federal chartering does not mean a dilution of the quality or quantity of state supervision.

Credit Unions' Rise

To cite a related field of experience, the Federal Credit Union Act was passed in 1934. At that time 38 states and the District of Columbia had laws authorizing the chartering of credit unions. Since that year six more states have adopted such laws. So in this case also, the authorization of Federal charters did not diminish the role played by state institutions or state supervisors, but, on the contrary, expanded it. A similar development may be expected to follow the addition to the Federal statutes of a law authorizing Federal charters for mutual savings banks.

A further incentive toward increasing the supervisory functions of the state is found in the draft of Federal mutual savings bank legislation where it authorizes Federal mutual savings banks to convert into state-chartered mutual thrift institutions with the approval of the appropriate state authorities.

Soon we will have available copies of the latest Federal Charter bill that represents careful thought by the Committee on Federal Legislation and the National Association's Board of Directors. Other benefits to the industry besides extension are contained in its provisions. New powers for savings banks are included, that would strengthen the position of existing institutions. Closer ties with the Federal Home Loan Bank System are set up. The President's appointment of John deLaittre to the Federal Home Loan Bank Board is testimony, not merely to John's talent and ability, but also to the common interests of various types of thrift institutions.

I urge each savings banker to study this proposed legislation carefully. We have received gratifying indications of support from Federal agency heads and from some of our savings and loan colleagues, and from Congressmen like Mr. Multer of New York. He has long been an advocate of Federal chartering. I am hoping that we can give his legislative sponsorship the support needed to get the bill moving in the next session of Congress.

Any member of the Congress likes to know that a particular piece of legislation to which his attention is invited has the backing of a major segment of his constituents. It presents an ideal situation for the Congressman or Senator when a given bill attracts the maximum support and the minimum opposition from those whose votes send him to the Congress. Mutual savings bankers and trustees are well known to rank among the thought leaders of their respective communities. A fine, effective state association of mutual savings banks such as the organization you have in New York can perform a service helpful beyond words by discreetly and carefully marshaling support for Federal chartering legislation from mutual savings bankers and those interested in the mutual savings banking industry. Working together, the state association and the National Association can form an effective team to bring to the attention of each member of the Congress from the State of New York through the intercession of mutual savings bankers from his own constituency, cogent arguments favoring enactment of a bill to authorize Federal charters for mutual savings banks. With the enthusiastic backing of individual savings bankers and trustees, Federal chartering can become law, and a mutual savings bank system extending into every state of the Union can become a reality.

I hope my remarks suggest that the National Association is constructively alert to the importance of soundly representing state savings bank interests. This past year, of course, our chief concern in Washington has been taxation. Next year, we may be focusing attention on housing legislation, urban redevelopment, and Federal chartering. These major goals are, of course, in addition to the many day-in, day-out National Association programs and projects with which all are familiar. Whatever the project, and whatever the program, I can assure you that the leadership of the National Association will work unceasingly to obtain for savings banks an economic and political climate in which we can grow and prosper.

***From a talk by Mr. Rauch before the 69th Annual Fall Convention of the New York State Savings Banks Association, Washington, D. C.**

Panel on Exchange Rules

The Association of Customers' Brokers will present a panel on "Stock Exchange Rules: Pitfalls and Problems" on Nov. 29, at 4 p.m. at 15 William Street.

Members of the panel will be Frank J. Coyle, New York Stock Exchange; John J. Deignan, New York Stock Exchange; Walter W. Coleman, New York Stock Exchange; Joseph A. Gottlieb, New York Stock Exchange; and H. Vernon Lee, Jr., American Stock Exchange.

Treasury Issues Data on Coming Competitive Sale

The Treasury on Nov. 15 made public proposed regulations under which Treasury bonds will be offered for sale through competitive bidding.

The proposed regulations, together with an example of an invitation to bid on such bonds, was published in the *Federal Register* of Friday, Nov. 16. Copies will also be available at any Federal Reserve Bank or Branch and at the Treasury Department.

Written comments on the proposed regulations are invited and should be submitted, in duplicate, to the Office of Debt Analysis, Room 306, Treasury Department, Washington 25, D. C., within the next 30 days.

Final regulations will be published shortly after Dec. 15, 1962.

Dean Heizer Formed

PHOENIX, Ariz.—**Dean Heizer & Company**, 7717 North 11th Avenue. Dean C. Heizer, proprietor of the firm, was formerly with Waddell & Reed, Inc.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Help Wanted

This, say the legislators, is Thanksgiving, although the purists insist it arrives on the last Thursday in November. Fundmen, who have had reason in 1962 to be aggrieved at legislators and who are more pragmatic than purist, have been giving their own special thanks these many weeks —ever since the tide in the stock market was reversed.

The new look, which is really only a return to the old old look, is no reason to banish the specter of fundmen causing considerable congestion around their wailing wall. There was great lamentation last spring, summer and early this fall as the market slide continued almost unabated. Assets were shrinking, redemptions were rising, sales were falling and even sales personnel were falling away. It probably was the worst time in the history of the fund field, a period of suffering not made easier by the irritating Wharton study.

Now, with portfolio values increasing, vending funds should be a good deal easier and redemptions should be a good deal less bothersome. After all, the way of an investor with a rising market is not much different from the way of a man with a maid. Assuming that the worst is behind the market — at least it has demonstrated a great deal of bounce—the only question is *who* is going to sell the funds to the public.

Salesmen don't quit the garment center merely because of a slack season and the fellows whose stock in trade is railroad cars don't stop knocking on the doors of carrier purchasing agents. Maybe that's because this is their business rather than a sometime thing. One of the valid criticisms against some of the funds is that they employ too many people as salesmen who know little about their product and even less about the needs of their customers.

Those clever fellows, the newsboys who keep a constant vigil in the Financial District, had this very much in mind last week when they staged their annual lampoon of Wall Street and Washington. Fundmen who gathered in the ballroom of the New York's Astor for the 1962 Financial Follies aren't likely soon to forget the sketch called "The Feeling's Mutual."

To the tune of "Pretty Baby" they heard these delicious lines:

Everybody loves a gamble
So we peddle mutual funds
Won't you buy some? Won't you buy some?
We are plumbers, bakers, tailors
Anything but Wall Street men
Still we sell funds—yes, we sell funds

That'll give you some idea of how it went. Indeed, it got rougher and less printable as it went along. It brought howls of glee from certain sectors of an audience which contained innumerable gentlemen who can take their mutual funds or leave them alone.

Best of all, though, we liked the reaction of one fund chief. Said he:

"It's all good-natured ribbing, but it has an element of truth in it. If we're going to continue prospering in this field, then we're going to need trained salesmen and saleswomen, devoted exclusively to selling our services. We've had too many moonlighters who looked on selling mutual funds as a means of supplementing their income.

"The funds—and the public, too—need sales folks who understand the customers' needs. They'll be worth their weight in gold and the payoff to everyone involved would be rich."

It was respectfully suggested—and seconded here—that Dorsey Richardson, the newly-appointed President of the Investment Company Institute, and his colleagues give primary attention to this task, admittedly formidable.

The Funds Report

Total net assets of **Energy Fund** were $23,836,755 for year ended Sept. 30, while per-share net asset value amounted to $17.64. This compares with $24,320,490 in total net assets and $22.77 a share at the close of the preceding fiscal year.

In the final quarter of the past year the company purchased Ampex and Schlumberger. It eliminated Boeing and Tampa Electric.

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Fidelity Fund reports that at Sept. 30 total net assets were $371,-100,000, or $13.37 a share, against assets of $455,600,000 and $17.46 per share a year earlier.

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Fidelity Trend Fund reports that at Sept. 30 total net assets amounted to $49,900,000, equal to $11.27 per share. This compares with $18,400,000 of assets and $13.63 a share at Sept. 30, 1961.

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Keystone Accumulation Plans, Inc. finished its first full year of operation with its best sales month, Vice-President Peter B. Sholley reports. In October, 717 new plans were opened with a face amount of $4,306,000, up 33% from September. For the first year, face amount of sales totaled $41,974,000 for 7,284 shareholders.

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Massachusetts Life Fund reports total net assets at Sept. 30 amounted to $76,828,901, or $20.60 per share, against $77,218,220 and $23.41 a share at Sept. 30, 1961.

The fund's common stock position was reduced from 65.41% at Sept. 30, 1961, to 58.96% on Sept. 30, 1962.

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Nation-Wide Securities Co., Inc. reports that at fiscal yearend on Sept. 30 total net assets were $42,110,953, equal to $19.33 per share. This compares with $43,-183,454, or $22.02 a share at Sept. 30, 1961.

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Richard F. Tharp has been elected a Director of **North American Securities Co.** He is Vice-President and Controller of Fireman's Fund Insurance Co.

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The George Putnam Fund reports that at Sept. 30 net assets were $262,531,000, equal to $13.51 per share. This compares with $280,-145,000 of assets and $17.08 a share a year earlier.

* * *

Rowe Price New Horizons Fund, Inc. reports that at Sept. 30 net assets amounted to $6,865,867, or $8.52 a share, against $6,591,543, or $11.62 a share, at Sept. 30, 1961.

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T. Rowe Price Growth Stock Fund, Inc. reports that on Sept. 30 total net assets were $69,-300,908, equal to $12.95 per share. This compares with assets of $60,-356,226, or $16.28 a share, a year earlier.

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Organization of **Viking Fund, Inc.** a private investment corporation which will invest in Scandinavian securities was announced by George J. Nelson, President. He also is President of Nelson Fund, Inc.

Witte V.-P. of First Boston

Nicholas H. Witte has been elected a Vice-President of The First Boston Corporation, 20 Exchange Place, New York City, it has been announced.

Nicholas H. Witte

Mr. Witte joined The First Boston Corporation in 1946. He was named an Assistant Vice-President of First Boston in 1959 and is a member of the corporate trading department in the firm's New York office. Mr. Witte is a graduate of Harvard College and Groton School. In 1946 he was discharged from the U. S. Navy with the rank of Ensign.

Sabin to Be V.-P. Of Edw. Viner Co.

On Dec. 1, Milton Sabin will become a Vice-President of Edward A. Viner & Co., Inc., 26 Broadway, New York City, members of the New York and American Stock Exchanges. Mr. Sabin, a member of the American Exchange, is partner in Samuel Abrahams & Company.

The State of TRADE and INDUSTRY

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

Industrial production, construction activity, and nonagricultural employment continued to change little in October according to the Federal Reserve System's mid-November National Summary of Business Conditions.

The Fed reported that: "retail sales rose, as buying of autos increased sharply after introduction of the 1963 models. Commercial bank credit continued to expand, reflecting mainly an increase in loans. Common stock prices, after declining further in response to the Cuban crisis in late October, rose sharply.

Industrial Production

"Industrial production in October remained at the August-September level of 120% of the 1957-59 average. While output of business equipment rose further, production of materials declined somewhat and output of consumer goods changed little.

"Auto assemblies, after allowance for the sharp recovery from the model changeover low, remained at about the level prevailing since July. Production of other consumer durable goods declined, however, reflecting mainly reductions in television sets and furniture. In the business equipment industries, output of farm machinery and freight and passenger equipment increased while output of industrial and commercial machinery was maintained at the advanced levels prevailing since July.

"Declines in output of materials were widespread but generally small. Production of nonferrous metals, construction materials, and textiles and most other nondurable materials was reduced somewhat. Output of iron and steel changed little.

Construction

"New construction activity in October—at a seasonally adjusted annual rate of $63 billion—was unchanged from the August-September level. Private residential construction, which had changed little through the summer, declined moderately, and industrial, commercial, and most other types of private activity also declined. Public construction, however, increased sharply.

Employment

"Seasonally adjusted employment in nonfarm establishments continued to change little in October. Employment increased further in services and state and local government but changed little in manufacturing, trade, and most other lines. Average weekly hours and earnings in manufacturing declined somewhat. The unemployment rate was 5.5%, compared with 5.8% in August and September and an average of 5.5% in the first seven months of this year.

Distribution

"Retail sales rose 2% in October and were 8% higher than a year earlier. After new-model introductions around the first of the month, deliveries of domestic autos increased sharply to a seasonally adjusted annual rate of about eight million units in October; sales in early November were not far below this advanced rate. Department store sales declined in October, primarily reflecting abnormal temperatures in some parts of the country that limited consumer interest in winter clothing.

Commodity Prices

"The wholesale commodity price index was stable in late October and early November. In response to the Cuban crisis, basic commodity prices rose in spot and futures markets, and in early November, prices of rubber, burlap, and some other commodities remained moderately higher than before the crisis. Prices of lead increased, partly because of a strike affecting output at some domestic mines. On the other hand, prices of aluminum scrap and steel scrap declined and pig iron prices were reduced. Among finished goods, price increases of up to 5% were announced for tires and refrigerators; prices for both of these products had been below a year ago.

Bank Credit and Reserves

"Total commercial bank credit, seasonally adjusted, continued to rise in October, reflecting mainly expansion in all major categories of loans. The money supply increased and time deposits at commercial banks rose substantially further.

"In late October and early November, a reduction from 5% to 4% in reserves required against time and saving deposits released about $780 million of reserve funds. Over the four weeks ending Nov. 14, total reserves declined $915 million. Reserves were absorbed through a reduction in Federal Reserve holdings of U. S. Government securities, a decrease in float, an outflow of gold, and an increase in currency in circulation. Both excess reserves and member bank borrowings from the Federal Reserve increased somewhat between mid-October and mid-November.

Security Markets

"Bond yields generally declined further between mid-October and mid-November, with yields on corporate and state and local government bonds setting new lows for this year and those on Treasury issues approximating their previous 1962 lows. Rates on three-month Treasury bills increased to about 2.80%.

"After declining further in initial response to the Cuban crisis, common stock prices increased sharply in heavy trading. In mid-November, average prices were 15% above the June low and 17% below the peak reached in December 1961."

Bank Clearings Declined 4.3% Below 1961 Week's Volume

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the *Chronicle*, based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Nov. 17, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 4.3%

Continued on page 36

COMMENTARY...

BY M. R. LEFKOE

For more than a decade, Walter Reuther, George Meany, David McDonald, et al., have been engaged, in a very real sense, in a ruthless campaign to take over American business. Their specific objective has been to wrest from management the right to control and direct our nation's industries.

Labor leaders have used the unions they head as vehicles to challenge management's basic right of decision-making in almost every conceivable area. Just a partial list of management functions where inroads already have been made are: restrictions on the right of management to sell or lease properties, to engage in consolidations or coordination, to rent equipment, to make operating improvements, to change or modify work methods, to install new machinery or equipment, to reschedule operations, and to transfer operations from one plant to another.

Although the list of specific demands being made by unions is endless, all of them are designed in some way to prevent management from unilaterally making a change which may be economically desirable or necessary for efficient operations. Labor unions no longer merely request that they be informed or consulted about proposed management changes in policy; they are now demanding the right to approve any change before it is made. Moreover, they have taken the position that, if permission is not granted, the change cannot be made.

The Supreme's Court Decision

Businessmen have been dimly aware of this threat and have attempted in some instances to combat the demand by labor unions to participate in the decision-making process. However, they have been severely hampered in their efforts to make any headway on this crucial issue by several recent Supreme Court decisions, the most notable of which is the one handed down in *United Steelworkers v. Warrior and Gulf Navigation Co.* (June 20, 1960). In this case, the Court indicated that just the existence of a union in a company diminished management's right to manage.

A detailed study of the *Warrior* decision and its relevance to the insidious undermining of management's rights was made recently by Robert Abelow, a noted attorney associated with a firm specializing in labor law. His article, entitled "The Challenge to Management's Rights," was presented last year at a Tulane University labor symposium.

Employers' Rights Destroyed

In commenting on the disastrous effects of the *Warrior* case on the "cold war" between management and labor, Mr. Abelow stated that "one of the casualties has been the long-established theory of residual rights. The traditional management view, supported by the common law, heretofore supported by the courts and by innumerable arbitrators' decisions and previously accepted by unions, was that an employer retained all the rights, functions and responsibilities he had before collective bargaining began and that he continued to have these rights, even under a union contract, except to the extent that the employer had specifically agreed to give them up or modify them or limit them.

"For that reason, many employers regarded the inclusion of a management's rights clause in a labor agreement as superfluous under the assumption that it was unnecessary to spell out these rights since they had never been relinquished in the labor agreement. This concept—under which most collective bargaining agreements in existence today were drawn—seems to have been swept aside by the Supreme Court in the Warrior and Gulf Navigation case."

In this case, the Court declared that "a collective bargaining agreement may treat only with certain specific practices, leaving the rest to management but subject to the possibility of work stoppages. When, however, an absolute no-strike clause is included in the agreement, then in a very real sense *everything that management does* is subject to the agreement, for either management is prohibited or limited in the action it takes or if not, it is prohibited from interference by strikes." (Italics added.)

The Court went on to say that "this comprehensive reach of the collective bargaining agreement does not mean, however, that the language, 'strictly a function of management' has no meaning. . . . 'strictly a function of management' must be interpreted as referring *only to that over which the contract gives management complete control and unfettered discretion.*" (Italics added.)

Thus, *all* those basic functions of management which are not specifically reserved to management in writing are open to arbitration. As a result of this decision, labor leaders have obtained a weapon more powerful than they could have hoped for.

In describing the function of a labor arbitrator, the Court said in this same case that his "source of law *is not confined to the express provisions of the contract,* as the industrial common law—the practices of the industry and the shop — is equally a part of the collective bargaining agreement although not expressed in it. . . . The parties expect that his judgment of a particular grievance will reflect not only what the contract says, but, insofar as the collective bargaining agreement permits, such factors as the effect upon productivity of a particular result, its consequence to the morale of the shop, his judgment whether tensions will be heightened or diminished." (Italics added.)

"Strange Doctrine" Assailed by Dissenting Opinion

This wide-sweeping grant of almost absolute power to labor arbitrators was challenged by Justice Whittaker in his dessenting opinion in this case. He stated: "I understand the Court thus to hold that the arbitrators are not confined to the express provisions of the contract, that arbitration is to be ordered unless it may be said with positive assurance that arbitration of a particular dispute is excluded by the contract, that doubts of arbitrability are to be resolved in favor of arbitration, and that when, as here, the contract contains a no-strike clause, everything that management does is subject to arbitration. This is an entirely new and strange doctrine to me."

New and strange it certainly is; nevertheless, the doctrine expounded by the majority of the Court has become the guiding principle in labor disputes. At best, management can expect to be forced to spend considerable time and money in arbitration everytime it decides to institute a new cost-cutting technique. At first, management may be kept from ever instituting any changes which might be required for a more efficient operation.

End Result

The final outcome of this struggle over who shall have the right to manage is of more than merely theoretical significance. The steady erosion of profit margins in the United States has been kept in check only by management's ingenuity and resourcefulness in discovering more efficient means of production and distribution. If management completely loses its ability to institute new methods and policies as they are required, even today's meager profits will cease to exist.

Thus, if our nation's labor leaders continue their campaign to take over American business, let them be forewarned that more is at stake than the right to manage a company. The more fundamental issue being decided is: prosperity or stagnation.

Phila. Traders Annual Dance Huge Success

The Investment Traders Association of Philadelphia held their annual dinner dance at the Germantown Cricket Club on Nov. 17. The dance, which was attended by over 60 couples, was one of the most successful ever held by the Association. Jack Christian, Singer, Bean & Mackie, Inc., is President of the Association.

Jack Christian

Wieser V.-P. of Brand, Grumet

Brand, Grumet & Seigel, Inc., 67 Broad Street, New York City, members of the New York Stock Exchange, have announced that Lionel E. Wieser has been elected a Vice-President of the firm. Mr. Wieser will handle underwritings and private placements.

A. C. Allyn Co. Appoints Faath

A. C. Allyn & Co., members of the New York Stock Exchange, have announced that Harry W. Faath, Jr. has been appointed national manager of the municipal bond department. Mr. Faath is located in the New York office at 45 Wall Street.

The Electrical Machinery Industry: A Balance Sheet

By Jules Backman, Research Professor of Economics, New York University; Author: The Economics of the Electrical Machinery Industry*

No punches are pulled in this balance sheet appraisal of the electrical industry's prospects. Evidence of its promising future—wherein it faces a shortage of capacity—is contrasted with its present problems of excess capacity and deteriorated public image. Mr. Bachman: (1) surveys the industry's tremendous accomplishments which portend well for its future; (2) analyzes the current problems of profit squeeze, price-cutting, foreign competition, R/D retrenchment, and the after-effects of the unfortunate price fixing experience; and (3) prescribes what should be done to cope with its current difficulties. He urges the industry to come out of its state of shock and to cease being on the defensive. The public, he suggests, should be shown that housecleaning has taken place as well as all the facts of the industry so it can make a judgment based on the entire picture. In turn, the industry is advised to put away its crying towel and to resume its superior performance.

The electrical machinery industry has experienced a series of shocks in the past few years largely attending the disclosure of price-fixing for heavy electrical equipment. Critics have swarmed to the attack and too often the significant contributions made by this industry to national economic well-being have been ignored. I should like to review the industry's assets and liabilities, its contributions and problems. What are the factors that should be included in any objective evaluation of the role of this industry? Let me turn first to the contributions.

Jules Backman

The Industry's Contributions

The electrical machinery industry has contributed a great deal to human welfare and to economic progress. In little more than a half century this industry has helped to remove more drudgery from labor than was eliminated in all the earlier years of civilization. The development of cheap electric power and its application to the productive process has brought with it greater freedom from want and contributed more to shorter hours of labor than perhaps any other technological innovation in history.

One has but to think of the extent to which time and progress stop when the production of electric power is interrupted even for a few hours to comprehend the intimate relationship between the application of electric power and the amenities of today's existence, to say nothing of human survival.

To Economic Growth

The electrical machinery and equipment industry in little more than a generation has become one of our industrial giants. With sales in excess of $25 billion, it is one of the largest manufacturing industries in the country.

Despite some limitations, the Census data provide a broad sweep of the extraordinaory growth of this industry. At the turn of the century the electrical machinery industry accounted for about 1% of the total activity of all manufacturing industry. By 1929, the proportion had increased to 4.5%, in 1947 it was 5.2% and the latest figure is about 6.6%. To state it differently, in the past 6 decades, the electrical machinery industry has expanded more than six times as rapidly as all manufacturing industries. In the past three decades, it has grown about one and a half times as much. These figures proclaim the electrical machinery industry as one of the great growth industries.

Closely related to the expansion of the electrical machinery industry has been the enormous growth of the electric utilities. From a total of 2.2 billion kwh in 1902, electric power sales rose to 75 billion in 1929 and to more than 100 billion kwh in 1939. Since then the growth has been truly sensational. By 1961, the 700 billion kwh mark was passed and the totals are still pointing upward.

To Research and Development

Few industries can match the research and development record of the electrical machinery industry. It has been a major innovator in the development of devices designed to aid national security and to cut industry's costs by substituting recording, control and related instruments for high-cost labor. As for newer and better products for consumers, the battery of electrical appliances in the average American home continues to free the housewife from the menial backbreaking jobs that tried the physical strength as well as the patience of the woman of yesterday.

The National Science Foundation has estimated that electrical machinery accounted for about one-sixth of the $7.2 billion in R & D expenditures by private industry in 1957, the last year for which separate data was reported for your industry. In 1959 approximately one out of every five scientists and engineers was employed by this industry. These figures are a measure of the contribution the electrical machinery industry can make to our national economy in these troubled times.

Traditionally, the electric utility companies have relied upon the producers of electric-generating equipment for more efficient facilities with which to offset the rise in their own fuel and labor costs. The record is striking. Thus, for example, fuel prices are fully 50% higher than they were some three decades ago. In contrast, fuel costs per kilowatt-hour generated are actually lower by one-fifth.

To Rising National Productivity

Rising productivity has been the key to this country's economic growth and to higher levels of living. The substitution of non-

Continued on page 37

Stock Movements, Business Prospects and Karl Marx

By Paul Einzig

Today's minor boom in the free world's stock exchanges reminds Dr. Einzig of previous ones, such as the post-Munich months, based upon an unrealistic assessment of the chances for peace. In one respect, though, Dr. Einzig sees some advantages in our economy's and the stock market's decline. So long as it serves to convince the Marxist rulers of the inevitable decline of capitalism without going to war the chances of a war are, thereby, lessened. Dr. Einzig notes the difficulties the Communists have had reconciling their dogmatism with the relative insignificance of post-war recessions compared to the slump of the 1930's.

LONDON, England — The slump in Wall Street, on the London Stock Exchange and on Western European Stock Exchanges in general, caused by the Cuban crisis, was followed by a marked recovery when the danger of the war subsided. The pendulum seems now to be swinging, however, in the opposite direction. A minor boom has developed on the Stock Exchanges of the free world. Gratifying as this may seem to investors, speculators and business firms intending to make public issues, it is not without its dangers. There is, to say the least, a possibility that history may repeat itself.

Booms Based on Unrealism

When in September 1938 Prime Minister Chamberlain returned from his meeting with Hitler in Munich he declared that his understanding with Hitler meant "peace in our time." The result was a boom on the Stock Exchanges. Throughout the 11 months of uneasy peace that followed, any apparent improvement in the political outlook resulted in short-lived recoveries on the Stock Exchanges. These recoveries came to be known under the name of "peace in our time booms." They were invariably followed by relapses whenever the bursts of unrealistic optimism came to an end.

Those who are bidding up the prices of equities today appear to assume that all the trouble over Cuba is now over and that, difficult as the negotiations over a final settlement are likely to be, a satisfactory agreement is only a question of time. It is only on the basis of such unwarranted optimism that the sharp rises in stock exchanges can be justified. They rest on the assumption that we shall experience a business recovery and that demand inflation will resume its course. The possibility of a relapse through war scares appears to have been ignored. Yet it is a very real possibility. War scares are liable to arise not only from the Cuban situation but also from the Berlin situation, and the minor wars which are proceeding in India and in Arabia also carry perturbing possibilities.

The further the Stock Exchange booms proceed the sharper the relapse is bound to be if and when it takes place. The higher the Dow Jones index, the *Financial Times* industrial equity index and other Stock Exchange indexes rise the more vunerable the markets will become to a deterioration of the international political outlook. Even if the anticipated business revival should materialize, the resulting rise in Stock Exchange prices would be bound to become sharply reversed by any war scares that are liable to develop.

It may be argued that, after all, Stock Exchanges merely play the part of the barometer. The comparison is not quite accurate because barometers cannot possibly influence the weather while a Stock Exchange boom is liable to contribute to some extent at any rate towards the reappearance of war scares. This may sound absurd, but it is none the less true. For, the Kremlin is well aware that any war scare is bound to produce a slump on the Stock Exchanges and that consequently a well-timed war scare is liable to inflict heavy losses upon the Western countries. The higher the Stock Exchange prices rise the greater the risk of a really damaging slump and the stronger the temptation to the Kremlin to bring about such a slump.

Mark's Predicition

Nor is this all. Karl Marx predicted a hundred years ago that the capitalist system would destroy itself sooner or later as a result of economic crises of increasing gravity. The Marxists of Moscow firmly believe in this prophecy. This is very fortunate for the free world. It has largely contributed to decisions by Stalin and Khrushchev not to make war during periods of Soviet military supremacy. Why indeed engage in the war so long that there is hope that a succession of economic crises in the Western world would eventually enable the Soviet Union to take over the Western countries without having to fire a single shot?

It is indeed fortunate for us and for the peace of the world that Communists have been so completely misled by their own propoganda and by their dogmatic belief in the infallibility of Marx that they ignore the complete absence of any major economic crisis during the post-War period. Writing in 1956, the American Marxist Joseph M. Gillman, in a book entitled *The Falling Rate of Profit*, made an effort to prove how all Marx's predicitions have come true, even though at the time when he wrote and published his book the rate of profits, so far from falling, were forging ahead. If this book contributed towards reassuring Communists that the much-predicted final slump of capitalism was just around the corner, Dr. Gillman had rendered us an unintentional service by strengthening the hands of those in Moscow who were against the War on the ground that Communist world domination could be achieved without a war.

By the beginning of the sixties this implicit faith in Marx's infallibility must have been wearing thin, however, owing to the prolonged absence of the much-predicted and long-awaited crisis. Even Dr. Gillman, in order to carry conviction, carried only up to 1940 his crisis chart showing slumps of ever-increasing gravity, because the obvious insignificance of post-War recessions compared with the slump of the thirties would have disposed of his argument. In the light of the growing prosperity of the West, the Kremlin was bound to reach the conclusion sooner or later that, after all, a conquest of the world without a war was unlikely.

One Advantage of the Current Business Stagnation

From this point of view, the deterioration of Western economies during 1961-1962 had its advantages. The stalemate caused by the conflict between cost inflation and demand stagnation must have revived hopes in Moscow that Marx was right after all. For this reason, it would be against the interests of peace if, as a result of another Western boom, the war party in Moscow gained the upper hand. Conceivably Mr. Khrushchev would not or could not have agreed to withdraw the missiles from Cuba had it not been for the "hope" that the Wall Street slump in May last, foreshadowed an economic crisis of pre-War style and dimensions. So if our expectations of a business recovery should prove to be disappointing, we may derive some comfort from the feeling that the absence of a boom reduces the likelihood of a war.

Glidden Joins Miles Burgess

LOS ANGELES, Calif. — Miles Burgess, associated with Distributors Group, Inc. as Western Distributor of Group Securities, Inc., has announced the opening of a Southern California office effective Nov. 1 at 5410 Wilshire Boulevard.

Gordon G. Glidden

Gordon G. Glidden will be in charge of the office and will assist Mr. Burgess in representing Distributors Group in Southern California.

Mr. Glidden has extensive investment experience having been associated with Daniel Reeves & Co., Hayden, Stone & Co. and Sutro & Co. in Beverly Hills, specializing in mutual funds.

General Motors Stock Offered

Morgan Stanley & Co., New York, heads an underwriting group which is offering for public sale 1,581,692 outstanding common shares of General Motors Corp. at $55⅜ per share.

The shares were purchased from Christiana Securities Co., Longwood Foundation, Inc., certain members of the du Pont family, related trusts, and others. None of the proceeds of the sale will go to General Motors.

The shares being offered include stock received by certain of the selling stockholders in the distribution of approximately 4,400,000 General Motors shares on Nov. 14, 1962, by Christiana to its common stockholders.

NEWS ABOUT BANKS AND BANKERS

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

The Chase Manhattan Bank, New York announced Nov. 20 the promotion of Kaye H. Jones to Vice-President. Mr. Jones, who is in charge of the Bank's branch on Fifth Avenue at 23rd Street, was formerly an Assistant Vice-President.

He joined the Bank's credit department in 1949 and was transferred to the New York City district in 1953. He was appointed head of the Fifth Avenue and 23rd Street branch in 1961. Appointed an Assistant Treasurer in 1955, he was promoted to Assistant Vice-President in 1958.

In addition, the Bank announced that Richard W. McCready of the Williamsburg branch and Robert R. Smith of the New York City district had been promoted to Assistant Vice-Presidents. Otto Schoeppler was named Manager of branches in Germany and Robert M. Rummell was appointed Assistant Manager of branches in London.

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The First National City Bank, New York Nov. 15 opened its fourth Westchester County branch in Mount Kisco. Located on Britton Lane off South Moger Ave., this is the Bank's 102nd branch in the New York metropolitan area.

Manager Arthur H. McCord heads the new Mount Kisco branch. Mr. McCord is assisted by Edward J. O'Callahan, Assistant Manager. Personal Loan specialist for the branch is John T. Mates.

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The **Bankers Trust Company, New York,** has announced the appointment of John L. Doerschuck as Vice-President in the International Banking Department.

Mr. Doerschuck joined Bankers Trust in 1934. He was appointed an Assistant Treasurer in 1951 and Assistant Vice-President in 1956.

Simultaneously, Mr. Moore announced the appointment of Richard M. Bliss as Assistant Vice-President and A. Page Browne, Jr. as Assistant Treasurer, both in the International Banking Department, and David R. Van Steenburgh as Assistant Treasurer in the Public Relations Dept.

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The Royal Bank of Canada, Nov. 21, announced that H. M. Grindell, Chief Agent of the bank's New York Agency, will retire on Jan. 31, 1963. He will be succeeded by R. M. Cattell, presently an Agent at New York.

In addition, the bank announced the appointment of J. Scholes and R. A. Utting as Agents.

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The Federation Bank & Trust Co., New York, elected William J. Hogan a Director.

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The East New York Savings Bank, New York, elected Paul Brady Murray a Trustee.

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The Board of Trustees of **The Bowery Savings Bank, New York** Nov. 15 elected August M. Strung, Senior Vice-President and Aubrey J. Hood, Vice-President and General Auditor.

Harry Held, Senior Vice-President, assumes additional responsibilities as Assistant to the Pres.

Other appointments were: Robt. E. Lundon, Assistant Vice-President; Christopher Steadman, Jr., Assistant Treasurer; Richard E. Carmelich and James P. O'Connor, Deputy Controllers.

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Marking the 45th anniversary of his service with the Bank, George C. Johnson, President and Chairman of the Board of Trustees of **The Dime Savings Bank of Brooklyn, New York** was tendered a luncheon Nov. 15 by the Bank's officers and trustees.

In his 45 years with The Dime of Brooklyn, Mr. Johnson has seen it become the second largest mutual savings Bank in the nation with assets in excess of $1,456,000,000 and deposits totaling more than $1,288,000,000.

Assets and deposits have more than tripled since Mr. Johnson was elected the 10th President of the Bank to succeed the late Philip A. Benson on Oct. 25 1946. On that date, assets totaled $453,000,000 and deposits amounted to $393,600,000.

Since Mr. Johnson joined The Dime as a real estate appraiser in November of 1917, he has seen the Bank's assets increase 20-fold from $56,295,000 and its deposits rise in the same ratio from $51,300,000.

In his 45 years with the Bank, Mr. Johnson has seen it grow from one office with 109,469 depositors to an institution with five offices serving over 546,000 accounts.

* * *

The Long Island Trust Company, Garden City, N. Y. new Copiague office at 980 Merrick Road, to open on Dec. 1.

Manager of the new office is Assistant Vice-President Paul J. Dite, Jr. Prior to joining Long Island Trust, Mr. Dite was with **Chemical Bank New York Trust Company, New York.** Neal Jensen has been named as Assistant.

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The Hartford National Bank & Trust Co., Hartford, Conn. elected William J. Reynolds a Vice-President, effective in December.

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Oscar P. Myers, President of the **Boonton Trust Co., Boonton, N. J.** died Nov. 14 at the age of 72.

Mr. Myers, joined the Bank in 1921 as Secretary-Treasurer and had been President since 1945.

* * *

The Comptroller of the Currency has advised us that a certificate of authority to commence business has been issued to **The Short Hills National Bank, Short Hills, N. J.** This newly organized Bank officially opened for business Nov. 15 The capital of the Bank is $200,000 and its surplus $200,000.

Officers of the Bank are: George K. Weller, President; A. Chester Walton, Vice-President; Douglas Riddle, Cashier and Joseph W. Jolly, Assistant Cashier.

* * *

The Western Savings Fund Society of Philadelphia, Pa. elected Townsend Munson as Executive Vice-President.

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The Comptroller of the Currency, James J. Saxon approved on Nov. 16 the application of the **Western**

Pennsylvania National Bank, McKeesport, Pa. to purchase the assets and assume the liabilities of **The First National Bank of Clairton, Clairton, Pa.**

* * *

The Comptroller of the Currency, James J. Saxon approved on Nov. 9 the application to merge **The Vandalia State Bank, Vandalia, Ohio,** into the **Third National Bank and Trust Company of Dayton, Dayton, Ohio.**

On Sept. 13, 1962, the $8,300,000 Vandalia State Bank and the $109,500,000 Third National Bank and Trust Company of Dayton, applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

* * *

Richard E. Pritchard, retired Vice-President and Director of **The Harris Trust and Savings Bank, Chicago, Ill.** died Nov. 13.

Mr. Pritchard, who was 73, joined Harris Bank in 1920 and rose rapidly. He became chief clerk in 1924, and after serving as Assistant Cashier, Assistant Vice-President, and Cashier, was made Vice-President in 1939. He became a member of the Harris Bank board in 1949.

Mr. Pritchard retired from Harris Bank at the end of 1953 and from its board a year later.

* * *

Theodore H. Harley, Assistant Vice-President, **Harris Trust and Savings Bank, Chicago, Ill.** completed 35 years with the Bank on Nov. 21.

Mr. Harley joined Harris Bank in 1927. He was elected Assistant Cashier in 1956 and Assistant Vice-President earlier this year.

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The District National Bank, Chicago, Ill. elected C. Salm, a Director.

* * *

The American Fletcher National Bank & Trust Co., Indianapolis, Ind., elected Meredith Nicholson, III a Vice-President and Senior Trust Officer.

* * *

The First National Bank, St. Paul, Minn. elected Richard M. Sellwood, III a Vice-President. He formerly was Assistant Vice-President of **First National City Bank, New York.**

* * *

James J. Saxon, Comptroller of the Currency, announced Nov. 14 that he has granted preliminary approval to organize two new National Banks in Florida.

Commercial National Bank of Broward County is the title of a proposed Bank to be situated near the intersection of North Andrews Avenue and Prospect Road in an unincorporated area of Broward County, near Fort Lauderdale. It will have initial capitalization of $1,000,000.

The second Bank will be operated under the title **Gulf Gate National Bank** and will have a proposed capital structure of $250,000 capital, $150,000 surplus, and $100,000 undivided profits. The new Bank will be in the Gulf Gate Shopping Plaza at the corner of Stickney Point Road and U. S. Highway 41 in Sarasota County.

* * *

The Republic National Bank of Dallas, Texas announced plans for issuance of a stock dividend of 82,075 shares—and for increasing capital and surplus of the Bank to $114,000,000.

The Bank's Board of Directors adopted resolutions calling a special meeting of the shareholders, to be held Dec. 4. At that time, shareholders will vote on the stock dividend, and on amending Articles of Association of the Bank to provide for the additional shares of stock.

Steps in accomplishing the increase will be as follows:

(1) Additional shares of the Bank's $12 par value stock, aggregating 82,075 shares, or 2% of the 4,103,789 shares presently outstanding, will be issued to shareholders of record as of Dec. 4, 1962, ratably, and at no cost to them. This would bring capital stock of the Bank to $50,230,368, or a net $984,900, and would increase the total number of shares outstanding to 4,185,864.

(2) Simultaneously with the effect of the above issue, The Howard Corporation, et al, whose stock is held in trust for the benefit of Republic's shareholders, will make payment of $2,000,000 cash to the Bank. Also, at that time, the Bank will increase its surplus account to $63,769,632 by transfer of $3,015,100 from undivided profits. Upon consummation of these proposals, the combined capital and surplus of the Bank will be $114,000,000, and total capital funds, including undivided profits and reserve for contingencies, will be more than $133,000,000.

The increase in capital stock and the issuance of the stock dividend will be effective upon formal approval by the Comptroller of the Currency.

* * *

Rudolph A. Peterson, Vice-Chairman of the Board of Directors of **Bank of America,** officially opened the Bank's new branch in Amsterdam, Holland, Nov. 19.

The new Bank is under the managership of Frans van der Sleesen.

* * *

The Board of Directors of **The Bank of California, N. A., San Francisco, Calif.,** made the following executive appointments:

G. Harry Hutaff was advanced to Vice-President and Cashier; Glenn K. Mowry becomes Vice-President and Comptroller; Herbert W. Foedisch was appointed Vice-President and Donald T. O'Connor moves up to Assistant Cashier.

* * *

The Crocker-Anglo National Bank, San Francisco, Calif., elected William A. Daegling a Vice-President at the Sacramento, Calif., office.

* * *

The Bank of Montreal, Canada has announced the appointment of Donald R. McCallum as Manager of its principal branch in London, England, succeeding John H. F. Turner, O.B.E., who will now devote full time to duties as Assistant General Manager in Charge of the Bank's European division.

Mr. McCallum has been superintendent of the Bank's international division at the head office in Montreal for the past two years.

Spangenberg With Bergleitner & Co.

Charles Spangenberg has joined the firm of Bergleitner & Co., Inc., 50 Broad Street, New York City, as Vice-President. Mr. Spagenberg formerly was associated with H. B. Crandall & Co., New York, and prior thereto with Sterling National Bank & Trust Co.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

THE OUTLOOK FOR NEW YORK CITY BANKS

Within the past few weeks the prices of New York City banks stocks have shown an appreciable rise. This is due in part to the general rise in stock prices and in part to the anticipated Federal deficit which is inflationary and should mean higher interest rates over the long run. This deficit will have to be underwritten, in part, by the banking system and will provide additional deposits which should augur well for commercial banks.

Although New York City banks will benefit from these factors, the long-term growth of these institutions appears less favorable than the growth for banks in areas where deposits will increase more rapidly. The Omnibus Banking Law passed a few years ago in New York State was regarded as a step in eventual state-wide branching. Attempts by New York City banks to reach the two suburban counties through merger have been largely unsuccessful. In addition the two proposed holding companies by Bankers Trust and the Morgan Guaranty Trust Co. have been indefinitely shelved. Other opportunities to establish new branches in suburban Westchester and Nassau counties have been somewhat successful but the ratio of approvals to applications has not been startling. With both state and Federal agencies ruling on the various expansion plans, it appears as if deposit growth for New York City banks is not to be noticeable.

Historically, it may be said that New York bank stocks are regarded as yield vehicles selling at modest price/earnings multiples. Over the last 12 years these stocks have usually (except for 1961) sold at lower multiples than at the present time. As compared to other stocks the multiples have been lower over the past few years. Because of the stable nature of banking, New York bank stocks have usually provided less return than industrial stocks except for the short period mentioned. Probably a more realistic comparison is with stable utility stocks. Although the price/earnings ratios of New York bank stocks compare favorably as compared to multiples for these utility stocks, the yield picture is less favorable.

In addition to the relatively low yield on these stocks and somewhat high multiples, the earnings outlook is not as favorable as one might expect. New York banks have gained deposits in the time category which is costly and obviously reflects itself in fairly static earnings in 1962. This may be attributed in part to the inability to operate as easily in the mortgage field as compared to the West Coast banks which have always had experience here and are more able to serve the consumer. The outlook for 1963 is difficult to ascertain at this point but the performance of western banks in 1962 indicates that they should produce a more favorable earnings picture for the coming year than New York City banks.

Average Yields and Price Earnings Ratios

	Price Earnings Ratio		Yields	
	New York City Banks	Dow-Jones 30 Ind. Stocks	New York City Banks	Dow-Jones 30 Ind. Stocks
1950	14.7†	7.1†	4.49%	7.15%
1951	14.3	9.7	4.68	5.96
1952	13.1	11.1	4.40	5.55
1953	12.9	10.1	4.46	5.63
1954	13.4	10.1	4.49	4.97
1955	14.9	12.0	4.04	4.30
1956	13.1	12.2	4.34	4.05
1957	12.0	14.8	4.74	4.31
1958	13.3	13.1	4.47	4.73
1959	14.3	18.3	3.71	3.16
1960	12.4	18.3	3.91	3.29
1961	18.0	19.3	2.80	3.47
1962 Current	17.1	17.8	3.51	3.72

† Ex-dividend.

Prices of New York City Bank Stocks and Selected Utility Stocks

	Price	Yield	Earnings	Price Earnings Ratio
Bankers Trust Co.	$52¾	3.43%	$3.50	15.0†
Chase Manhattan Bank	72¼	3.59	5.20	13.9
Chemical Bank-N. Y. Trust Co.	81¼	3.44	5.35	15.2
First National City Bank	87¾	3.40	5.75	15.3
Manufacturers Hanover Trust Co.	52	3.83	3.35	15.5
Morgan-Guaranty Trust Co.	118¾	3.35	6.70	17.7
Average		3.51%		17.1†
City Utility Stocks—				
Boston Edison Co.	$32½	4.00%	$1.79	18.2†
Cincinnati Gas & Electric Co.	42¼	3.80	2.50	18.1
Consolidated Edison Co. of N. Y.	72½	4.00	4.08	17.5

† Ex-dividend.

Okla. Bond Club Names Officers

OKLAHOMA CITY, Okla. — The Oklahoma Bond Club met on Nov. 10 and elected the following officers for 1963:

President — Edgar R. Oppenheim, Leo Oppenheim and Co., Inc.

Vice-President — James Smith, Dempsey-Tegeler & Co., Inc.

Sec.-Treas. — Chas. B. Stuart, Fidelity National Bank & Trust Company.

Also honored at the meeting was Tom G. Hilborne, Liberty National Bank & Trust Co., newly elected Governor of the Investment Bankers Association representing the Southwestern District and Felix N. Porter, First National Bank and Trust Co., Asst. Vice Chairman of the Southwestern District.

Rowe Cook of the Mid-Continent Life Insurance Company was guest speaker.

Elkins, Morris To Admit Partners

PHILADELPHIA, Pa. — J. Donald Goodwin and William B. Haines, on Dec. 1 will become partners in Elkins, Morris, Stokes & Co., Land Title Building, members of the New York and Philadelphia-Baltimore-Washington Stock Exchanges. Mr. Goodwin, a member of the New York Exchange, is a partner in Joseph D. Goodman & Company.

Paul Fouse With Federated Inv.

PITTSBURGH, Pa.—Paul D. Fouse has been named Vice-President-Sales for Federated Investors, Inc., 719 Liberty Avenue, it has been announced by John F. Donahue, President of the Pittsburgh-based mutual fund organization.

Mr. Fouse was formerly divisional sales manager for Investors Diversified Services, Inc.

The Market . . . And You

BY WALLACE STREETE

Faced with a holiday-shortened week, and on top of an extremely rapid advance, industrial stocks took a rest for the most of this week; and it was a well-merited one.

Before the lull, in only 14 sessions the industrial average had tacked on around 72 points, showing varying sized gains on all but three of the sessions. No such an advance can go for long without a correction.

The encouraging thing in this week's lull was that it was a consolidating phase rather than any violent setback to match the vigor of the upward swing. And selective strength nibbled at some of the issues even when the general list was unable to move.

Stirring of the Rails as They Diversify

There was also enough stirring in the rail section so that the carrier average was able to lend support to the advance of the industrials which is the first time in many, many months that anything has been able to generate interest in this long-neglected group.

The mergers proposed for the Eastern carriers, presumably since any railroad merger wends its way arduously through the various control stages, failed to spark any interest when they were proposed; but the quality lines offering above-average yields were both showing signs of at least mild support.

A bit of interest may have been kindled by the decision of the third railroad to diversify outside the transportation business, that being Illinois Central. These types of diversification moves originated two years ago with Bangor & Aroostook Railroad when it set up Bangor & Aroostook Corp. and exchanged shares of this for the rail shares on a 2-for-1 basis.

Earlier this year Kansas City Southern Railway set up Kansas City Southern Industries, again with the two Industries share for one rail share exchange involved. Illinois Central's plan is nearly identical, involving organizing Illinois Central Industries. The only variation it proposes is to make a share-for-share exchange.

The only one that has actually started diversification is Bangor which took on control of a finance company, boat maker, foundry and metallurgical company and an interest in a paper company. How it will fare in these new ventures hasn't yet been demonstrated and the 98% ownership of the railroad shares is still its principal asset. The extent to which holders of the rail shares turned them in for exchange indicates conclusively; however, that the shareholders consider the prospects brighter in the diversified companies.

Auto shares, like the rails, were generally out of favor for a long time but have been perking up lately. They have been among the brighter market spots, just as the operations of the Big Three are one of the happier bits of reading among the major segments of the nation's economy.

Chrysler was prominent as a repeater on the daily lists of new highs for 1962 with Ford's recently split shares also making the new highs lists. General Motors has been hovering close to its year's high and, for that matter, close to its all-time peak. Thus it has a distinction all its own since neither of the other two are close to reaching any record price tags at the moment.

Part of the trading interest in Chrysler has centered on the fact that it has one of the larger short interests on the entire list as of the Stock Exchange's November report — which, incidentally showed that short selling had reached a level not seen since such figures were first compiled early in 1931. The expectation had been general that an increase running from 10 to 14% was to be reported. The actual increase was about 11% to a total of 6,785,894. Until the current series of new highs showed up, the peak had been a mid-1958 achievement.

Persistent Short-Selling

There was persistent short selling indicated daily in the odd-lot figures, which was among the reasons a higher standing was anticipated. What was not borne out were reports during the month that volatile upside price action in a few special situations was due to short covering. The wide-moving issues in general showed reasonably steady, or expanded, ~~short positions~~.

The defense issues, which have had an on-again, off-again popularity since the Cuban crisis came to a head, were mildly depressed when the Sino-Indian fighting seemed on the point of dying down.

Revived Interest Off-the-Beaten Path

With the better feeling that a resurgent market can inspire, students of various neglected and ignored issues of merit were being trundled out at a somewhat higher pace than has been the case since last spring. There was even something of a revival in discussions centering on over-the-counter market items, patricularly those that have come down hard from dizzy heights to far more realistic levels.

Ronson, among the listed companies, had some good following based largely on the consistent growth it has been able to show in sales and earnings in the last four years as its efforts to diversify and expand have been taking hold.

The day when Ronson was solely a maker of cigarette lighters and associated accessories are long gone since sales of lighters now provide only a little more than a third of total sales. Electric shavers, hair devices and other products account for a fifth of sales, lighter accessories which are in constant demand, such as flints and lighter fluids, some 3/10 of the total. It is expanding in the field of aircraft and missile parts and developing rare earth alloys. At one stage in the company's history lighters alone accounted for some 88% of sales.

The trying time in the history of Ronson was in mid-1952 when its basic lighter patents ran out and a shift in its outlook became necessary. It took six years before the new emphasis could be translated into a significant turnabout in its fortunes but since 1958 it has built up a solid record for steady growth. The dividend has been unchanged since then, at 60 cents per share, but in the last two years the cash payout has been augmented by 2% stock payments and, presumably, another is in store.

The shares of AMP, Inc., weren't spared the sharp correction that was general for electronic companies of all types. Yet the company has concentrated on being able to withstand the price competition to a superior extent. Some 85% of its sales are generated by solderless wire terminals and connectors. And it has been able to show a high, 20% pretax profit margin in recent years.

There is no great *yield* attraction in AMP, since at recent levels its return was less than 2%. But the payout admittedly is small, only about 30% of income. However, the company has increased its payment every year for the last seven and by last year the small, initial payment had been increased 10-fold.

[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.]

Glassmeyer Heads Hosp. Fund Comm.

Edward Glassmeyer, Vice-President of Blyth & Co., Inc., has been named Chairman of the Investment Bankers Committee of the 83rd annual United Hospital Fund campaign in Manhattan and The Bronx. His appointment was announced Nov. 21 by John L. Taylor, Chairman of the Business and Professional Division. Mr. Taylor is Senior Vice-President of The Chase Manhattan Bank.

Edward Glassmeyer

Mr. Glassmeyer will lead volunteers in the solicitation of funds from executives and privately-owned businesses in the investment banking field in raising their quota of the overall campaign goal of $3,000,000. The money raised in the 1962 campaign will aid the Fund's 81 voluntary, non-profit hospitals in their free and below-cost care of the medically needy. Last year these hospitals treated 1,598,500 such people.

Mr. Glassmeyer is a director of Beekman-Downtown Hospital, one of the Fund's member hospitals.

St. Louis Mun. Dealers Elect

ST. LOUIS, Mo.—At its bi-annual election of officers held Nov. 13, the St. Louis Municipal Dealers Group elected the following members to office:

President—Elzey G. Burkham, Jr., G. H. Walker & Co.

Vice-Chairman — Ernest D. Willer, Boatmen's National Bank of St. Louis.

Secretary — Robert L. Cowee, Dempsey-Tegeler & Co., Inc.

Treasurer — Elmer F. Borgmeyer, Mercantile Trust Co.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Government probably has to raise less than $1,000,000,000 of new money to carry on for the rest of the year. Unless there is a change in the international situation, it would appear as though the needed funds will be obtained through the sale of short-term Government obligations. One of the effective ways in which help is being given to our international balance of payments deficit is by keeping funds in the country via high enough short-term yields.

The bond market, however, is still attracting funds because there is a demand for obligations with a fixed income. This is attributed to the opinion that the need to hedge against inflation boom and bust will not be needed for a while yet. Although Government bonds are gaining in popularity, they are still second to tax-exempts and corporates.

Medium-Term Treasury Issues In Good Demand

Purchases of intermediate-term Government bonds are being expanded by investors and, as a result of such commitments, prices of these securities are at or close to the best levels of the year. Those issues selling at the largest discount have been attracting much of the attention although higher coupon obligations with about the same maturity date give a better yield to the payment date. Those bonds with the deepest discount have been and still are being bought in considerable volume for estate tax purposes.

In addition, the floating supply of many of these middle-term obligations is much smaller than it was in the past because of the advance refunding operations which have taken a goodly amount of these issues out of the market for all times. Also, the owners of the deep discount obligations in most cases bought them at considerably higher prices so that they are not inclined to sell them even at present levels which are much better than the prices which had been prevailing.

Because there is concern about the future trend of the economy, there is no question but what funds which might have been seeking an outlet in more speculative channels are still being put to work in sizable volume in fixed income bearing obligations. To be sure, a considerable amount of these funds are being invested in near-term liquid Government issues although there is definite evidence now available that there is a shift of some of these funds into longer-term maturities with Government bonds, both the not so long obligations and the more distant ones coming in for these purchases.

Tax exempt and corporate bonds have, however, been getting a larger share of this lengthening of maturities by investors. This has had a beneficial effect on the bond market since yields on these securities have tended to move down.

As against this betterment in the bond market comes the big question mark as to what will happen to long-term interest rates if there should be a worsening of the balance of payments problem. The short-term money market, while a problem at times for the monetary authorities, appears to be manageable since the issuance of near-term liquid Treasury obligations for new money purposes has kept yields on these securities high enough so that nervous and readily transferable funds have not been seeking an outlet in other monetary centers in sizable amounts.

With an increase in the deficit of the balance of payments, it would probably be necessary to harden long-term rates a bit so as to prevent or at least sharply curtail financing by foreigners in our capital market. This would probably not result in a sizable increase in long money rates but it could turn yields around so that the favorable trend in the bond market would be over for a while.

The favorite bond for the public pension funds, and in some cases an issue that is bought from time to time by private pension funds, namely the 3s of 1995, has been moving out of the market in what is termed good volume. Also, the 3½s of 1990 and the 3½s of 1998 have been attracting buyers among those who are interested in long-term Government bonds. Those who are looking for not so long a bond have been making commitments in the 4s of 1969, 1971 and 1972. The 4s of 1980 and the 4¼s of 1975-1982 also have been attracting some attention.

Named Director

William V. Fisher, Chairman of the Board of Anchor Hocking Glass Corp., Lancaster, Ohio, has announced the election of Frederic H. Brandi to its Board of Directors.

Frederic H. Brandi

Mr. Brandi is Chairman and chief executive officer and a director of Dillon, Read & Co. Inc., New York, N. Y., and a member of the Executive Committee and a director of Colgate-Palmolive Co., Interchemical Corporation and The National Cash Register Co. He is also a director of C.I.T. Financial Corp. and the American-South African Investment Co., Ltd.

Anchor Hocking Glass Corp., the leading manufacturer of glass tableware in the United States, is the second largest manufacturer of glass packaging products.

Lubetkin, Regan To Admit Two

On Dec. 1, Lubetkin, Regan & Kennedy, 44 Wall Street, New York City, members of the New York Stock Exchange, will admit L. Donald Yarkin and Joseph C. Stamler, a member of the Exchange, to partnership.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

A "Memo" of Sales Ideas

Don't waste your time on prospects that are not qualified buyers. This also applies to clients who take up so much of the time of a registered representative that the total commissions they provide are not worth the time and effort involved. This refers to people who demand excessive attention to their requests for quotations and who will belabor their salesman or representative with demands that are unrealistic.

Last week I had five telephone calls from a bond buyer who was trying to buy 10 bonds during a busy day. The amount involved was over $10,000 yet this pecuniary individual kept placing orders at a half, or a quarter, under the market all during the day. Add up the cost of wires, the time he used that I could have devoted to constructive work, plus the constant attention of my trading desk, and order clerks, and the earned commission of $25.00 gross definitely places this type of business in the loss category. Unless you can gather in other more profitable business from such accounts let them go elsewhere. Ulcer business is only good for doctors.

For Fund Salesmen

"Salesmanship is like a game of chess — a poor opening can lose the game for you. A proper opening gets you on the right track. It's important for the salesman to make the opening move. If you let the prospect make the first move you may be on the defensive immediately. If an argument develops a sale doesn't."

"I was discussing this with an old timer the other way. He was telling me about a recent call be made. As he greeted the prospect he mentioned his name and the name of his company and the prospect called him off. The prospect said: "I'm not interested!" The old timer looked at the prospect calmly and said: "Just a moment—let's back up a bit. Before you say you are not interested, let me tell you what I came here to talk to you about. For example, I came here to talk about YOUR CHILDREN'S FUTURE, YOUR FAMILY'S FUTURE, AND YOUR OWN FUTURE. Now, do you want to tell me you are not interested?" FROM BULLETIN "YOUR MUTUAL FRIENDS," ENTITLED "A CALL FOR COMMON SENSE," BY L. L. MOORMAN, V.-P. OF NATIONAL SECURITIES & RESEARCH.

Thanks again, Larry, for this excellent comeback to the often expressed old excuse, "I am not interested."

You May Have Some Clients Who Agree

"The System"

COMMUNISM: You have two cows; the government takes both.

NAZISM: You have two cows; the government takes both and shoots you.

FASCISM: You have two cows; the government takes both and sells you the milk.

SOCIALISM: You have two cows and give one to a shiftless neighbor, who wants you to feed and milk her, and give him the milk.

BUREAU-ISM: You have two cows; the government takes both, shoots one, milks the other, and throws the milk away.

CAPITALISM: You have two cows, you sell one and buy a bull.

—Author Unknown

Often something such as the foregoing can be mineographed at low cost on an office machine and sent to a list of friends and customers who appreciate worthwhile material of this type that tells a true story, and is also educational and humorous. It is a builder of friendship when mailed to those who are among many frustrated Americans who view today's lack of economic and fiscal intelligence in this country with concern and chagrin. It is the contacts you keep alive between business calls, telephone interviews, and such, that cement friendships and helps you to keep the good-will of both prospects and customers.

Expense Account New Rulings

Although not directly connected with sales it is directed at your pocket-book, your peace of mind, your valuable time, and your integrity as a citizen. The Internal Revenue announced (Friday, Nov. 9, issue of leading financial daily), Quote: "The IRS spelled out how it plans to enforce the new tax law requiring business men to keep strict, documented records of deductible travel and entertainment expenses." "After Jan. 1, under PROPOSED IRS regulations, claimed business deductions for travel and entertainment expenses will be tossed out unless:

"The taxpayer submits itemized receipts, bills or other documents to back up each outlay of $10 or more."

"The taxpayer also spells out where the money was spent, who was entertained, the business purpose of the outlay and other details."

Public hearings will be held if there are sufficient requests for these hearings.

"Where the taxpayer handles a sequence of expenditures that may each run less than $10—each must be noted separately." (If you have three drinks at a lounge with a client you must post these in a diary as a separate item, then you take him into the restaurant and he has a meal for $6.50, then you leave a tip of $1.50, then you pay the parking attendant $1.00 for your car and drive him to the subway, just remember each item, and list them separately in a diary.) This diary for those who travel should note (Quote) "Cost of transportation, meals, lodging, telephone expense, DATE AND HOUR OF DEPARTURE (HUH?) and RETURN (HUH?), number of days away from home, number of days spent on business at each stop, and the business purpose of the trip, "including the nature of the business benefit expected to be derived by the taxpayer as a result of the travel to each place."

"The taxpayer's records must list the following when claiming entertainment deductions: The cost; the date, the hour and the duration; the places of entertainment by names AND ADDRESSES (Can't you just picture yourself saying to a client, "Just a minute, before we leave here let me put down the correct address of this place, you know this is on the expense account, Hic!); the description of the entertainment (Howszat) (Show was louzy); the business purpose; (that's one for you —for what other purpose than to do business, or am I in this for my health?); the name and occupation of each person entertained, and his business relationship to the taxpayer."

How do you like those regulations? When do we have time to sell, buy, enter orders, watch the market, study securities, keep necessary records, if every day we have to go through such time consuming nonsensical routines as this every time we leave a 50 cents tip on some restaurant table? Anyone for bridge boys?

Chicago First National Sponsors Law Competition

CHICAGO, Ill.—The First National Bank of Chicago has announced its sponsorship of an estate planning competition for students at Illinois law schools as part of its 100th Anniversary Celebration next year.

A $1,000 prize will be awarded June 1, 1963, to the law student who best solves problems in an estate case prepared solely for this competition. In addition to the grand prize, a first and second place prize will be awarded to participants from each Illinois law school with the size of the awards depending upon the number of entrants from each school. The grand prize winner will be chosen by a committee of three practicing attorneys appointed by Walter H. Moses, President of the Chicago Bar Association, from among the first place winners at each law school. Mr. Walter J. Cummings, Jr., a partner in the firm of Sidley, Austin, Burgess & Smith, will serve as Chairman of the Committee; Mr. Richard M. Gudeman, a partner in the firm of Sonnenschein, Lautmann, Levinson, Rieser, Carlin & Nath; and Mrs. Jane S. Whitman, a partner in the firm of McDermott, Will & Emery, will act as the other two judges.

According to the official notice sent by The First National Bank of Chicago to the seven law schools in Illinois, the underlying purpose of the competition is "to focus attention on the increasing importance of estate planning to lawyers and their clients and to encourage specialization in this area by stimulating creative thinking on the part of students of the Law."

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Oklahoma Gas & Electric Company

Oklahoma Gas & Electric serves electricity only (the gas business was disposed of many years ago) to a population of 1,100,000 in Oklahoma and western Arkansas; principal cities served include Oklahoma City, Enid, Shawnee and Muskogee in Oklahoma, and Fort Smith and Van Buren in Arkansas. About 90% of the revenues (some $66 million) are obtained in Oklahoma. The division between customer groups is 40% residential, 29% commercial, 18% industrial, and 13% wholesale and miscellaneous.

Tinker Air Force Base is the largest customer, but contributes less than 1½% of revenues. The service area is well diversified between farming, oil and gas production and a wide variety of light industries—food and food processing, grain and milling, creameries and packing plants, machine shops and the production of glass, building materials, etc.

Reserves of oil and gas in Oklahoma are now larger than a decade ago. The Anadarko Basin in western Oklahoma and the Arkomo Basin gas field in eastern Oklahoma and western Arkansas are currently being actively developed, both these fields being within the company's service area. The state is the fourth largest oil producer and the third largest producer of gas. Drilling activity increased sharply last year, 5,845 oil wells and 514 gas wells being successfully brought in.

During 1960-61 new industries were established in the company's service area representing a total load of some 18,000 kw and estimated annual revenues of $647,000; and expansion of existing industries accounted for 30,400 kw and estimated revenues of $1 million. General Electric is establishing a plant in Oklahoma City for work on missile guidance components, with an initial load of 5,000 kva. and ultimately 25,000 kva. Gerber Products, well-known makers of baby foods, also plans a large plant. Ling-Temco-Vought of Dallas, one of the largest aerospace-electronics companies, plans to build a $1 million new plant.

Further industrial development seems assured due to a concerted development program on the part of several state organizations as well as Oklahoma Gas & Electric, which has a special department for this purpose. Advantages claimed are adequate space, central geographic location, ample labor supply, adequate water, low cost power and fuel, improving transportation and air facilities, reasonable taxes, and recreational and cultural facilities. Barge transportation is being extended which should result in more favorable freight rates.

Kwh sales are expected to grow at about 9% per annum and revenues at about 8%. Oklahoma G. & E. has a big potential source of growth in its residential business, as present usage of about 3,200 kwh a year is well below the national average. The company feels that an energetic sales effort over the next few years will increase usage substantially. Residential air conditioning has made good progress with about 101,000 units installed (about 25% saturation) not including heat pumps. The number of Gold and Bronze Medallion homes has increased rapidly in recent years, now totaling about 5,500. Over 1,000 residential heat pumps were installed in the first half of 1962, together with 613 resistance heating installations for whole-house heating, greatly exceeding those of the entire year 1961.

Oklahoma G. & E. is located in one of the cheapest fuel areas in the country and generating costs compare favorably with those of any other utility. The company now has a long-term contractual arrangement by which a favorable cost for natural gas is assured over the next 20 years, even with some escalation in contract prices. Moreover, generating plants are efficient, using only about 10,000 btus per kwh on the average.

Generating capability is 1,194,000 kw compared with the 1961 peak load of 902,000. A 235,000 kw combined cycle gas turbine-steam turbine generating unit will be placed in service about next May. Along with ten other Southern utilities Oklahoma G. & E. has made an agreement with TVA for seasonal power exchange, starting with about 435,000 kw in 1965 and reaching 1,500,000 kw three years later. The exchange will take advantage of varying loads between the TVA area and the service territories of the private utilities. The latter will spend about $100 million to build a big transmission line connecting with TVA but it is estimated that they will save $50 million in reduced construction requirements for generating facilities, and the high-voltage line will also help in locating future power plants.

To provide funds for the 1962 construction program budgeted at $19 million, the company last March sold 328,912 additional common shares to stockholders on a 1-for-20 basis. Outlays for 1963 and 1964 have been estimated at $31 million and $14 million, respectively. It has been indicated that only $12 million bond financing will be required to complete the three-year program. There will be no common stock financing over the foreseeable future.

Earnings have increased from $1 in 1952 to an estimated $1.85 for calendar 1962. Summer weather during the four years 1957-61 was cooler than normal, but this year's weather was favorable for air-conditioning, accounting for about 6% of the indicated 16% gain in share earnings. The interest credit on construction is small and may remain around $300,000 for some years. The investment credit is estimated at $800,000 next year and may be allowed to "flow through" to share earnings which would mean a rise of about 11 cents in the amount earned (no final decision has been made, however).

Dividends have been increased in 14 of the past 15 years (the year 1954 being an exception) and an increase in the present $1.28 rate appears likely in 1963. However, the tax-free portion of the dividend is diminishing with only 8% estimated for this year and 3% for next year.

The stock is currently selling around 39½ (range this year about 46-30) to yield about 3.2%. The price-earnings ratio is about 21 based on estimated earnings for calendar 1962.

Freeman To Address Board of Trade

CHICAGO, Ill. — Robert C. Liebenow, President of the Chicago Board of Trade, has announced the board on Dec. 11 and 12 will sponsor a forum on national agricultural policies, with Secretary of Agriculture Orville L. Freeman as principal speaker.

Orville L. Freeman

Seven of the nation's outstanding agricultural economists will discuss individual phases of the overall farm problem in two open-forum sessions in the Terrace Casino of the Morrison Hotel, Chicago, and Secretary Freeman will address a dinner on Dec. 12 in the Palmer House to conclude the meeting.

The economists are D. Carroll Bottum, professor of agricultural economics at Purdue University; Dr. C. E. Bishop, head of the Department of Agricultural Economics at North Carolina State College; Dr. Sherwood Berg and Dr. Darrell F. Fienup, respectively department head and associate professor of the Department of Agricultural Economics, University of Minnesota; Dr. George Brandow, professor of agricultural economics at Pennsylvania State University; Professor Lawrence W. Witt of Michigan State University, and Professor Lawrence H. Simerl of the University of Illinois.

The opening forum session, free to all, will be held at 2 o'clock Tuesday afternoon, Dec. 11. Professor Witt will discuss "Agricultural Export Policies"; Dr. Brandow, "The Use of Payments in Farm Programs," and Professor Simerl, "The Price Mechanism in Agriculture."

The second free forum session will be opened at 9 o'clock Wednesday morning, Dec. 12. Dr. Bottum will discuss "Land Retirement in Agriculture"; Dr. Bishop, "The Small Operator in Agriculture," and Drs. Berg and Fienup, "Development Programs for Rural Areas."

Wednesday afternoon, the Board of Trade, world's largest commodities exchange, is inviting farm editors and other forum guests to visit the market. There will be a tour of the board's facilities and an exposition of how it operates and the services it performs.

The dinner Wednesday evening, with Secretary Freeman as the main speaker, will conclude the meeting.

Impact Upon Our Economy of ECM and Our New Trade Bill

By Raymond Rodgers,* Professor of Banking, Graduate School of Business Administration, New York University, N. Y.

We face a revolution in international trade set in motion by the European Common Market and by the recent passage of our Trade Expansion Act "the ultimate result of which can only be dimly perceived." In making this observation, Mr. Rodgers presents the cold facts regarding the competitive threat of the ECM to us and expresses the hope that we will use our new tariff bargaining weapons to remove barriers against our exports. The economist assesses the ECM's goals, and impact upon our economy—particularly agriculture and oil. Concludes that the new trade path we trod bodes well for our survival in the Cold War and the rise in the Free World's standard of living.

A revolution in the international trade of the Free World is well underway. Although there are many forces involved, such as the cold war, technological advances, political realignments, and development of underdeveloped areas, the most basic force of all will undoubtedly prove to be the Common Market.

Raymond Rodgers

In concept, organization, and execution it is a radical departure from anything that has gone before. In fact, it is so far-reaching, and so subject to political and economic hazards, particularly the bargaining which by the very nature of the Common Market will necessarily be its way of life, that it is indeed difficult to assay its impact on the American economy.

In addition to this basic difficulty, our new Trade Expansion Act gives the Administration wide bargaining powers with respect to accommodating our trade to this new world of the Common Market. With surprisingly little opposition, the Congress has given the Administration all of the powers requested as necessary for the forthcoming negotiations with the Common Market. But it remains to be seen how well we shall fare when our negotiators come to grips with the more experienced negotiators of the Common Market countries.

Force for Good or Evil

In any event, the Common Market will, beyond question, be a powerful force for economic good or evil. More specifically, it will be a great contribution to the well-being of the Free World if it leads to an all-around lowering of tariffs with consequent increase in trade. On the other hand, it will be a great force for evil if it leads to the formation of trade groups, trade areas, or other compartmentalization of world trade.

The economic importance of the Common Market can hardly be over-estimated. It is already well on its way to the realization of an integrated economic unit, second in importance only to the United States. Moreover, with a probable ultimate population over 50% greater than that of the United States, and with a highly skilled working force eager to produce, it may soon outrun us on the economic front, especially if our negotiators are outbargained in the months ahead. Clearly, we face hard going ahead—let us not deceive ourselves about it!

As for Europe, the rebirth of business confidence, the unleashing of business enterprise, the infusion of vitality at all levels, particularly in the marketing of consumer goods, and consequent higher standards of living flowing from the Common Market and the expectations to which it has given birth are a modern economic miracle. The amazing thing is that this rejuvenation has come in countries with limited natural resources and where change has traditionally been a slow process.

As for the United States, it must be frankly recognized that the Common Market, *so far*, represents a growing trade area which discriminates against us. In fact, it is a protectionist bloc which, while it provides for the free movement of goods, money, and people between member countries, still has barriers against American goods, especially agricultural products. Let us hope that the bargaining under our Trade Expansion Act will, like Jericho of old, cause these "walls to come tumbling down!"

Political Aspect

American assessment of the Common Market has tended to overlook its political basis. Couve de Murville, the French foreign minister, with amazing candor for a career diplomat, frankly stated on Feb. 21[1] that: "If the Common Market had a function and objectives that were purely economic, then we would be guided solely by a preoccupation with efficiency and any larger (free trade) system would be desirable, if it were better than a purely European system. However, that is not the case, for our objective is first and essentially political. We are trying to build a political union."

It is this political aspect which may well prove to be one of the most serious stumbling blocks in the forthcoming trade negotiations with Great Britain. Difficulties notwithstanding, the political importance of Europe as a *third* force in the world, with the power to "stand up to Russia," is of incalculable value to the United States, and must be preserved at all costs. These costs, tradewise, may, unfortunately, prove to be heavy. As of now, we cannot be certain about this, but we do know that it is another thing to worry about.

Other Goals of Common Market

Although the other *goals* of the Common Market have been stated countless times, it is worthwhile from time to time to review them. These ultimate goals, some of which are well on their way to full realization, are:

(1) *Reduction of internal tariffs:* Such tariffs were cut 20% when the Common Market was formed, and a further 10 to 20%

1 *New York Times*, Feb. 21, 1962.

at the beginning of 1962. On non-farm products all quota restrictions have been abolished, and tariffs, already reduced 50%, are expected to be eliminated by 1970 at the latest and, possibly, as early as 1967!

As for agricultural products, at the end of last July there was probably the greatest crumbling of trade barriers in history. For example, on grain, pork, poultry, and eggs, all tariffs, minimum price regulations, and import quotas were abolished and were replaced by a single variable "levy" designed to bring the price of imports up to the level of domestic prices in the importing country. This not only protects domestic producers, it removes an important incentive for "dumping," as any price advantage that the exporting country may have over the importing country will be absorbed by the government of the importing country.

(2) *Complete freedom of movement* of goods, capital, and labor across the national boundaries of the member countries is another goal. Labor has already achieved this mobility and not only have many restrictions on the movement of capital been removed, but a development bank to expedite such movement is in process of formation.

(3) *"Freedom of establishment"* by corporations and business ventures is another goal of the Common Market. Freedom to operate, with a minimum of regulation, in any of these countries gives them the great advantage American corporations have always had of operating in as many states as desirable. This will be of especial importance to American companies operating in Europe in view of our new tax law. Standardization of antitrust and cartel legislation is another effort closely connected with this goal of freedom of business movement.

(4) *Increased production* is another goal that we must not overlook. On this factor, the European Economic Commission estimated in October that for the year 1962 Gross National Product of the present six member countries should increase 4.5% to 5%, and that industrial production may rise as much as 5.5%. Also, you only have to look at any American street or road to see concrete evidence of the automobile boom they are having in the Common Market countries. On an overall basis, 1962 automobile production is expected to exceed 1,400,000 cars, or 14% more than in 1961!

(5) *A higher standard of living* is, of course, implicit in all of their efforts. In fact, their announced goal in this respect is a 50% increase in economic well-being in the 1960-70 decade. This would be an amazing rate of growth for any country, but for the countries of Europe it is, by any standard, a fantastic one!

Our Trade Bill

As this recital has shown, the Common Market represents probably the greatest economic challenge that has ever confronted our country. The great stimulus it is giving Europe's economic growth, and the reorganization of world markets which will inevitably flow from this new structuring, has forced us to take a new look at our trade policies. The Trade Expansion Act is a first step in this direction. It is in so many respects a blank draft that will later be filled in by the Administration in accordance with bargaining exigencies—and shall I hopefully say, luck—that detailed discussion would be largely pointless at this time.

There are certain broad observations, however, which should be made now so that you can help supply some of the leadership necessary to counteract anguished outcries that will arise as the bargaining adversely affects the interest of certain industries and, of course, American employment, which is already a problem of the first order.

First, since the United States is a large and diversified country producing great variety of goods at relatively low cost, foreign trade is, *relatively*, of less importance to us than the smaller, more specialized countries of the Common Market. Specifically, overall merchandise exports account for only about 4% of our total production of goods and services, and imports account for only about 3%. This compares with 1960 exports of 17% of total production for West Germany, 12% for France, 15% for Italy, and 14% for the United Kingdom. While it is true that we are vitally dependent on imports for many minerals and materials essential for American industry, on an overall basis it is more of a "life and death" matter for the countries of Europe to preserve their exports. This will require skillful bargaining and some real sacrifices on our part if we are not to weaken those countries—and, politically, their strength is vital to our survival.

Probable Impact on Our Economy

The effects of the Common Market and the Trade Expansion Act on our economy—and they should be viewed together as they are a "package deal" as far as we are concerned—will be many and varied. Some effects will be immediate and direct, whereas others will be delayed and indirect.

The indirect effects could be even greater and more important than the more obvious direct effects. Among other things, one of the indirect effects will be a new discipline on wages and prices in the United States. In other words, the drastic lowering of tariffs should greatly reduce the danger of inflation in the United States. As you know, most of the countries of Western Europe have had painful experiences with the adverse economic and political effects of inflation and, thus, may be expected to make far more strenuous efforts to combat inflationary pressures than has been the case in the United States. The result of such efforts in any Common Market country will flow over into other member and associate countries and act as a brake on rising costs and prices. This, of course, would affect the United States.

Another indirect effect will be that the growing strength of the Common Market countries will enable them to assume a larger share of the foreign aid and defense burdens which now largely rest on the United States. Reduction of these heavy burdens would not only favorably affect our tax and fiscal problems, it would go far toward solving our serious balance of payments problem.

That the West European democracies are cognizant of this pressure is shown by the recent increase of the Overseas Development Fund of the Common Market countries from $500,000,000 to $800,000,000 for the next five years. Moreover, in addition to this joint fund, many of them have made bilateral arrangements for foreign aid.

Turning to the direct effects of the new arrangements, the initial impact will undoubtedly be adverse because of the diversion of trade to Common Market members. However, assuming skillful bargaining on our part, exports should soon increase, and this increase should be greater than for imports, as the recent removal of the great variety of import restrictions which plagued Europe and our much longer experience in selling to a mass market should enable us to outsell the Europeans who have had but limited experience in selling such a great market. In addition, if Great Britain joins the Market, as seems inevitable, the end of the commonwealth preference system should be a help to our trade. In this connection, keep in mind that our present trade with Canada exceeds our trade with all of the Common Market countries put together!

Probably the greatest adverse effect of the Common Market will be on American agriculture. Because of our subsidized prices on agricultural products, the variable levy of the Common Market countries will seriously reduce the heavy volume of exports of such products to the member countries. However, they still have some internal problems to solve if they try to give domestic agriculture the protection that is now indicated. They may even end up with agricultural surpluses and a farm problem just as we have. The revolution in farming—mechanization, fertilization, hybridization, etc.—has hit Europe to such an extent that Mordecai Ezekiel, economist of the United States Department of Agriculture, has been quoted as saying that "by 1970 European imports probably would decline sharply, or vanish entirely, for all foodstuffs except for beef and for products such as beverages, citrus fruits, etc." The protection offered by the new arrangements can only aggravate this basic problem. So, it remains to be seen how much American agriculture will be hit—but, in all frankness, there seems to be little comfort any way you look at our farm surpluses.

Impact of the Common Market On the Oil Industry

The direct impact of the new arrangements on the American oil industry will be a minor one. So far as oil products are concerned, our exports to Europe have been declining for years, until today only about 5% of all such products are imported from this country—in other words, Europe is well on the way to becoming self-sufficient in this respect.

The big question for the oil industry is the extent to which the Common Market will favor Sahara crude oil over other Middle East oil. Sahara oil, as you know, has a serious disadvantage so far as the European market is concerned. It is a light oil with high gasoline content, which is in oversupply. What Europe needs is heavy, industrial oil as the shift from coal to oil is well underway. It follows that since Sahara oil will not meet all of their needs, there will have to be much "swapping," and the results will depend on the bargaining which will be involved.

In any event, the oil industry will benefit from the oil revolution which is underway in Europe. It will benefit from the accelerated industrialization flowing from the Common Market. And it will benefit from the rising standard of living, more automobiles, etc.

Conclusions

In conclusion, the Common Market and the Trade Expansion Act have set in motion forces the ultimate result of which can only be dimly perceived. If the basic idea of the Common Market prevails, there should be an all-around lowering of tariffs and a consequent increase in world trade. In any event, this closer economic and political cooperation of the Free World in the struggle for survival with the Communist world is a very favorable factor for our way of life.

And, finally, the Common Market will accelerate industrialization and raise the standard of living of a large part of the Free World. The extent to which the United States will share in this depends on our bargaining ability. The Trade Expansion Act is the tool long needed for this purpose. The skill with which we use it will determine the results.

*An address by Mr. Rodgers before the 42nd annual meeting of the American Petroleum Institute, Chicago, Ill., Nov. 13, 1962.

The Security I Like Best

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at $100,000 per year. Stockholder's equity is $9.00 per share. 501,144 shares are owned by about 1,150 stockholders.

Today, Leece-Neville is the only company with a full line of alternators for all service requirements, a factor that places the company in a most favorable competitive position. In the Over-the-Counter market, Leece-Neville is quoted around 11 bid, 12 asked.

Norbert Doyle With Tucker, Anthony

Tucker, Anthony & R. L. Day, 120 Broadway, New York City, members of the New York Stock Exchange and American Stock Exchange announce that Norbert W. Doyle has been placed in charge of the firm's corporate bond trading department. Mr. Doyle came to the firm recently from Fahnestock & Co. where he had been manager of the corporate bond department.

As We See It

Continued from page 1

no convincing evidence that any recession was in the offing! The notion seems to be that if and when "the economy" is not growing at a rate desired by the national government, the thing to do is to introduce enormous deficits!

The Coming Year

And what of the prospect for the coming fiscal year? Of course, we are again assured that whopping deficits in times like these do not suggest that we shall continue indefinitely in the red! When "the economy" feels the results of the stimulation of current deficits and of promised (but not yet explained) tax changes, it will respond in such a way as to create surpluses instead of deficits, so the old, old story goes once more! No one has taken the trouble to prove any such result or to point to instances when things have worked out that way in the past.

Let us, therefore stick to the immediate or at least the early future. The Secretary of the Treasury a day or so after the appearance of the cited report of the Budget Bureau, took the floor to say that higher not lower expenditures were "inevitable" during the coming fiscal year and to add that promised tax changes (which he assures us will be forthcoming promptly next year) will reduce the income of the Treasury by a substantial amount. The Chairman of the President's Council of Economic Advisers at the same gathering expressed the view that tax changes — of whatever kind they may be—should reduce collections by some $5 billion next year. If all these predictions and proposals are given effect it would seem that we should have to expect a deficit next year which would soar well above the peacetime record of $12 billion.

All this apparently brings no moment of uneasiness to the managers at Washington. On the contrary, they seem to expect it to cure virtually all the economic ills we now suffer and prevent the arrival of others. The theory that leads to such conclusions is old and familiar to students of the subject, but it is well at times to remind ourselves of it. What happens, they say, when the national government runs a deficit is that the Treasury pours more money into "the economy" than it takes out of it, thus stimulating spending both by business and the consumer. Some of these reasoners use one of the sets of figures to show the results of the Treasury's operations and some another, but that is a matter of small concern at least at the present since all of them show large deficits.

How Can It?

How, we must wonder, can the Treasury do any such thing no matter what figures are used. This phase of the matter does not trouble the easy reasoners at Washington at all. They quote the figures which appear to show some such thing, and let the matter go at that. Now the Treasury has access to current funds in two ways: One of them, of course, is taxation. It could obviously not simply pay out the proceeds of taxation and come out with any such result as is claimed. The other source is borrowing. Now if it borrows from those who have saved funds for investment, it merely takes in the savings of the public and pays them out again. The Treasury can, however, coin or rather in effect print the funds it pours into the economy—and this is precisely the only way it can put out more than it collects from the general public—or "the economy."

This it can do, and upon occasion does, by the simple process of having the commercial banking system, including the Federal Reserve System, create deposits to its credit which it can and does use as money. Ancient monarchs who wished more funds than they dared try to take from the public were well aware of the possibilities of such tactics—and used them to the eternal damage of their countries — although, of course, their technique was different. But regardless of techniques the simple process of writing up deposits to bring funds into existence and then spend them when no goods have been produced to match them must in the end bring disaster if long enough continued. Yet if the Treasury really expects to spend more than it takes from "the economy" it must be bent upon much the same tactics the medieval coin shavers used.

Another Strange Doctrine

Another strange doctrine about all this has sprung up of late years. It is that when there are unused resources, whether human or material, it is legitimate and indeed in the public interest to "stimulate" business (or to try to do so) by some such means as that just outlined. But what nonsense is this? There are normally substantially more resources than are actively in use all the time. Just think what would become of us all if all the resources of our agriculture were fully occupied! Why we have been paying farmers not to use it for years past, and there is constant demand that we pay them more for that purpose. Then there is always obsolescent equipment which can be put into operation at very high cost only. It may be doubted if absolute full use of all capacity is ever attained except in dire emergency. As to unemployed manpower, let it be plainly stated that a very substantial part of current unemployment stems from the activities of monopolistic labor unions.

The Changing Role of Business in Our Society

Continued from page 4

hoods of the same community of progress.

Changed Economic Role

In *economic* terms, the changing role of business is reflected in the radically altered relationship between business and the other two primary forces of our national economy: labor and government. In our technologically-based society, labor has acquired new dimensions of well-being and authority. In part, this is because it has become educated; in part, because it has benefited immensely from the fruits of technological advance; in part, because it has banded together to act as a cohesive unit to improve its position. Thirty years ago, fewer than 10% of the nation's workers carried union cards. Today, more than half of those in construction, transportation, mining and manufacturing are organized, and union membership has increased 5-fold.

New Role of Labor and Government

By acting with unity and often with government imprimatur, labor leaders have been able to write at the bargaining table what Peter Drucker describes as "the new common law of the industrial plant and office." This code has sharply modified management's procedures and prerogatives with regard to hiring and firing, seniority rights, overtime work vacations, grievances and wage patterns. Moreover, as wages have risen, workers have found themselves with a widening margin of income beyond subsistence. More and more have bought homes, and have joined the clamorous chorus for better schools, improved streets and highways, additional recreational facilities and other services.

All these developments—the growing independence of labor, the demand for better education, the trend toward urbanization, the increase in discretionary income—have vastly enhanced the role of government in our society. This role has been further expanded by the increasing complexity of our society as well as by the exigencies of modern warfare, both hot and cold. Government has shouldered new responsibilities as a regulator and cushioner of the economy as well as a financier and purchaser. Its buying of goods and services at the federal, state and local levels is running at an annual rate of $120 billion—substantially more than 20% of our Gross National Product, compared with less than 3% at the turn of the century. It plays a tangible, if tacit, role in a broad spectrum of corporate decisions involving prices, wages, taxes, capital spending plans and merger negotiations.

The net effect of these developments is that although business continues to grow larger itself, its role and influence on the American scene have declined relative to those of government and labor. Business remains, nevertheless, a significant factor, and its leadership—while not commanding the same degree of preeminence as a half century ago — continues to provide a large measure of direction to the affairs of our society.

This changing role of business has raised formidable problems. Three of these are, in my judgment, sufficiently compelling to merit special attention. In each case, I think the academic community, whose contributions flow as teeming tributaries into the main stream of American life, could be enormously helpful in formulating fresh approaches.

Problem of Adjustment

The first problem is the problem of adjustment.

The changes of recent years have been too swift and too numerous to be fitted into the accustomed patterns of the past. James Reston wrote recently: "The cold war will probably be settled, if it ever is, not by the society with the biggest weapons . . . but by the society that has the greatest capacity to adjust to the scientific, social and political revolutions of the age."

For business, government and labor, the adjustment must begin with a clear-eyed recognition of the magnitude of the changes that have taken place, and a determined resolve to deal with them realistically. Although they frequently spar with one another for power, the three are in reality partners for progress. Each is essential to the highest realization of the interest of the others. By playing their parts wisely in advancing the common interest, they can raise the standards of growth and prosperity far beyond levels that could be attained otherwise.

Delineating Government's Role

For business, the adjustment must start with a candid acknowledgment that there can be no retreat to conditions that were relevant to the less complicated society of the past. Under mid-20th Century conditions, private enterprise must concede that government has an important role to play in economic life. The problem is to define just where that role should begin and end. It is difficult to be specific in this regard, since the role of government depends on the special circumstances surrounding particular situations. However, I believe one can adopt a broad philosophic approach to the problem.

One landmark in such an approach, it seems to me, is to accord business, as well as labor, the maximum freedom consistent with the public welfare. All history bears out the desirability of not concentrating too much power in an all-pervading government. If this in itself were not reason enough, I would add the urgent need in our complex society for decentralization to enhance the efficiency of decision-making and administration. The philosophic approach might be summed up in words once used by the *London Economist:* that it is the business of government to determine the economic weather, not to ration the raindrops.

Those in academic life, who sit somewhat apart from both business and government, are superbly positioned to observe and reflect upon interrelations between the two — and between business and labor. They have an excellent vantage point from which to fashion new instruments for cooperation among these three dominant elements in our society. I would suggest only one thing: that whatever the format, the ultimate objective should be to evolve a pattern that will preserve our basic freedoms while introducing greater efficiency and responsibility into our economic processes.

Problem of Communication

A second problem growing out of the changing role of business is communication.

Never has effective communication been more necessary—because of the interdependence of business operations; because of the intimate relation of the public to business activities; and because of the higher expectations people have of business.

Despite some recent progress, the businessman still must learn to communicate more effectively with several groups, foremost among them his opposite numbers in labor and government. Much of the discussion among them today is so parochial as to be of little value. On the golf course, around the bridge table, at the cocktail party, businessmen talk with other businessmen; labor leaders with other labor leaders; government officials with other government officials. Often, each group is unaware that it is on a kind of close-circuit hookup, exchanging the same interpretations, the same opinions, the same viewpoints. Too infrequently do the three groups sit down together, and then often in an atmosphere lacking in candor.

How much more productive it would be if representatives of the three groups broke out more often from their closed - circuit confinement. For genuine progress can come about only through a greater freqency of contact, a wider range of knowledge, a broadening of outlook, and an earnest desire to emphasize those areas where cooperation is possible rather than those where collision is inevitable.

The businessman must also communicate more effectively with his stockholders and employees, and I would single out among the latter particularly his scientists. One of the most alarming gaps in the communications network is that between the market-oriented managers of business and its knowledge-oriented scientists. President Lee DuBridge of California Institute of Technology has observed: "The inability of most scientists to communicate their scientific discoveries . . . is one of the tragedies of modern life."

We cannot afford to flounder in a communications vacuum while science and technology revise our concepts and reshape our world. It becomes increasingly important for specialists to be able to discuss their advances meaningfully with management; and correspondingly important for management to grasp the significance of scientific developments so it can direct a company's efforts into those channels where breakthroughs can be most rewarding. In light of the soaring cost of introducing new products and the fact that seven out of ten die shortly after birth or waste away from profit malnutrition, this informational exchange is more indispensable than ever to the profitability of business and the welfare of society.

What the Academician Can Do

In my view, the academic community offers the best means, and surely the only quick means, of closing the communications gap between scientist and manager—by emphasizing anew the need for and the tools of effective communications. By so doing it could aid immeasurably in the solution of an even broader problem in contemporary society: the need for the scientist to communicate intelligibly with the layman.

Sir Winston Churchill was concerned about this in World War II, and his observations are even more pertinent today. "The leaders of thought," he said, "have reached the horizons of human reason, but all the wires are down and they can communicate with us only by unintelligible signals. Yet upon the discerning of these signals, and upon taking right and timely action on the impressions received, depend our national fate and much else."

In a system such as ours, no plans — scientific or otherwise—can succeed without the support of those varied, often discordant, elements of society that together make up the public. If our national decisions are to be wise ones, then public opinion must be *informed* opinion. This is a task worthy of our best efforts.

Finally, there is the problem of leadership.

Problem of Leadership

The influential economic role of business ought to be matched by an active involvement in the political and civic life of the community. The successful manager in business has qualifications which prepare him for even wider responsibilities in modern society. He is an activist, accustomed to getting things done, and to organizing and directing others. Moreover, he is accustomed to taking the hard decisions between alternatives that frequently are not clear-cut but involve imponderables. These qualities, when coupled with a knowledge of the world and a degree of wisdom, make for leadership.

It is no accident that some businessmen serve with dedication as trustees of universities, board members of charitable organizations, directors of hospitals and museums. But too many business leaders remain aloof from activities outside their immediate social and business sphere. By following such a course, they not only impoverish their own lives but fail to exert the influence on other areas which they could if they were to broaden their horizon.

Participating in Government

It is especially desirable that business leaders participate actively in government. The business community has an obligation to help shape the governmental framework within which it must operate. We cannot lose sight of the fact that the growth of industry and trade in a free society has been the primary instrument for economic progress since the Industrial Revolution. Business leadership, therefore, must point out forcefully and persuasively those government policies which can do most to enable the private economy to realize its full potential, and make its maximum contribution to the common good.

To be fully effective, the approach must be forward-looking, balanced and realistic—not mere nostalgia for the past or rearguard action to preserve positions of narrow self-interest. If business is opposed but uninformed, if it is convinced what it is against but uncertain what it is for, it will soon forfeit its leadership position.

The academic community can assist importantly in developing business leadership by exposing students even more thoroughly to those experiences which will heighten their awareness and stimulate their curiosity about the world around them, thus preparing them for a lifetime of learning. In our swiftly changing environment, no one can foresee precisely what problems will have to be resolved in the future. But this much we know: that whatever they are, they will call for intelligence, imagination, resourcefulness and judgment — for these qualities never become obsolete.

Qualitative Factor

Up to now, the increased demands on management have been largely *quantitative:* how to collect as many relevant facts as possible on which to base a decision. Now a number of these quantitative aspects of the executive's job are being preempted by the computer, so the competitive edge will go to the company that does the best job of handling the *qualitative* factors — through the breadth and depth of its executive judgment and creative imagination.

The tasks that will inescapably confront managers in the future, are of a magnitude that cannot be properly grasped and dealt with except by minds that keep on growing. The academic community has long recognized this need and met it in varying ways including the extensive use of sabbaticals. More recently, for somewhat different reasons, the sabbatical has become popular with labor unions.

I would suggest that business and the colleges collaborate on a long-range program of management sabbaticals. Under such an arrangement, managers could return to college, perhaps every seventh year, to keep themselves abreast of rapidly changing specialized fields and to deepen their insights with regard to social relationships.

This college training might last for one semester or, in certain circumstances, for a full academic year. The manager would, of course, receive his regular salary while attending classes. Special degrees could be presented upon successful completion of the courses.

The limited experiments that have been conducted in executive education, by such far-sighted enterprises as the Bell Telephone System and others, suggest that such a long-range program of sabbaticals could spark a substantial upgrading in the quality as well as the breadth of business management. And I am convinced that it could be done at a cost the business community could well afford—a cost, in fact, which we may find it impossible *not* to pay.

Through a sustained program of management sabbaticals, we could help to remedy a weakness in American democracy that Alexis de Tocqueville discerned over a century ago. "It would seem," he wrote, "as if the rulers of our time sought only to use men in order to make things great; I wish they would try a little more to make great men; that they set less value on the work, and more value upon the workman."

If we are to cope with the compelling challenge of change, we must set the highest value on the development of men and women capable of independent, original and critical thought. Only in this way can we deal successfully over the long run with the problems of adjustment, communication, and leadership.

If planning for the future seems at times like an act of optimism, it is no less a call to duty. Since these problems bear directly upon the preservation of our free society, they merit the attention of all segments of our nation. The more closely we work together, the more effectively we can scale the summits of promise and give substance to our brightest hopes. For in shaping the society of the future, we are limited only by the intensity of our concern, the reach of our inquiring minds, and the strength of our determination to make this a better and happier world.

*An address by Mr. Rockefeller at the American Philosophical Society, Philadelphia, Pa., Nov. 8, 1962.

LETTER TO THE EDITOR:

Criticizes Monetary Views Of Einzig, Roosa, Dillon

Editor, Commercial and Financial Chronicle:

In your Sept. 27 issue, Paul Einzig is unkind to Mr. Reginald Maudling, British Chancellor of the Exchequer. Mr. Einzig says:

"Under the gold standard . . . adverse balances tended to produce their automatic correctives in the form of a contraction of credit in deficit countries and an expansion of credit in surplus countries, leading to a reversal of a trend of trade between them. Under the Bretton Woods system of gold standard there is no such automatic adjustments but the need for supporting the exchanges against the effect of a persistent trade deficit on the reserves tends to induce governments to resort to measures substantially similar to those developed automatically under the old gold standard. The object of Mr. Maudling's plan is to do away with that necessity and to enable deficit countries to run up deficits with impunity over a long period."

Mr. Maudling's proposal to the International Monetary Fund that "we shall have to be prepared to supplement present international payments arrangements if we are to make certain that they do not act as a brake upon the possible expansion of world trade and production," is said, also, to have got the cold shoulder from monetary authorities in this country. Is it possible some of them are being "mastered by our money or by our monetary problems," contrary to the pledge the President made in his address to the financiers?

In April, Treasury Under Secretary Robert V. Roosa said that "gold is the universal metal of timeless acceptability." This smacks of the "golden cross" again. Five years ago, also in April (*N. Y. Times*, April 28, 1957), Allan Sproul chose gold as his subject "because few things can dislodge gold from . . . men's minds."

Mr. Sproul, who had retired the year before as President of the Federal Reserve Bank of New York, addressing the Economic Club of Detroit, said: "I do not think that our currency, nor our bank deposits, because the two are interchangeable, need be convertible into gold in order that we may have an honest currency. Our present dollar has the supreme attribute of good money in that it is universally acceptable . . . There is no substantial fear of the soundness of our money except among the few who cling to gold coin as a theological doctrine."

Mr. Roosa says that "the essence of the monetary system of the free world will no doubt continue to be the fixed relationship between gold and the dollar . . . Surrounding the gold reserves is a set of relationships now largely worked out through the London gold market . . ." (Federal Reserve Bank of Philadelphia *Business Review Supplement*, September, 1962, "Assuring the Free World's Liquidity.") In an ideal world, he says, we might be able to do without the London gold market, but "for the world that we have" it is central.

Mr. Paul Einzig, we see, and many others, believe there was an "ideal" system of international payments, a "golden age," with "automatic correctives." Perhaps this has some hold on Mr. Roosa's mind, too.

Managed Gold Standard

A recent study (*Monetary Policy Under the International Gold Standard, 1880-1914*), by Arthur I. Bloomfield (October, 1959, Federal Reserve Bank of New York) shows that the "fixed relationship" between gold and money always was but a dream. The "automatic" gold standard when "rules of the game" were followed never existed. Monetary management is not a recent phenomenon; there always was central, deliberate, or conscious monetary policy.

"Not only did central banking authorities (before 1914), so far as can be inferred from their actions, *not* consistently follow any simple or single rule or criterion of policy, or focus exclusively on considerations of convertibility, but they were constantly called upon to exercise, and did exercise, their judgment . . . This is not to imply . . . that the judgments and actions (or lack of action) were always wise or correct; indeed, the quality of management seems often to have been very poor. But it does indicate that discretionary judgment and action were an integral part of central banking policy before 1914, even if monetary management was not oriented toward stabilization of economic activity in the broader modern sense." (Pages 25-6.)

". . . Far from responding invariably in a mechanical way, and in accord with some simple or unique rule, to movements of gold and other external reserves, central banks were constantly called upon to exercise, and did exercise, discretion and judgment in a wide variety of ways. Clearly, the pre-1914 gold standard system was a managed and not a quasi-automatic one from the viewpoint of the leading individual countries. Nor did that system always work as 'smoothly' as is often believed. . . ." (Page 60.)

In June, 1961, Treasury Secretary Dillon spoke before a Congressional Committee about a "balance-of-payments discipline," for which he said "there was no substitute." He was called on this by Representative Henry S. Reuss, who thought this was making it too "absolute." Later before the Rome meeting of international bankers, Mr. Dillon withdrew the requirement of "automatic relationship" in these matters. But his assistant, Mr. Roosa still seemed unregenerate. In May he was stressing the need to show "the ones that control the (gold) reserves and can pull the gold" from us that we were good boys.

While Mr. Roosa had been emphasizing that "a continuously large deficit tends to weaken a nation's reputation for solvency and economic strength" (*N. Y. Times*, Dec. 29, 1961), foreigners were taking a less austere view of us. The OECD report, at the beginning of this year, explained the heavy deficit in our balance of payments as being due to "a corresponding increase in Government and business lending and investment abroad. This investment added to U. S. foreign assets . . ." (*N. Y. Times*, Jan. 2, 1962). President Kennedy stressed that these assets should be considered whenever we talk of our international payments problems. Mr. Roosa ignored them, at least in his quotable public statements. President Kennedy asked that we consider the differing impacts of our "administrative" and "cash" budgets. Mr. Roosa would talk only about "the" budget (The First National City Bank of New York, one of only six regular "dealers" in U. S. Government securities calls official Government budgets "dishonest," and "monkeyshine budgets," in their August *Monthly Economic Letter*, but the bank's officials are less official, at least, than Mr. Roosa.)

Mr. Roosa should not be so "possessed" by his monetary dogmas as to discourage good ideas, more necessary than gold, to provide a more workable international payments system.

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Why Advertising More Than Pays for Itself

By Roger W. Babson

Steadily increasing share of corporate costs going into newspaper advertising is bound to continue in the years ahead. Mr. Babson buttresses his prediction with a clear-cut explanation of advertising's advantages to business, labor and the economy.

Advertising does not need to be defended against its critics; it can defend itself. I am quite aware that tremendous sums of money have been wasted in advertising, but think how much money has gone down the drain in drilling for oil or mining for gold. When the right media and techniques are used in advertising, they can bring tremendous rewards, just as can drilling in oil-rich terrain or mining in promising lodes. Advertising is, of course, a risk, and it should be sold as such.

Chance Worth Taking

Nevertheless, it is a risk well worth taking. I can think of few gambles more likely to pay off. It is obvious from the record that officials of American companies agree with me on this, so their outlays must have been profitable indeed. When the final total is figured for 1962, I expect that both national and local advertisers will have shelled out about $8 billion for ads in newspapers and magazines. This represents a most spectacular channeling of cash into newspaper advertising.

Proof of the success of advertising is found in its steady growth of popularity. Ten years ago, for example, expenditures for newspaper and magazine advertising totaled only $3½ billion, while they amounted to only $1½ billion just 20 years ago. For some years a steadily greater part of corporation costs has been going into advertising, and I am certain that this trend will continue over the years ahead. It is interesting to note that, along the way, those concerns doing the greatest amount of advertising have nearly always been at or near the top in their fields.

Advertising Helps Everybody

Some labor publications tend sometimes to complain that companies are putting too much money into this type of publicity. Union officials want higher wages for their members, and more and more expensive fringe benefits —and often think of advertising as mere diversion of money that should go to the employees in one form or another. Hence, company officials should make plain to their personnel the value of advertising in holding up production and keeping employment high. A well-run firm is careful not to waste funds in profitless advertising. Results are always carefully studied, and directions are pursued that bring about greater sales, which in turn lead to larger payrolls.

Newspaper advertising is to a great extent responsible for our having the highest wage rates and the best standard of living in the world. There could be no mass selling without newspaper advertising. Mass production would be an impossibility without mass selling. Without mass production, our standard of living could not conceivably have reached its present historic height.

Many corporations located in or immediately outside of big cities place most of their outlays in national media, but more and more are recognizing the value of local placement. For instance, even some of the biggest concerns are giving more attention to small dailies and weeklies. I expect this tendency to increase over the coming years. Surveys have indicated that people of small communities read advertisements with great care.

In fact, I should say that I still consider newspapers, both large and small, as a safe investment. This is particularly true where there is only one newspaper which controls a given area, with the focus in a smaller city. True, production costs are moving upward, but it is still relatively easy to raise the price of a newspaper by a cent or two. People still want written news, and the more they pay for a paper, the more carefully they read both the news and the ads. This means that the advertising space becomes more valuable.

Advertising and You

Occasionally I hear somebody say, "What is advertising doing to help me?" That is an easy question to answer. It is helping you, for one thing, to hold your job 52 weeks out of the year. It is helping to up your "take-home" pay. It is increasing employment, so that your children too can get a good education. All of us should encourage advertising.

Factors Affecting Outlook For Bonds and Interest Rates

Continued from page 1

cies required to deal with a serious gold outflow and a continuing balance of payments problem.

In previous recessions, fiscal, monetary and credit policies could be and were geared exclusively to the needs of the domestic economy. For the past several years, and this is not likely to change for some years to come, such policies have had to give at least equal weight to the international position of the dollar and our balance of payments. The increasing foreign short term claims on the dollar, represented chiefly by deposit balances and holdings of short term U. S. Government obligations, have made it imperative to maintain American short term interest rates at levels thoroughly competitive with those in other hard currency countries.

To accomplish this objective without retarding the domestic business recovery, Treasury and Federal Reserve authorities have undertaken simultaneously to raise short term rates and to "nudge" longer term rates downward. The supply of short term issues has been increased while the Federal Reserve Open Market Committee has offset sales in this area by purchases of intermediate and some long term securities. The raising of interest rate ceilings on time deposits by amendment of Federal Reserve Regulation Q, and the recent three year suspension of the ceilings on most foreign deposits have enabled American banks to compete more aggressively for such deposits. Moreover, the resulting sharp rise in commercial bank time and savings deposits has prompted many such banks to abandon their normal preoccupation with short term investments and to become more active in longer term securities and real estate mortgage markets. The overall results have evidently been gratifying to Treasury and Federal Reserve officials. One of the principal architects of the joint policy, Robert V. Roosa, the very able Under Secretary of the Treasury for Monetary Affairs, modestly summed up his viewpoint in a recent speech:

"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 20 months were to be fulfilled."

Recognition of these policy objectives and the procedures by which they have been implemented is important for the reason that the circumstances that gave rise to them appear likely to be with us for some time to come.

Our international balance of payments continues to be a serious problem in spite of the remedial measures already taken. However, the basic strengths of our international trade and investment positions and the rather peculiar sources of the problem (foreign aid, maintenance of military forces and bases abroad, substantial foreign long term investments, etc.,) inspire confidence that complete solutions will be found.

Blessing in Disguise

Meanwhile, it should be recognized that some of the disciplines imposed by the balance of payments problem give it the appearance of a blessing in disguise. For example, the necessity to earn constantly the world's confidence in the dollar makes fiscal irresponsibility an intolerable luxury. As never before, we are operating under the close scrutiny of short term creditors whose attitude and actions with regard to their dollar claims will be determined by their evaluation of the soundness of our economy and of our fiscal, monetary and credit policies.

The events of the past two years have also tended to refute the argument that "cheap money" is needed to stimulate capital investment and business recovery. Interest rates were not permitted or encouraged to fall as low as in previous recessions but nevertheless the rate of increase of commercial bank loans in the past year or so compares favorably with trends in other periods of business expansion. The total volume of tax exempt and corporate bond financing set a record high in 1961 and this pace continued in the first half of 1962. Residential, commercial and industrial mortgage volume has also been maintained at a high level. It is therefore apparent that failure to achieve a more rapid expansion and fuller utilization of our resources is not due to either a scarcity or an excessive cost of money. Regardless of the availability or cost of money, a prudent businessman will hesitate to borrow unless he has a productive use for borrowed funds and adequate assurance of a profit on their employment. Capital spending plans are usually the most extensive when prospects for business volume and profits are favorable, and when interest rates are normally above recession levels. A prudent individual likewise is reluctant to resort to borrowing unless he has confidence in his future income sources. Federal Reserve Board Chairman William McChesney Martin, on more than one occasion, has cautioned against expecting too much from easy money as a business stimulant. For example, he has said:

"I think that easy money has done about all it can do at the present time for the employment and growth of the economy. . . . I think the most difficult thing in this field of money is to determine the point at which more ease—if you want to put it that way—is self-defeating rather than assisting."

The same view was recently expressed by a leading British economist, the Hon. A. Maxwell Stamp, who stated in part:

"It should be mentioned that the American financial authorities seem to over-emphasize the importance of the level of interest rates to business activity. According to the experience of several countries (see e.g. statements in the U. K. Radcliffe Report) the level of interest rates has only a minor effect on investment and employment unless the change in interest rates occur suddenly and dramatically."

What Cheap Money Advocates Forget

Advocates of cheap money seem to disregard the fact that the saver and investor are also entitled to a run for their money. Interest rates should provide the incentive to save as well as the incentive to borrow if the nation's financing requirements are to be met in a non-inflationary manner. To quote Federal Reserve Chairman Martin again:

"In our country, the government cannot compel anyone to invest or lend his money at rates he is unwilling to accept, any more than it can compel anyone to borrow at rates he will be unwilling to pay. That is a fact that no public authority can ever afford to ignore."

The operating costs of nonprofit institutions have increased in line with the experience of business and government. The ability of many such institutions to maintain existing services in the face of rising costs depends in large measure upon the availability of a fair return on the important fixed income portion of their endowment funds.

Non-Bank Deficit-Financing

There are encouraging signs that incentives to save and invest are receiving greater attention. Here again, some credit must be given the balance of payments problem. Per Jacobsson, Chairman of the International Monetary Fund, and other financial experts, in commenting upon the prospective United States budgetary deficit, have expressed the view that world confidence in the dollar would not be jeopardized even if the deficit were increased as the result of a tax cut, provided the deficit was financed by savings and not by bank credit. It was conceded that this might require an increase in longer term interest rates.

It is noted in passing that our rates are low by comparison with those prevailing in other countries of the free world. This relationship encourages foreign financing in the American market and encourages American companies planning new investment or expansion of existing facilities abroad to obtain any needed financing here rather than in the foreign country. Both procedures adversely affect our balance of payments position.

No Higher Bond Prices

Were it not for the international considerations which have been emphasized thus far in this discussion, we could rather confidently forecast a further rise in bond prices and a decline in yields. While there is no clear evidence that a cyclical business peak has yet been reached, there is the appearance of a plateau from which many observers believe the next departure will be downward, at least moderately. Except in the governmental area, overall credit demand seems more likely to decrease than to increase through the first half of 1963. During most of that period the Treasury should report a seasonal surplus, unless a substantial tax cut becomes effective Jan. 1. Tax-exempt offerings might well equal the 1962 pace. The supply of funds seeking investment should continue large, reflecting the strong trend of liquid savings of individuals. Therefore, were domestic considerations regarded as controlling, a lowering of the existing floor under short-term interest rates would be a normal expectation, as would a sympathetic decline of longer rates. However, under the actual circumstances now prevailing, including the potentially explosive status of the Cold War, significantly higher bond prices and lower interest rates are hardly to be expected.

Income Opportunities

The present pattern of bond yields is rather interesting and unusual and deserves some comment. The flatness of the yield curve on U. S. Governments maturing after ten years tends to discourage longer commitments by all but the largest investors. For example, the 4% Treasury Bonds due Aug. 15, 1972 currently yield 3.95% at the offering price while the 4¼% Treasury Bonds due Aug. 15, 1992-87 yield only 4.05% at the offering price. The yield differential of 1/10% offers little compensation for the greater market risks inherent in the 20-year maturity differential. It is true, of course, that in a strong bond market, the greater leverage provided by the longer maturity should produce greater market appreciation. From an income standpoint, it would appear that continued pursuit by Federal Reserve authorities of a flexible credit policy during recurring business cycles should provide opportunities periodically to invest funds on terms at least as favorable as those presently available and without requiring a very long term commitment. Such recurring opportunities are the more likely to materialize so long as the balance of payments problem and the ever-present risk of a resumption of price inflation persist.

Yield Spread

Attention is also called to the relatively narrow prevailing yield spread between U. S. Government obligations and high grade corporate bonds. Moody's AAA Corporate Bond Index at 4.27% is presently less than one-quarter per cent higher than the yield available on Treasury issues of comparable maturity. So long as this narrow differential exists, many endowment fund managers will find U. S. Governments, with their freedom from credit risk and their greater marketability, the more attractive.

Many have referred to the current relationship between stock and bond yields. For the past four years, bond yields have exceeded stock yields. In only two other years of the past 40 did such a relationship exist. Standard and Poor's most recently published monthly indexes were as follows:

S. & P.	Yield
500 Stock Average	3.66%
AAA Bonds	4.25%

To cite an example of an individual company, last Oct. 24 the American Telephone & Telegraph Co. sold an issue of $250 million 34-year 4⅜% Debentures that were promptly distributed at a 4.30% yield basis. At the time of the sale, the company's stock was selling to yield 3.55% on its $3.60 dividend. In evaluating the comparative risks in equity investments on the one hand and high grade bonds on the other, it would seem premature to conclude that the historical relationship has been permanently altered.

With regard to the immediate threat of armed conflict, the question is already being asked whether our involvement would prompt an early freezing of interest rates as in World War II with the objective of minimizing the cost of financing the war. While space will not permit a full answer, we believe that this should **not** be regarded as a safe assumption.

In concluding this discussion, we suggest that there is no such thing as an entirely reliable forecast of bond prices and interest rates, in view of the unpredictable factors with which we must contend. Therefore, to the extent that bonds are regarded as a ready source of principal funds for specific purposes, bond maturities should usually be geared fairly closely to the anticipated need of funds. Where stability of income is desired as an alternative to or a partial hedge against uncertain growth prospects, intermediate and longer term bonds, particularly the non-callable variety, will continue to play an important role in endowment fund investment.

*An address by Mr. Nagel before a Forum sponsored by the Provident Tradesmens Bank and Trust Co., Philadelphia, Pa.

Why Significant Over-All Tax Cuts Are Needed Now

Continued from page 3

corporate and municipal bonds and for mortgages — which are most significant for investment and business activity—are actually lower today than during the recession months of 1961.

Capital Spending Incentives

At the same time, we have moved to improve the incentives for new investment in this country, as well as the internal flow of funds available to business.

Many of our economic difficulties can be traced to an inadequate rate of productive investment and a lessening of the intense demands for goods and services accumulated over years of depression and war.

As a result of lagging investment, we have been permitting the average age of our productive equipment to increase, and its efficiency has failed to keep pace with the potential needs of a full employment economy.

The contrast with our leading foreign competitors, who have provided much more favorable tax treatment for investment, is striking. Typically, the industrialized countries of Continental Western Europe and Japan have been investing between 1½ and 2 times as much of their total output in new equipment as has the United States. Their growth rates have—and this is no coincidence—also averaged 1½ to 2 times our own, or even higher. Furthermore, there is evidence in a number of industries that our wide advantage in technology and worker productivity has been reduced — at the expense of our international trading position.

As a consequence, action in this area deserved first attention. It is important for domestic growth. It is also essential if we are to maintain our competitive position in markets at home and abroad.

A major part of our effort over the past year to stimulate investment has been long overdue reform in our treatment of depreciation for tax purposes. We have put into effect new guidelines and simplified, flexible administrative arrangements that will permit business the freedom it needs to depreciate equipment on the basis of its actual experience, and with full allowance for the impact of new technology on the useful life of equipment.

This administrative depreciation reform has been complemented and supplemented by the new 7% investment credit — the principal provision of the Revenue Act of 1962. This measure directly increases the profitability of new investment and the after-tax income of any firm purchasing new equipment. Together, these measures are reducing the current tax load on business by $2 billion per year.

George Terborgh of the Machinery and Allied Products Institute, one of the nation's leading analysts of investment behavior, has calculated that these measures increase the potential profitability of a typical new piece of equipment by 20%. That would be equivalent to a 10-point reduction in the corporate tax rate, applied to the same new investment. I am confident that, as businessmen fully appraise the potential value of these measures, we will find a steadily increasing response in terms of expanded investment.

Need to Cut Individual Taxes

We had hoped, a year ago, that with this added stimulus, the economic recovery would carry us to full employment by the end of the current fiscal year. Unfortunately, the economy has failed to expand as rapidly as we had hoped and expected. This failure underscores something that many had already suspected — that the natural expansionary forces in the economy are no longer strong enough to overcome the restrictive impact of an onerous tax structure which was built in the inflationary circumstances of war and the immediate postwar period. I think that both labor and management will agree that taxes today are simply too high.

The basic structure of individual income taxes—with rates running from 20% on the first bracket to 91% at the top—was set in the Revenue Act of 1950. Incomes have risen substantially since that time, partly reflecting real growth, but also reflecting the inflation that took place during much of the 1950s. Meanwhile, the tax structure has siphoned off an increasing proportion of buying power into Federal taxes.

What is needed—in addition to the steps we have already taken to improve the climate for investment—is a reduction in the overall tax load that will increase demand, and so lead to better utilization of our industrial capacity, more employment and higher profits. But we are not merely interested in expanding purchasing power. We also must aim at increasing incentives to work and to take risks, to cut costs and to produce efficiently.

Expected Deficit Will Not Be Inflationary

I see no reason at this juncture for the Cuban crisis and the new international tensions to alter this analysis in any basic way. What that crisis does emphasize is something we already knew—that we cannot delay tax reform indefinitely in the vain hope that tax reduction can be matched by cutbacks in spending. No one is more conscious than I am of the need to reinforce our controls over all expenditure programs, seeking out savings wherever they can be made, and increasing Government efficiency. That is our objective and we shall pursue it vigorously. However, there is simply no possibility within the foreseeable future that expenditures can be reduced below current levels. In fact, the expanding demands imposed by the cold war and by our growing population will make some increase inevitable. For example, defense and space expenditures will rise substantially in fiscal 1964, merely to pay for programs already underway in accordance with past appropriations.

It is now clear that our commitments to the defense and development of the free world, coupled with the current state of our economy, will mean a further budget deficit in fiscal 1964. We need not fear that deficit as inflationary, in view of the excess capacity and widespread unemployment that exist today — and that are certain to remain with us for some time to come. It is also important to realize that tax reduction does not mean that we will face an endless succession of budget deficits. On the contrary, the tax structure we propose will generate budget surpluses as the economy provides full employment in the years ahead. The essential point is, that by increasing incentives and reducing the tax burden, the prospects for attaining sustained prosperity — and thus budget surpluses — will be greater than with the current tax structure.

European Support

We should also be clear about the implications of the prospective deficit for the balance of payments. There is not necessarily any direct connection between budget deficits and balance of payments deficits. If any proof is required, one need only look at the record of 1930s, when gold literally poured into this country at a time when we ran much larger budget deficits, relative to the size of the economy, than at any time in recent years. However, we must also recognize that a deficit *at the wrong time* can and has been inflationary, and for that reason a deficit can have a psychological influence on international flows of funds. Fortunately, there is no reason to anticipate any adverse psychological impact on our balance of payments from our current budget deficit. Responsible financial opinion abroad recognizes that a tax cut can contribute to the strength and efficiency of the American economy, and that a budget deficit will not be inflationary in current circumstances. In fact, a tax cut has been urged upon us by many abroad as a means of encouraging domestic growth.

A Long-Range Goal

One thing is clear. That is that the goal of our tax program will not be merely to give the economy a quick shot in the arm. Our tax program is not intended to be an antidote for a temporary cyclical anemia. It is intended to be a long-range lightening of the drag of the entire tax system on the economy, which involves both individuals and business firms.

In short, it will be tailored to deal with the economic outlook existing at the time it is enacted, but it will not be designed solely with this in mind. Our concern is not just for next month or just for next year, but for the next decade and beyond.

With that in mind, the reforms included in the program should be measured primarily against the yardstick of what they will contribute to accelerating economic growth. I can assure you they will be so measured. There will be sizable rate cuts, across the board. There will be reforms—and not merely token reforms. And the net reduction after the reforms and rate cuts have been taken into account will be a significant one.

The President will present to the Congress next year a tax program as he has described it — a balanced program to ensure more rapid economic expansion, in an atmosphere of greater tax equity and simplicity.

With significant tax reduction, and significant reform, and with the reforms already enacted in this year's tax legislation, we will have come a long way. The investment credit, depreciation reform, and the other gains of our tax changes, will pay benefits, in increasing number, for years to come.

Our major economic goal is not merely to cope with problems as they arise, but to make a lasting contribution to the growth potential of the American economy. The benefits, in increased employment, greater prosperity, and a stronger nation both at home and abroad, are not ones we can afford to ignore.

We have no intention of doing so, and the President's tax program will clearly demonstrate that fact.

*An address by Mr. Dillon before the White House Labor-Management Conference on Fiscal and Monetary Policy, Washington, D. C., Nov. 15, 1962.

Nat'l OTC Clearing Corp. Appoints

The National OTC Clearing Corp. has announced the appointments of Charles A. Gilroy as Executive Vice-President and Howard Emen as Secretary-Treasurer.

Mr. Gilroy has been employed for the past 23 years by the New York Stock Clearing Corporation, a subsidiary of the New York Stock Exchange. From a clerical position he has advanced through several stages of management and since June of 1954 has been a divisional manager responsible for the operations of central delivery, settlement and direct clearing departments. As a member of the senior management team, he has participated in computer system planning as well as the project for centralized bookkeeping which has been underway for the past three years.

Howard Emen for the past eight years has been associated with the National Association of Securities Dealers, Inc. as a field examiner and more recently as the Secretary of the National Uniform Practice Committee and the Uniform Practice Committee of District No. 12. In addition to these duties, Mr. Emen has also served as the Secretary to the Foreign Securities Committee of the NASD, and since its creation in June of 1961, he has served as Secretary to the Committee on the Clearing House.

The NOTCCC was created by this latter committee and formally incorporated in Dec. of 1961. Throughout the past year its Board of Directors has been engaged in arranging the financing of this project and in establishing its rules and procedures.

Messrs. Gilroy and Emen will be housed in leased space at 12 Albany Street where, together with staff, they will plan for the inaugural of this new service to the financial community. Their appointments were unanimously approved at a recent meeting of the Board of Directors consisting of Chairman of the Board, Carl A. Stolle, President John H. Kirvin, and Directors Alfred B. Averell, Albert J. Eisenberg, Thomas B. MacDonald, Kenneth W. Martin, William R. Muller, John Weeden and Irvin J. Whitehill.

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)	Nov. 17	1,782,000	1,804,000	1,739,000	2,703,000
Index of production based on average weekly production for 1957-1959	Nov. 17	95.7	96.8	93.3	111.3
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Nov. 17	61.0	61.5	59.5	71.0
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 9	7,339,810	7,313,960	7,327,410	7,144,460
Crude runs to stills—daily average (bbls.)	Nov. 9	8,403,000	8,326,000	8,340,000	8,079,000
Gasoline output (bbls.)	Nov. 9	30,065,000	29,913,000	29,808,000	29,913,000
Kerosene output (bbls.)	Nov. 9	3,285,000	2,961,000	3,052,000	2,961,000
Distillate fuel oil output (bbls.)	Nov. 9	13,181,000	13,219,000	13,040,000	13,219,000
Residual fuel oil output (bbls.)	Nov. 9	5,147,000	5,366,000	5,027,000	5,366,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Nov. 9	177,008,000	176,256,000	177,980,000	170,195,000
Kerosene (bbls.) at	Nov. 9	37,433,000	37,326,000	36,058,000	37,088,000
Distillate fuel oil (bbls.) at	Nov. 9	178,750,000	180,762,000	176,240,000	179,674,000
Residual fuel oil (bbls.) at	Nov. 9	53,149,000	53,152,000	54,440,000	49,523,000
Unfinished Oils (bbls.) at	Nov. 9	85,967,000	84,679,000	------	85,334,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 10	586,286	608,614	606,778	605,353
Revenue freight received from connections (no. of cars)	Nov. 10	518,523	528,485	516,963	525,475
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Nov. 15	$446,300,000	$447,800,000	$422,900,000	$533,700,000
Private construction	Nov. 15	240,300,000	264,800,000	137,200,000	250,600,000
Public construction	Nov. 15	206,000,000	183,000,000	285,700,000	283,100,000
State and municipal	Nov. 15	177,900,000	168,200,000	149,000,000	256,800,000
Federal	Nov. 15	28,100,000	14,800,000	136,700,000	26,300,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 10	8,665,000	*8,825,000	8,915,000	8,875,000
Pennsylvania anthracite (tons)	Nov. 10	390,000	313,000	310,000	351,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Nov. 10	125	117	112	122
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Nov. 17	16,469,000	16,491,000	16,178,000	15,678,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Nov. 15	291	295	332	308
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 12	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Nov. 12	$63.43	$64.35	$66.33	$66.44
Scrap steel (per gross ton)	Nov. 12	$23.50	$23.50	$24.17	$32.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Nov. 14	30.600c	30.600c	30.600c	30.600c
Export refinery at	Nov. 14	28.525c	28.500c	28.500c	27.975c
Lead (New York) at	Nov. 14	10.000c	10.000c	9.500c	10.000c
Lead (St. Louis) at	Nov. 14	9.800c	9.800c	9.300c	9.800c
‡Zinc (delivered) at	Nov. 14	12.000c	12.000c	12.000c	12.000c
Zinc (East St. Louis) at	Nov. 14	11.500c	11.500c	11.500c	11.500c
Aluminum (primary pig, 99.5%) at	Nov. 14	24.000c	24.000c	24.000c	24.000c
Straits tin (New York) at	Nov. 14	111.000c	110.125c	107.375c	122.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 20	90.08	90.13	90.14	86.79
Average corporate	Nov. 20	88.13	88.13	87.86	86.11
Aaa	Nov. 20	92.50	92.35	92.06	90.34
Aa	Nov. 20	90.20	90.20	90.06	88.27
A	Nov. 20	87.59	87.45	87.32	85.46
Baa	Nov. 20	82.99	82.77	82.65	81.05
Railroad Group	Nov. 20	84.43	84.17	84.30	83.66
Public Utilities Group	Nov. 20	89.92	89.92	89.37	87.18
Industrials Group	Nov. 20	90.34	90.20	90.20	87.86
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 20	3.71	3.69	3.69	4.02
Average corporate	Nov. 20	4.55	4.55	4.57	4.70
Aaa	Nov. 20	4.24	4.25	4.27	4.39
Aa	Nov. 20	4.40	4.40	4.41	4.54
A	Nov. 20	4.59	4.60	4.61	4.75
Baa	Nov. 20	4.95	4.96	4.97	5.10
Railroad Group	Nov. 20	4.83	4.85	4.84	4.89
Public Utilities Group	Nov. 20	4.42	4.42	4.46	4.62
Industrials Group	Nov. 20	4.39	4.40	4.40	4.57
MOODY'S COMMODITY INDEX	Nov. 20	363.6	363.3	362.0	366.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 10	320,004	392,349	339,278	318,474
Production (tons)	Nov. 10	355,229	353,962	369,926	344,729
Percentage of activity	Nov. 10	96	96	98	96
Unfilled orders (tons) at end of period	Nov. 10	454,490	492,527	502,097	529,763
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Nov. 16	119.60	118.12	115.27	113.80
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 26	3,945,970	1,945,700	2,602,590	2,536,930
Short sales	Oct. 26	833,030	466,160	573,850	458,520
Other sales	Oct. 26	3,054,090	1,623,250	2,058,180	2,088,390
Total sales	Oct. 26	3,887,120	2,089,410	2,632,030	2,546,910
Other transactions initiated off the floor—					
Total purchases	Oct. 26	820,640	452,570	608,300	276,090
Short sales	Oct. 26	169,100	86,400	141,300	42,500
Other sales	Oct. 26	602,120	423,820	503,110	304,390
Total sales	Oct. 26	771,220	510,220	644,410	346,890
Other transactions initiated on the floor—					
Total purchases	Oct. 26	1,137,106	973,254	911,900	780,285
Short sales	Oct. 26	222,940	112,614	228,813	80,340
Other sales	Oct. 26	1,048,016	732,285	802,718	742,645
Total sales	Oct. 26	1,270,956	844,899	1,031,531	822,985
Total round-lot transactions for account of members—					
Total purchases	Oct. 26	5,903,716	3,371,524	4,122,790	3,593,305
Short sales	Oct. 26	1,225,070	665,174	943,963	581,360
Other sales	Oct. 26	4,704,226	2,779,355	3,364,008	3,135,425
Total sales	Oct. 26	5,929,296	3,444,529	4,307,971	3,716,785
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. 26	1,901,957	1,309,378	1,490,236	1,827,044
Dollar value	Oct. 26	$86,925,232	$56,032,113	$75,221,460	$107,711,229
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Oct. 26	2,106,910	1,552,559	1,655,749	1,851,539
Customers' short sales	Oct. 26	125,392	83,210	99,844	17,193
Customers' other sales	Oct. 26	1,981,518	1,469,349	1,555,905	1,834,346
Dollar value	Oct. 26	$94,652,304	$67,152,202	$83,736,822	$97,883,260
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 26	769,300	616,890	613,160	587,650
Short sales	Oct. 26	------	------	------	------
Other sales	Oct. 26	769,300	616,890	613,160	587,650
Round-lot purchases by dealers—Number of shares	Oct. 26	552,180	322,980	412,820	550,920
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. 26	2,590,340	1,478,240	1,816,500	771,270
Other sales	Oct. 26	23,372,230	16,035,510	17,407,760	16,962,740
Total sales	Oct. 26	25,962,570	17,513,750	19,224,260	17,734,010
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	Nov. 13	100.7	100.7	100.7	Not avail.
Farm products	Nov. 13	99.0	98.1	98.8	Not avail.
Processed foods	Nov. 13	101.7	101.9	101.7	Not avail.
Meats	Nov. 13	100.4	99.9	100.2	Not avail.
All commodities other than farm and foods	Nov. 13	100.7	100.7	100.7	Not avail.

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of August:			
Total domestic production (barrels of 42 gallons each)	254,674,000	254,976,000	249,824,000
Domestic crude oil output (barrels)	224,240,000	224,018,000	220,218,000
Natural gasoline output (barrels)	30,430,000	30,955,000	29,595,000
Benzol output (barrels)	4,000	3,000	11,000,000
Crude oil imports (barrels)	40,293,000	35,936,000	34,048,000
Refined product imports (barrels)	24,531,000	22,832,000	18,780,000
Indicated consumption domestic and export (barrels)	296,799,000	290,960,000	299,313,000
Increase all stocks (barrels)	17,337,000	17,550,000	3,339,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of October (in millions):			
Total new construction	5,648	*5,827	5,325
Private construction	3,933	*4,069	3,698
Residential buildings (nonfarm)	2,227	*2,332	2,094
New housing units	1,722	*1,790	1,607
Additions and alterations	394	*430	383
Nonhousekeeping	111	112	104
Nonresidential buildings	1,021	1,037	954
Industrial	245	245	221
Commercial	454	465	425
Office buildings and warehouses	237	231	201
Stores, restaurants, and garages	217	234	224
Other nonresidential buildings	322	327	308
Religious	91	91	90
Educational	56	57	56
Hospital and institutional	82	83	72
Social and recreational	69	72	64
Miscellaneous	24	24	26
Farm construction	135	*147	127
Public utilities	522	*524	504
Telephone and telegraph	93	*90	89
Other public utilities	429	*434	415
All other private	28	29	19
Public construction	1,715	*1,758	1,627
Residential buildings	76	*76	76
Nonresidential buildings	454	*460	459
Industrial	Not Avail.	*30	32
Educational	269	*269	276
Hospital and institutional	35	*36	34
Administrative and service	62	*67	67
Other nonresidential buildings	57	*58	50
Military facilities	Not Avail.	Not Avail.	78
Highways	Not Avail.	*708	651
Sewer and water systems	157	163	140
Sewer	96	*101	81
Water	61	*62	59
Public service enterprises	47	53	50
Conservation and development	Not Avail.	*142	137
All other public	34	35	36
COAL EXPORTS (BUREAU OF MINES)—Month of September:			
U. S. exports of Pennsylvania anthracite (net tons)	173,370	300,715	150,539
To North and Central America (net tons)	81,587	95,510	102,980
To Europe (net tons)	89,889	204,437	45,963
To South America (net tons)	157	497	32
To Asia (net tons)	1,737	148	36
To Australia (net tons)	------	123	1,528
COAL OUTPUT (BUREAU OF MINES)—Month of October:			
Bituminous coal and lignite (net tons)	40,270,000	34,055,000	39,287,000
Pennsylvania anthracite (net tons)	1,574,000	1,190,000	1,603,000
CONSUMER PRICE INDEX — 1957-59=100—Month of September:			
All items	106.1	105.5	104.6
Food	104.8	103.8	102.6
Food at home	103.5	102.3	101.4
Cereal and bakery products	107.9	107.8	105.4
Meats, poultry and fish	106.3	102.6	99.2
Dairy products	104.2	103.9	105.1
Fruits and vegetables	102.2	105.2	102.3
Other food at home	97.8	95.2	98.6
Food away from home (Jan. 1958=100)	111.5	111.4	108.6
Housing	104.9	104.8	104.0
Rent	105.9	105.8	104.7
Gas and electricity	108.0	108.0	107.8
Solid fuels and fuel oil	101.3	100.1	100.7
Housefurnishings	98.7	98.5	90.7
Household operation	107.6	107.4	105.9
Apparel	104.6	102.5	103.6
Men's and boys'	104.0	102.9	102.8
Women's and girls'	103.6	99.9	102.8
Footwear	109.5	109.3	108.0
Other apparel	101.2	100.3	101.4
Transportation	107.8	107.4	106.0
Private	106.7	106.2	105.1
Public	115.7	115.7	112.5
Medical care	114.7	114.6	111.9
Personal care	106.8	106.8	104.8
Reading and recreation	110.0	110.3	107.9
Other goods and services	105.6	105.5	105.0
COPPER INSTITUTE—For Month of October:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	119,726	*106,072	121,699
Refined (tons of 2,000 pounds)	154,470	126,063	145,425
Delivered to fabricators—			
In U. S. A. (tons of 2,000 pounds)	126,950	*117,358	130,364
Refined copper stocks at end of period (tons of 2,000 pounds)	121,224	107,276	76,785
COTTON GINNING (DEPT. OF COMMERCE):			
November 1, running bales	9,156,211	------	8,675,139
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Sept. 29	19,504,000	19,505,000	19,581,000
Spinning spindles active on Sept. 29	16,543,000	16,731,000	17,344,000
Active spindle hours (000's omitted) Sept. 29	8,034,000	8,382,000	10,525,000
Active spindle hours for spindles in place September 29	401.7	419.1	421.0
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of October (1957-59=100)	79.9	78.2	83.2
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of September:			
Industrials (125)	3.61	3.71	2.91
Railroads (25)	5.78	5.96	4.76
Utilities (not incl. Amer. Tel. & Tel.) (24)	3.49	3.45	2.85
Banks (15)	3.62	3.70	2.78
Insurance (10)	2.78	2.85	2.10
Average (200)	3.60	3.69	2.95
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of August (000's omitted):			
Savings and loan associations	$1,500,557	$1,381,842	$1,345,783
Insurance companies	123,255	107,394	110,735
Banks and trust companies	563,143	549,303	482,533
Mutual savings banks	201,310	200,679	179,349
Individuals	327,685	320,091	330,761
Miscellaneous lending institutions	616,899	574,400	554,722
Total	$3,332,849	$3,133,709	$3,003,946

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, Marx & 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.

Aerosystems Technology Corp. (11/26-30)
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.

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.

● **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. **Note**—This registration was withdrawn.

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.

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. (12/10-14)**
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. (11/28)**
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
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. **Offering**—Imminent.

American Gas Co. (11/28)
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 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. (12/3-7)**
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.

Ampeg Co., Inc. (12/17-21)
Oct. 29, 1962 ("Reg. A") $294,000 7% conv. subord. debentures due 1972 and 29,400 common to be offered in units of one $1,000 debenture and 100 shares. **Price**—$1,020 per unit. **Business**—Manufacture of amplifiers and accessory equipment for musical instruments. **Proceeds**—For inventory, equipment, debt repayment and new products. **Office**—1570 W. Blancke, Linden, N. J. **Underwriter**—John R. Boland & Co., Inc., 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.

Arkansas Valley Industries, Inc. (12/12)
Nov. 5, 1962 filed $2,000,000 of 6% convertible subord. s. f. debentures due 1977 and 25,000 capital shares. **Price**—For debentures, at par; for stock by amendment. **Business**—A holding company for 24 subsidiaries engaged in all phases of the poultry business. **Proceeds**—For debt repayment and working capital. **Address**—Dandanelle, Ark. **Underwriters**—A. G. Edwards & Sons, St. Louis, and A. C. Allyn & Co., Chicago.

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 letter will be withdrawn.

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.

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 429,013 capital shares being offered for subscription by stockholders on theb asis of one new share for each two held of record Nov. 13 with rights to expire Dec. 6, 1962. **Business**—Manufacture of electro-therapeutic, electronic surgical, diagnostic and monitoring equipment. **Procedes**—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 develop-

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ment, 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. (12/5)**
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. (12/3-7)
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., N. Y.

Capital Investments, Inc.
May 21, 1962 filed 86,370 common to be offered for subscription by stockholders on the basis of one new share for each two shares held. **Price**—By amendment (max. $10). **Business**—A small business investment company. **Proceeds**—For debt repayment and investment. **Office**—743 N. Fourth St., Milwaukee. **Underwriters**—Marshall Co., and Loewi & Co., Inc., Milwaukee. **Offering**—Temporarily postponed.

Career Academy, Inc. (12/10-14)
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. **Note** — This registration will be withdrawn.

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 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.

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. (12/13)**
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. **Note**—This registration will be withdrawn.

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 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).

Computer Concepts Inc. (12/4)
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. (12/10-14)
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 Bottling Co.
Nov. 8, 1962 filed 100,000 common and $750,000 of 6½% subord. s. f. debentures, due 1977 (with attached warrants). **Price**—By amendment (max. $5 per share for stock). **Business**—Manufacture, bottling, and distribution of carbonated beverages under the franchised trade names "No-Cal" and "Squirt"; and other private brand names in the Philadelphia area. **Proceeds**—For a new plant, equipment, debt repayment, and working capital. **Office**—605-617 N. American St., Philadelphia. **Underwriter**—Suplee, Yeatman, Mosley Co., Inc., Philadelphia.

Consolidated Edison Co. of New York, Inc. (12/5)
Nov. 9, 1962 filed $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**—Dec. 5 (11 a.m. EST) at above address.

● **Consolidated Leasing Corp. of America (12/3-7)**
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. **Note**—This registration will be withdrawn.

Consumers Cooperative Association
Oct. 31, 1962 filed $8,000,000 of 5½% 25-year subordinated certificates of indebtedness and 160,000 shares of 5½% preferred (par $25). **Price**—For certificates, $100; for preferred, $25. **Business**—A cooperative wholesale purchasing and manufacturing association specializing in petroleum products, fertilizer, feed, and farm supplies. **Proceeds**—For debt repayment, and expansion. **Office**—3315 N. Oak Trafficway, Kansas City, Mo. **Underwriter**—None.

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.

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. (12/3-7)**
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.

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 con-

cern. 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.

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 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.

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.

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 offered 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 capital. **Office**—77 Searing Ave., Mineola, N. Y. **Underwriter**—Magnus & Co., N. Y. **Offering**—Indefinitely postponed.

Diamond Mills Corp.
Jan. 23, 1962 filed 200,000 common, of which 120,000 are to be offered by the company and 80,000 by stockholders. **Price**—By amendment. **Business**—Manufacture of women's nylon hosiery. **Proceeds**—For debt repayment and working capital. **Office**—417 Fifth Ave., N. Y. **Underwriter**—Drexel & Co., Philadelphia. **Offering**—Indefinitely postponed.

Diversified Collateral Corp.
June 13, 1962 filed 77,050 common. **Price**—By amendment (max. $11.75). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—8397 N. E. Second Ave., Miami, Fla. **Underwriter**—Karen Securities Corp., N. Y.

Diversified Real Estate Trust
March 8, 1962 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—500 Fifth Ave., N. Y. **Underwriter**—Bacon, Johnson Realty Management Co., Inc. (same address). **Offering**—Expected in Jan.

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. **Offering**—Expected in January.

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.

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NEW ISSUE CALENDAR

November 23 (Friday)

Permeator Corp. ____ Common
(Offering to stockholders of National Petroleum Corp., Ltd.—Underwritten by Irving Weis & Co.) $1,500,000

November 26 (Monday)

Aerosystems Technology Corp. ____ Common
(Chase Securities Corp.) $495,000

Industrial Development Bank of Israel Ltd. ____ Units
(Brager & Co.) 1,500 units

International Data Systems, Inc. ____ Common
(E. H. Austin & Co.) $325,000

Orbit Stores, Inc. ____ Common
(Norton, Fox & Co., Inc.) 100,000 shares

Pacific Power & Light Co. ____ Bonds
(Bids 11 a.m. EST) $32,000,000

November 27 (Tuesday)

Jewell (J. D.), Inc. ____ Common
(Crow, Brourman & Chatkin, Inc. and Pistell, Inc.) $540,000

Pacific Gas & Electric Co. ____ Bonds
(Bids 8:30 a.m. PST) $65,000,000

Richard Gray & Co., Inc. ____ Common
(Richard Gray Co.) $300,000

United Markets Inc. ____ Units
(Moran & Co.) $500,000

November 28 (Wednesday)

American Gas Co. ____ Common
(Cruttenden, Podesta & Miller) 275,000 shares

American Gas Co. ____ Debentures
(Cruttenden, Podesta & Miller) $1,685,000

American Finance Co., Inc. ____ Units
(Myron A. Lomasney & Co.) $1,250,000

Southern Electric Generating Co. ____ Bonds
(Bids 11 a.m. EST) $7,500,000

November 29 (Thursday)

Zero Mountain, Inc. ____ Common
(Don D. Anderson & Co., Inc.) $300,000

November 30 (Friday)

Jackson's/Byrons Enterprises, Inc. ____ Class A
(Clayton Securities Corp.) 120,000 shares

Jackson's/Byrons Enterprises, Inc. ____ Debentures
(Clayton Securities Corp.) $750,000

December 3 (Monday)

American Plan Corp. ____ Units
(Bear, Stearns & Co.) 248,000 units

Canaveral Hills Enterprises, Inc. ____ Common
(Willis E. Burnside & Co., Inc.) $500,000

Consolidated Leasing Corp. of America ____ Common
(Blair & Co.) 99,000 shares

Consolidated Leasing Corp. of America ____ Debentures
(Blair & Co.) $1,000,000

Cosnat Corp. ____ Debentures
(Van Alstyne, Noel & Co.) $1,250,000

Electro-Temp Systems, Inc. ____ Common
(S. C. Burns & Co., Inc.) $160,000

Forst (Alex.) & Sons, Inc. ____ Common
(McDonnell & Co.) 125,000 shares

Heck's Discount Centers, Inc. ____ Common
(Willard Securities, Inc.) 125,000 shares

Jamoco Air Conditioning Corp. ____ Common
(Martin-Warren Co., Ltd.) $120,000

Kaiser-Nelson Corp. ____ Common
(Robert L. Ferman & Co., Inc.) 140,000 shares

Keene Packaging Associates ____ Common
(Hardy & Co. and Kleiner, Bell & Co.) $600,000

McGrath (John W.) Corp. ____ Common
(Bear, Stearns & Co.) 253,875 shares

Metropolitan Edison Co. ____ Bonds
(Bids to be received) $15,000,000

Norton Co. ____ Common
(Paine, Webber, Jackson & Curtis and Goldman, Sachs & Co.) 425,000 shares

Rona Lee Corp. ____ Common
(Winslow, Cohu & Stetson Inc.) $500,000

Servotronics, Inc. ____ Capital Stock
(General Securities Co., Inc.) $375,000

Standard Security Life Insurance Co. of New York ____ Common
(Ira Haupt & Co.) 230,000 shares

Telephone Employees Life Ins. Co. ____ Cap. Stk.
(Offering to stockholders—underwritten by Eastman Dillon, Union Securities & Co.) $2,757,300

December 4 (Tuesday)

Computer Concepts Inc. ____ Common
(Doft & Co.) $500,000

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)

Cameo Lingeries, Inc. ____ Common
(Schweickart & Co.) $1,000,000

Consolidated Edison Co. of New York, Inc. ____ Bonds
(Bids 11 a.m. EST) $60,000,000

Electro-Nucleonics, Inc. ____ Common
(Richard Bruce & Co., Inc.) $147,625

Montana-Dakota Utilities Co. ____ Bonds
(Bids 11 a.m. EST) $15,000,000

December 10 (Monday)

American Bolt & Screw Mfg. Corp. ____ Units
(S. D. Fuller & Co.) $900,000

Career Academy, Inc. ____ Common
(Divine & Fishman) 100,000 shares

Conso Products, Inc. ____ Common
(H. Hentz & Co.) 125,000 shares

Econo-Car International, Inc. ____ Class A
(Crosse & Co., Inc.) $400,000

First Connecticut Small Business Investment Co. ____ Common
(P. W. Brooks & Co.) 200,000 shares

I. P. D. Financial Corp. ____ Common
(J. J. LeCort Associates, Inc. and Harris, Clare & Co., Inc.) $1,200,000

Jetronic Industries, Inc. ____ Debentures
(Weil & Co.) $375,000

Lewis (Tillie) Foods, Inc. ____ Debentures
(Van Alstyne, Noel & Co.) $2,250,000

Livestock Financial Corp. ____ Common
(Shearson, Hammill & Co.) $1,300,000

Logos Options, Ltd. ____ Capital Stock
(Filor, Bullard & Smyth) 250,000 shares

Norfolk & Western RR. ____ Equip. Trust Ctfs.
(Bids 12 noon EST) $5,250,000

Pak-Well Paper Industries, Inc. ____ Class A
(Francis I. du Pont & Co.) 150,000 shares

Schaevitz Engineering ____ Common
(Bear, Stearns & Co.) 150,000 shares

Sperti Products, Inc. ____ Common
(Blair & Co.) $230,000 shares

Traileurop, Inc. ____ Common
(Kordan & Co., Inc.) $750,000

December 11 (Tuesday)

Gulf Atlantic Utilities, Inc. ____ Common
(Pierce, Carrison, Wulbern, Inc.) 90,000 shares

Missouri Pacific RR. ____ Equip. Trust Ctfs.
(Bids 12 noon CST) $3,750,000

Southern New England Telephone Co. ____ Debentures
(Bids 11 a.m. EST) $45,000,000

December 12 (Wednesday)

Arkansas Valley Industries, Inc. ____ Cap. Stk.
(A. G. Edwards & Sons and A. C. Allyn & Co.) 25,000 shares

Arkansas Valley Industries, Inc. ____ Debentures
(A. G. Edwards & Sons and A. C. Allyn & Co.) $2,000,000

Beneficial Finance Co. ____ Debentures
(Eastman Dillon, Union Securities & Co.) $30,000,000

December 13 (Thursday)

Chestnut Hill Industries, Inc. ____ Common
(Clayton Securities Corp.) $2,250,000

Simpson (J.) & Co., Inc. ____ Class A
(Richard Bruce & Co., Inc.) $300,000

Tabach Industries, Inc. ____ Common
(Costello, Russotto & Co.) $250,000

December 14 (Friday)

Geigher Pipe Supply Inc. ____ Class A
(Midland Securities Co., Inc.) $570,000

December 17 (Monday)

Ampeg Co., Inc. ____ Units
(John R. Boland & Co., Inc.) $299,880

Hallandale Rock & Sand Co. ____ Units
(Mutch, Khanbegian, Flynn & Green, Inc.) $450,000

Met Food Corp. ____ Debentures
(Brand, Grumet & Siegel, Inc.) $1,000,000

Optech, Inc. ____ Common
(Stone, Ackerman & Co., Inc. and Heritage Equity Corp.) $300,000

White Photo Offset, Inc. ____ Common
(K-Pac Securities Corp.) $350,000

December 18 (Tuesday)

Northern Pacific Ry. ____ Equip. Trust Ctfs.
(Bids 12 noon EST) $6,500,000

December 19 (Wednesday)

First American Israel Mutual Fund ____ Ben. Int.
(Paine, Webber, Jackson & Curtis) 2,750,000 shares

Honda Motor Co., Ltd. ____ ADR's
(Goldman, Sachs & Co. and Nikko Securities Co., Ltd.) 450,000 ADR's

January 8, 1963 (Tuesday)

New York Telephone Co. ____ Bonds
(Bids to be received) $70,000,000

February 6, 1963 (Wednesday)

Laclede Gas Co. ____ Debentures
(Bids to be received) $10,000,000

Laclede Gas Co. ____ Preferred
(Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.; and Reinholdt & Gardner) 200,000 shares

Continued from page 27

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. (12/10-14)**
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. (12/5-7)**
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. (12/3-7)**
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.

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. **Note**—This letter will be withdrawn.

● **Fairlane Finance Co.**
Oct. 26, 1962 ("Reg. A") 300 6½% s. f. junior subord. debentures due 1977. **Price**—$1,000 each. **Business**—Automobile and consumer financing. **Proceeds**—For loan repayments and additional working capital. **Office**—Greenville Rd., Easly, S. C. **Underwriter**—Alester G. Furman Co., Inc., Greenville, S. C. **Offering**—Imminent.

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. **Note**—This registration will be withdrawn.

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.

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 (12/19)
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. (12/10-14)**
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 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.

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. **Underwriter** — None. **Note** — This registration will be withdrawn.

● **Frost (Alex) & Sons, Inc. (12/3)**
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.

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.

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. (12/14)**
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.

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**—For equipment, inventory and working capital. **Office**—1299 N. First Street, San Jose, Calif. **Underwriter**—Birr, Wilson & Co., Inc., San Francisco. **Note**—This registration will be withdrawn.

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**—Lieberbaum & Co. and Morris Cohon & Co., New York. **Note**—This registration was withdrawn.

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 50,000 are to be offered by company and 100,000 by stockholders. **Price**—By amendment (max. $7). **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. (12/11)
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. (12/17-21)
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. (12/3-7)
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. **Note**—This registration was withdrawn.

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.

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.

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.

I. P. D. Financial Corp. (12/10-14)
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 171,829 common being offered for subscription by stockholders on the basis of one new share for each share held of record Nov. 16, with rights to expire Dec. 10, 1962. **Price** — $7.50. **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. (11/26-30)
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.

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. (11/26-30)**
Sept. 28, 1962 filed 100,000 common. **Price**—$3.25. **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.

International Terrazzo Co., Inc.
Nov. 8, 1962 ("Reg. A") 75,000 common. **Price**—$2. **Business**—Manufacture and installation of terrazzo, and the installation of marble and tile. **Proceeds**—For debt repayment, equipment, working capital and other corporate purposes. **Office**—826 82nd St., Brooklyn, N. Y. **Underwriter**—Jay Gould & Co., Inc., N. Y.

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.

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**—Indefinite.

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. (11/30)**
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. **Note**—This registration will be withdrawn.

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.

Jetronic Industries, Inc. (12/10-14)
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. (11/27-28)**
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. (12/3-7)**
March 29, 1962 filed 140,000 common, of which 70,000 are to be offered by company and 70,000 by stockholders. **Price**—By amendment (max. $10). **Business**—Reclamation of metallics from steel slag; mining of sand and gravel; and dismantling and salvage of industrial buildings. **Proceeds**—For new plants, debt repayment and working capital. **Office**—6272 Canal Rd., Cleveland. **Underwriter**—Robert L. Ferman & Co., Inc., Miami, Fla.

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 (12/3-7)**
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**

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—For general corporate purposes. **Office**—912 Sycamore St., Cincinnati, Ohio. **Underwriter**—Kuhn, Loeb & Co., New York.

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.

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).

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. (12/10-14)
April 9, 1962 filed $2,250,000 of 5½% convertible subordinated debentures due 1982. **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.

Litho-Web, Inc.
Oct. 26, 1962 ("Reg. A") 150,000 common. **Price**—$2. **Business**—Manufacture of various types of business and data processing forms. **Proceeds**—For debt repayment and working capital. **Address**—P. O. Box 168, Leaksville, N. C. **Underwriter**—Smith, Clanton & Co., Inc., Greensboro, N. C.

● **Livestock Financial Corp. (12/10)**
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.

● **Logos Options, Ltd. (12/10-14)**
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.

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., New York. **Offering**—Indefinitely postponed.

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. **Note**—This registration will be withdrawn.

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).

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.

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., Inc., Boston. **Note**—This stock is not expected to be offered in New York State.

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. **Note**—This registration will be withdrawn.

● **McGrath (John W.) Corp. (12/3-7)**
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.

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.

Merco Enterprises, Inc.
Nov. 5, 1962 filed 104,000 common, of which 33,000 are to be offered by company and 71,000 by stockholders. **Price**—By amendment (max. $5.50). **Business**—Sale of phonograph records to, and the providing of merchandising services to retail record department. **Proceeds**—For general corporate purposes. **Office**—750 Stewart Ave., Garden City, L. I., N. Y. **Underwriter**—J. R. Williston & Beane, N. Y.

● **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. **Note**—This registration was withdrawn.

● **Met Food Corp. (12/17-21)**
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 convertible debentures 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.

Modern Laboratories, Inc.
Oct. 29, 1962 ("Reg. A") 97,000 common. **Price**—$3. **Business** — Manufacture of cosmetics. **Proceeds** — For equipment. **Office**—837 W. North Ave., Pittsburgh. **Underwriter**—A. J. Davis Co., Pittsburgh.

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.

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**—Dec. 5 (11 a.m. EST). **Information Meeting**—Dec. 3 (11 a.m. EST) at 20 Pine St., New York.

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 $15,000,000 (15,000 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. **Note**—This registration will be withdrawn.

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. **Underwriter**—Piper, Jaffray & Hopwood, Minneapolis. **Note**—This registration was withdrawn.

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**—None. **Note**—This registration will be withdrawn.

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.
Oct. 15, 1962 filed 209,000 common being 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). Record date for the offering is Nov. 19, and the rights expiration date, Dec. 5. **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., New York.

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 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. **Information Meeting**—Nov. 29 (11 a.m. EST) in Room 100, 441 Stuart St., Boston.

● 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). **Information Meeting**—Nov. 29 (11 a.m. EST) in Room 100, 441 Stuart St., Boston.

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 March.

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 being offered for subscription by stockholders on the basis of two new shares for each common share held of record Aug. 27, 1962, with rights to expire Dec. 4. **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. (12/3-7)
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. (12/17-21)
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. (11/26-30)
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 Gas & Electric Co. (11/27)
Nov. 2, 1962 filed $65,000,000 of first and refunding mortgage bonds due 1995. **Proceeds**—For construction. **Office**—245 Market St., San Francisco. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; First Boston Corp. **Bids**—Nov. 27 (8:30 a.m. PST) at above address.

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 5⅜% 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) in Room 2033, Two Rector St., New York.

● Pak-Well Paper Industries, Inc. (12/10-14)
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. **Note**—This registration will be withdrawn.

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 250,000 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. **Note**—This registration will be withdrawn.

● Permeator Corp. (11/23)
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. **Underwriter**—Irving Weis & Co., New York.

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.

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**—To be named.

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.
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. **Offering**—Indefinite.

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 stock-

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holders. **Price**—By amendment (max. $6). **Business**—Engaged in manufacturing, engineering and research under Defense Department contracts; also manufactures ball point pens, points, mechanical pencils and desk sets. **Proceeds**—For equipment and working capital. **Office**—Little Falls, Passaic County, N. J. **Underwriter**—To be named.

Radar Relay, Inc.
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., New York. **Offering**—Indefinite.

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., New York. **Offering**—Imminent.

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. (11/27-29)
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. **Note** — This registration was withdrawn.

Rona Lee Corp. (12/3-7)
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. **Note**—This registration was withdrawn.

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.

Russell Mills, Inc.
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. **Offering**—Expected sometime in January.

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.
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. **Offering**—Indefinite.

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.

● **Schaevitz Engineering (12/10-14)**
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 being offered for subscription by stockholders on the basis of one new share for each 5 held of record Oct. 1, with rights to expire Dec. 31 (period may be extended). **Price**—$9.25. **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.

● **Servotronics, Inc. (12/3-7)**
March 30, 1962 filed 125,000 capital shares. **Price** — $3. **Business**—Design, development and manufacture of precision control components and associated products. **Proceeds** — For debt repayment, equipment and working capital. **Office** — 190 Gruner Rd., Cheektowaga, N. Y. **Underwriter**—General Securities Co., Inc., N. Y.

● **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. **Offering**—In Jan.

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. (12/13-15)**
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.

Southern Electric Generating Co. (11/28)
Nov. 1, 1962 filed $7,500,000 of first mortgage bonds due June 1, 1992. **Proceeds**—For construction. **Office**—600 N. 18th St., Birmingham, Ala. **Underwriters**—Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; White, Weld & Co.-Kidder, Peabody & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Blyth & Co., Inc. (jointly); Eastman Dillon, Union Securities & Co.-Equitable Securities Corp.-Drexel & Co. (jointly); Morgan Stanley & Co. **Bids**—Nov. 28 (11 a.m. EST), 250 Park Ave. (Room 600), New York. **Information Meeting**—Nov. 26 (3 p.m. EST) at 55 Wall St. (5th floor), New York.

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. (12/10-14)
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.

● **Standard Security Life Insurance Co. of New York (12/3-7)**
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.

● **Tabach Industries, Inc. (12/13-14)**
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.

● **Telephone Employees Life Insurance Co. (12/3)**
Nov. 9, 1962 filed 110,292 capital shares, to be offered for subscription by stockholders of Telephone Employees Insurance Co., affiliate, on a 1-for-4 basis. **Price**—$25. **Business**—Company plans to write ordinary life, credit life and group life insurance. **Proceeds**—For capital and surplus, and investment. **Address**—Redwood & Light Streets, Baltimore, Md. **Underwriter**—Eastman Dillon, Union Securities & Co., Baltimore.

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.
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. **Offering**—Expected sometime in January.

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.

Todd Industries, Inc.
Oct. 25, 1962 ("Reg. A") 60,000 common. **Price**—$3.50. **Business**—Sale and installation of building insulating products. **Proceeds**—For debt repayment, expansion and working capital. **Office**—407 Lincoln Rd., Miami Beach, Fla. **Underwriters**—Ruffer Ballan & Co., Inc., N. Y., and J. C. Roberts & Co., Inc., Miami Beach, Fla.

● **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. **Offering**—Temporarily postponed.

Tourist Industry Development Corp. Ltd.
Aug. 3, 1962 filed $5,000,000 of 7% senior debenture stock due 1962. **Price**—At par. **Business**—Company was organized by the State of Israel to furnish financing to tourist enterprises. **Proceeds**—For general corporae purposes. **Address**—Jerusalem, Israel. **Underwriter**—American-Israel Basic Economy Corp., N. Y.

● **Towers Marts International, Inc.**
Feb. 1, 1962 filed 550,000 capital shares. **Price** — By amendment. **Business** — Company builds and operates retail discount department stores. **Proceeds**—For expansion. **Office**—41 E. 42nd St., N. Y. **Underwriter**—W. C. Langley & Co., New York. **Note**—This registration will be withdrawn.

Town & Country Associates
Nov. 5, 1962 filed 64½ limited partnership interests and $506,325 of 5% subordinated promissory notes due 1973 to be offered in units of one interest and $7,850 of notes. **Price**—$8,750 per unit. **Business**—A limited partnership which plans to construct a shopping center, an office building and related facilities at Springfield, Ill. **Proceeds**—For general corporate purposes. **Office**—59 E. Van Buren St., Chicago. **Underwriter**—None.

Traileurop, Inc. (12/10-14)
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. (11/27)
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. **Note**—This registration was withdrawn.

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. **Note**—This registration was withdrawn.

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. **Note**—This letter was withdrawn.

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.

Venride Inc.
Nov. 5, 1962 filed 150,000 common. **Price**—$3. **Business**—Operation of coin-operated children's rides. **Proceeds**—For debt repayment, equipment and working capital. **Office**—241 Church St., N. Y. **Underwriter**—Leonard B. Stern & Co., 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.

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.

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.

Western Travel, Inc.
Oct. 29, 1962 ("Reg. A") 175,000 common. **Price**—$1. **Business**—Operation of motels, hotels, restaurants and related businesses. **Proceeds**—For completion of a motel and working capital. **Office**—290 N. University Ave., Provo, Utah. **Underwriter**—Western Securities, Inc., Provo, Utah.

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. (12/17-21)
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.

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.

● **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. **Note**—This registration will be withdrawn.

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.

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.

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

★ **Americana East, Inc.**
Nov. 13, 1962 filed 400,000 common. **Price**—$2.50. **Business**—Development, construction and management of real estate properties. **Proceeds**—For construction, debt repayment and working capital. **Office**—173 First St., Macon, Ga. **Underwriter**—Nusouth Growth Stock Sales Corp., 4101 Steam Mill Rd., Columbus, Ga.

★ **Beneficial Finance Co. (12/12)**
Nov. 20, 1962 filed $30,000,000 of debentures, due June 1, 1988. **Price**—By amendment. **Business**—A holding company with subsidiaries in the small loan, sales finance and merchandising fields. **Proceeds**—For loan repayment, and other corporate purposes. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

★ **Carbon Foundry Corp.**
Nov. 12, 1962 ("Reg. A") 300,000 common. **Price** — $1. **Business**—Company operates a structural steel fabricating plant, foundry and machine shop. **Proceeds** — For debt repayment, and working capital. **Office**—926 Windsor St., Salt Lake City. **Underwriter**—None.

★ **Community Health Association, Inc.**
Nov. 19, 1962 filed 72,000 common. **Price**—$15. **Business**—Company is engaged in the health care service contract business in Washington and Oregon. **Proceeds**—For selling stockholders. **Office**—4000 Aurora Ave., Seattle. **Underwriter**—None.

★ **Honda Motor Co., Ltd. (12/19)**
Nov. 16, 1962 filed 450,000 ADR's (representing 9,000,000 common shares). **Price**—By amendment (max. $10). **Business**—Manufacture of motorcycles. **Proceeds**—For capital improvements, investments in subsidiaries, and working capital. **Office**—Tokyo, Japan. **Underwriters**—Goldman, Sachs & Co. and Nikko Securities Co., Ltd.

★ **National Mortgage Corp.**
Nov. 9, 1962 filed $8,000,000 of installment certificates, series 20, and 410,000 common shares. **Price**—For certificates, $1,000; for common, $1.15. **Business**—A mortgage loan company. **Proceeds**—For investment and other corporate purposes. **Office**—113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc. (same address).

★ **Pioneer Credit Corp.**
Oct. 29, 1962 ("Reg. A") 300,000 of 6% subordinated capital notes (series C) due Nov. 1, 1991. **Price**—$100 each. **Business**—A consumer finance company. **Proceeds**—To increase capital funds. **Office**—337 Main St., Great Barrington, Mass. **Underwriter**—None.

★ **Southern New England Telephone Co. (12/11)**
Nov. 16, 1962 filed $45,000,000 of debentures, due Dec. 1, 2001. **Price**—By amendment. **Proceeds**—To repay advances from A. T. & T. parent 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-Solomon Brothers & Hutzler (jointly); First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Dec. 11 (11 a.m. EST) at 195 Broadway (Room 2315), New York.

★ **Star Development Corp.**
Nov. 9, 1962 filed $300,000 of 6½% convertible s. f. debentures due 1972. **Price**—At par. **Business**—Real estate development. **Proceeds**—For debt repayment, land acquisition, construction, and working capital. **Office**—1601 E. S. Mountain Ave., Phoenix. **Underwriter**—None.

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★ **Superior Commercial Corp.**
Nov. 15, 1962 filed 200,000 class A common, of which 100,000 are to be offered by the company and 100,000 by stockholders. **Price**—$1.50. **Business**—Company buys and holds second mortgages. **Proceeds**—For general corporate purposes. **Office**—9 Maiden Lane, New York. **Underwriter**—S. C. Burns & Co., Inc., New York.

★ **Tokyo Shibaura Electric Co., Ltd.**
Nov. 19, 1962 filed $20,000,000 of convertible debentures, due 1978. **Price**—By amendment. **Business**—Manufacture of electrical equipment for home and industry. **Proceeds**—For expansion. **Office**—Tokyo, Japan. **Underwriters**—Smith, Barney & Co. Inc. and The Nomura Securities Co., Ltd., New York. **Offering**—Expected in December.

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."

Alcolac Chemical Corp.
50,000 common offered at $5 per share by L. M. Rosenthal & Co., Inc., New York.

Allied Graphic Arts, Inc.
150,000 common offered at $7.50 per share by Bache & Co., New York.

Flower City Industries, Inc.
100,000 common offered at $3.75 per share by Leib, Skloot & Co., Inc., Clifton, N. J.

General Motors Corp.
1,581,692 common shares offered at $55⅝ a share by Morgan Stanley & Co., New York.

Illinois Terminal RR.
$8,750,000 of 4⅝% first mortgage bonds, due Dec. 1, 1987, offered at 100.369% to yield 4.60% by Halsey, Stuart & Co. Inc., New York (issue was not registered with SEC).

Indian Trail Ranch
171,829 common being offered for subscription by stockholders at $7.50 per share on the basis of one new share for each share held of record Nov. 16, with rights to expire Dec. 10. No underwriting is involved.

Jersey Central Power & Light Co.
$11,000,000 of 4⅜% first mortgage bonds, due Nov. 1, 1992, offered at 101.257%, to yield 4.30% by White, Weld & Co., New York.

Nevada Northern Gas Co.
209,000 common shares being 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). Record date for the offering is Nov. 19, and the rights expiration date Dec. 5. Eastman Dillon, Union Securities & Co., New York, is the underwriter.

T-A Development Co.
2,000 common shares offered at $1,000 each by the company, without underwriting.

Wolf (Howard B.), Inc.
120,000 common offered at $9 per share by Eppler, Guerin & Turner, Inc., Dallas.

Prospective Offerings

★ **Atlanta & Charlotte Air Line Ry.**
Nov. 20, 1962 it was reported that this subsidiary of Southern Railway Co., plans to sell about $12,305,000 of first mortgage bonds in 1963 to refund a like amount of 3¾% bonds which mature Nov. 1, 1963. **Office**—14th and Canal Sts., Richmond, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly).

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 Light Co.
Nov. 5, 1962 it was reported that this company plans to sell about $9,400,000 of first mortgage bonds in the first quarter of 1963. **Proceeds**—To redeem a like amount of 3¼% bonds maturing April 1, 1963. **Office**—300 Liberty St., Peoria, Ill. **Underwriters**—To be named. The last issue of bonds on March 14, 1960 was won at competitive bidding by Halsey, Stuart & Co. Inc. Other bidders were: First Boston Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Stone & Webster Securities Corp. (jointly).

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.

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 "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 Allegheny 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).

Genesco Inc.
Nov. 14, 1962 it was reported that stockholders are to vote Dec. 3 on authorizing the company to create 300,000 new convertible preferred shares. A majority of the stock would be sold to raise $12,000,000 for working capital and $6,624,000 to repay long-term notes of subsidiaries. It has not yet been decided whether the preferred would be sold publicly or privately. **Business**—Manufacture of various types of shoes and apparel. **Office**—111 Seventh Ave., North, Nashville, Tenn. **Underwriter**—To be named. The last issue of preferred was sold privately in October, 1956; the last common in March 1960 by Blyth & Co., Inc., New York.

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).

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.

Iowa Public Service Co.
Nov. 5, 1962 it was reported that this company plans to sell $16,000,000 of bonds in the third quarter of 1963. **Address**—Orpheum-Electric Bldg., Sioux City, Iowa. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.-Blyth & Co. Inc. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp.; White, Weld & Co.; First Boston Corp.

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 in 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).

Laclede Gas Co. (2/6/63)
Nov. 1, 1963 the company announced plans to sell 200,000 shares of preferred stock (par $25). **Proceeds**—To repay bank loans. **Office**—1017 Olive Street, St. Louis. **Underwriters**—Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc., New York, and Reinholdt & Gardner, St. Louis.

Laclede Gas Co. (2/6/63)
Nov. 1, 1962 the company announced plans to sell $10,000,000 of 20-year sinking fund debentures. **Proceeds**—To repay bank loans. **Office**—1017 Olive Street, St. Louis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.-Reinholdt & Gardner (jointly); Stone & Webster Securities Corp.; First Boston Corp.; Eastman Dillon, Union Securities & Co. **Bids**—Expected Feb. 6, 1963.

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.

Missouri Pacific RR. (12/11)
Nov. 5, 1962 it was reported that this road plans to sell $3,750,000 of equipment trust certificates in December. **Address**—Missouri Pacific Bldg., St. Louis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Dec. 11 (12 noon CST) at above address.

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.

★ **New York Telephone Co. (1/8/63)**
Nov. 15, 1962 it was reported that this A. T. & T., subsidiary plans to sell $70,000,000 of first mortgage bonds in January. **Proceeds**—To repay bank loans. **Office**—140 West St., New York. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected Jan. 8, 1963.

★ **Norfolk & Western RR. (12/10)**
Nov. 20, 1962 it was reported that this road plans to sell $5,250,000 of 1-15 year equipment trust certificates. **Office**—8 N. Jefferson St., Roanoke, Va. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected Dec. 10 (12 noon EST) in company's office, Transportation Bldg., Philadelphia.

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.

Northern Pacific Ry. (12/18)
Nov. 5, 1962 it was reported that this road plans to sell $6,500,000 of equipment trust certificates in December. **Office**—120 Broadway, New York. **Underwriters**—(Competitive). Probable bidders; Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Dec. 18 (12 noon EST) at company's office.

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.

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).

★ **Snelling & Snelling, Inc.**
Nov. 20, 1962 it was announced that the company plans its first public offering of stock. **Business**—Operation of a nationwide network of franchised personnel consultants with offices at 35 major cities. **Proceeds**—For expansion. **Office**—1530 Chestnut St., Philadelphia. **Underwriter**—To be named.

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.

Southwestern Electric Power Co.
Nov. 5, 1962 it was reported that this company plans to sell $16,000,000 of first mortgage bonds in the fall of 1963. **Office**—428 Travis St., Shreveport, La. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co.-Blyth & Co. Inc.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.

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 Railway Co.**
Nov. 20, 1962 it was reported that the company may issue about $30,000,000 of general mortgage bonds, of which $22,655,000 would be used to purchase controlling interest in Central of Georgia Railway Co. from St. Louis-San Francisco Ry., and the balance to buy remaining shares from minority holders. The ICC has approved the acquisition but has delayed action on the necessary financing. **Offices**—14th and Canal St., Richmond, Va., and 70 Pine St., New York. **Underwriters** — (Competitive). Probable bidders: Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co. (jointly).

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.

Toledo Edison Co.
Nov. 5, 1962 it was reported that this company plans to sell about $7,000,000 of common stock in May, 1963. **Address**—Toledo, O. **Underwriters**—First Boston Corp., and Collin, Norton & Co., Toledo.

★ **Union Light, Heat & Power Co.**
Nov. 21, 1962 it was reported that this subsidiary of Cincinnati Gas & Electric Co., plans to sell $5,000,000 of first mortgage bonds in 1963. **Office**—139 East Fourth St., Cincinnati. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co. (jointly); Equitable Securities Corp.; White, Weld & Co.; Kidder, Peabody & Co.

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.

Dealer-Broker Recommendations

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is a report on **Pacific Lighting Corp.**

Crescent Petroleum — Report—S. D. Loring Co., Inc., 74 Trinity Place, New York 6, N. Y.

Crescent Petroleum — Memorandum—Sincere & Co., 208 South La Salle St., Chicago 4, Ill.

Denver & Rio Grande Western Railroad Co.—Memorandum—McMaster, Hutchinson & Co., 105 So. La Salle St., Chicago 3, Ill.

Electronic Specialty Co.—Analysis—Stanley Heller & Co., 44 Wall St., New York 5, N. Y.

Ero Manufacturing Co. — Comments — Straus, Blosser & McDowell, 39 South La Salle St., Chicago 3, Ill. Also available are comments on **Travler Industries Inc.**

Fuji Bank Ltd.—Memorandum—Daiwa Securities Co., 149 Broadway, New York 6, N. Y. Also available are memoranda on **Mitsubishi Bank Ltd.**, **Sumitomo Bank**, **Sumitomo Marine & Fire Insurance Co.**, **Taisho Marine & Fire Insurance Co.** and **Yasuda Fire & Marine Insurance Co.**

General Telephone & Electronics Corp.—Comments—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available are comments on **Falconbridge Nickel Mines**, **Myer Emporium**, and **Worthington Corp.**

Giannini Scientific Corp.—Memorandum—Kidder, Peabody & Co., 20 Exchange Place, New York 5, N. Y.

Gillette Co. — Bulletin — Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

W. R. Grace — Memorandum—Steiner, Rouse & Co., 19 Rector St., New York 6, N. Y.

Hertz Corp. — Report—Evans & Co. Inc., 300 Park Ave., New York 22, N. Y.

Huber Warco Co. — Memorandum —The Ohio Co., 51 North High St., Columbus 15, Ohio.

Illinois Central — Comment—H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available are comments on **Northern Pacific**, **Soo Line Railroad** and **St. Louis San Francisco.**

John Sexton & Co.—Memorandum—Crow, Brourman & Chatkin, Inc., Carlton House, Pittsburgh 19, Pa.

Libbey Owens Ford Glass Co.—Discussion — Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available is a report on **Pittsburgh Plate Glass** and a chart analysis of **Allied Chemical & Dye.**

Macke Vending Co.—Analysis—Ferris & Co., 611 Fifteenth St., N. E., Washington 5, D. C. Also available is an analysis of **Consolidated Credit Corp.**

Maradel Products—Memorandum —Orvis Brothers & Co., 30 Broad St., New York 4, N. Y. Also available are memoranda on **Pan American World Airways** and **Fairchild Camera.**

Montgomery Ward — Memorandum—Uhlmann & Co., Inc., Board of Trade Building, Kansas City 5, Mo. Also available is a memorandum on **McKesson & Robbins.**

Motorolo Inc. — Memorandum—Hickey & Co., 135 South La Salle St., Chicago 3, Ill.

Northwest Nitro Chemicals—Memorandum—Euler & Hart, 121 So. Broad St., Philadelphia 7, Pa.

Pacific Intermountain Express—Memorandum—Kastor, Bigley & Co., 14 Wall Street, New York 5, N. Y.

Pioneer Home Owners Life Insurance — Memorandum — Brooke, Sheridan, Bogan & Co., Inc., 2 Penn Center Plaza, Philadelphia 2, Pa.

Plough Inc.—Analysis—Herzfeld & Stern, 30 Broad St., New York 4, N. Y. Also available is a memorandum on **Valley Forge Products.**

Ronson Corp.—Analysis—Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York 5, N. Y.

Ronson Corp.—Memorandum—D. H. Blair & Co., 66 Beaver St., New York 4, N. Y.

Savant Instrument Corp.—Memorandum — Rothenberg, Heller & Co., 55 Liberty St., New York 38, N. Y.

Schlumberger Ltd.—Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Schlumberger, Ltd. — Memorandum—Loewi & Co. Inc., 225 East Mason St., Milwaukee 2, Wis. Also available is a memorandum on **Wisconsin Bank Stock.**

Seeburg—Memorandum—Richard J. Buck & Co., 4 Albany St., New York 6, N. Y.

Southern Pacific Co. — Comments —Lubetkin, Regan & Kennedy, 44 Wall Street, New York 5, N. Y. Also available are comments on **Outboard Marine.**

Standard Oil Co. of New Jersey —Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of **Southern Nitrogen Co.**

Trans Mountain Oil Pipe Line—Analysis — Wills, Bickle & Co., Ltd., 44 King St., West, Toronto 1, Ont., Canada.

United States Leasing Corp.—Analysis — Schwabacher & Co., 100 Montgomery Street, San Francisco 4, Calif.

West Chemical Products—Memorandum—Coffin & Burr, 141 Milk St., Boston 9, Mass.

Westinghouse Electric — Analysis —Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

Westinghouse Electric Corp.—Analysis—J. C. Wheat & Co., 1001 East Main St. 19, Va.

Harrison to Admit Isphording to Firm

CINCINNATI, Ohio — On Dec. 1, Robert B. Isphording will become a partner in Harrison & Company, Fifth Third Bank Building, members of the New York and Cincinnati Stock Exchanges. Mr. Isphording is President of Doll & Isphording, Inc.

The State of TRADE and INDUSTRY

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below those of the corresponding week last year. Our preliminary totals stand at $30,167,734,248 against $31,508,596,502 for the same week in 1961. Our comparative summary for some of the principal money centers follows:

Week End. Nov. 17—	(000 Omitted) 1962	1961	%
New York	$16,169,030	$16,687,827	— 3.1
Chicago	1,140,180	1,504,222	— 6.9
Philadelphia	1,148,000	1,310,000	—12.4
Boston	784,255	926,990	—15.4
Kansas City	529,497	546,481	— 3.1

After Three Weekly Increases in a Row, Steel Output Declines and Is Off 25.2% From Last Year

According to data compiled by the American Iron and Steel Institute, production for the week ended Nov. 17, 1962, was 1,782,000 tons (*95.7%), as against 1,804,000 tons (*96.8%) in the week ending Nov. 10.

Data for the latest week ended Nov. 17, 1962, shows a production decline of 25.2% compared to last year's week output of 2,037,000 tons (*109.3%).

Production this year through Nov. 17 amounted to 85,363,000 tons (*101.8%), or 3.1% above the Jan. 1-Nov. 18, 1961, period.

The Institute concludes with Index of Ingot Production by Districts for week ended Nov. 17, 1962, as follows:

District—	*Index of Ingot Production for Week Ending Nov. 17 1962	Nov. 10 1962
North East Coast	88	84
Buffalo	88	97
Pittsburgh	84	83
Youngstown	85	87
Cleveland	107	103
Detroit	140	152
Chicago	104	107
Cincinnati	108	104
St. Louis	114	118
Southern	86	92
Western	92	90
Total industry	95.7	96.8

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

December Steel Output May Be As Large as November's

December steel ingot production may be as large as November's despite normal yearend holiday tapering, *Steel* magazine said this week.

November already is shaping up better than anticipated, thanks to record breaking auto sales and brisk demand for automotive steel.

Orders for wide carbon plates reflect increased consumption by fabricators and missile base contractors. Demand for other products is slowly improving as users complete inventory adjustments and resume buying on a basis geared to their consumption.

Output this month is expected to be at least 5% larger than October's.

This week's production is expected to be about the same as the 1,804,000 tons that *Steel* estimated the industry poured last week. Operations are at 59% of annual capacity (estimated at 160 million ingot tons).

While steelmaking operations are holding up well, the scrap market is listless. *Steel's* composite on No. 1 heavy melting is unchanged at $24 for the second week.

Automakers and other big steel users will probably start rebuilding inventories in February or March because of the possibility of a steel strike next year. Inventories will probably inch up slowly with the real momentum starting in April.

The steel labor contract provides that after April 30, 1963, 90-day notice of intent to reopen may be given. So it is unlikely that a strike could develop before July 31. Most managers *Steel* interviewed agree that trying to predict the outcome of the negotiations—if they are opened—is practically impossible.

Because car buyers want more brightwork, material usage per car is trending upward slightly, *Steel* reported. The breakdown: Zinc—97 lb. per 1963 car vs. 93 lb. on the '62s. Aluminum—70 lb. vs. 66.5 lb. Copper/brass/bronze—Holding steady at 30 lb. Stainless steel—29 lb. vs. 26.6 lb. Plastics—28 lb. vs. 26 lb.

Implications of India's Orders

The mobilization by India could benefit the American steel and metalworking industries, *Steel* said.

A request from the Indian government for the U. S. to help build its defense industries to a wartime level could come shortly, it is rumored in Washington. Such a project could involve millions of dollars for everything from steel plants to machine tools.

Government sources tell *Steel* the Agency for International Development already has a program to send excess machine tools from the government inventory to underdeveloped countries. An Indian mobilization could begin with excess tools for the manufacture of rifles and machine guns.

Near Future Steel Orders Outlook Improves

Fresh automotive steel orders are giving the steel market a stronger tone, *The Iron Age* reported. Gains for November are moderate. But the outlook for the rest of the year and early 1963 is significantly improved.

The picture varies from mill to mill. But predictions for the next three months are now notably better than they were as recently as 10 days ago.

The new feeling in the market is due almost entirely to surging auto sales and automotive steel buying. Other steel users are showing little interest in adding to their steel orders at this time.

The Iron Age said this tends to cast some doubt over any long-term gains. If auto sales continue good, and a broader range of steel users comes into the market with support, continued gains are assured. But, if auto sales should lag after Jan. 1, with still no lift from other sources, the market could remain flat, or even sag.

Even conceding the possibility of a slip in steel orders, *The Iron Age* said plus factors tend to outweigh negative forces for the next several months.

Continued high auto production tends to create a measurable lift for the entire economy. More important, any resurgence of business will come at a time when steel inventories are approaching minimum levels.

To cite the importance of automotive steel buying on the market, *The Iron Age* cited these regional reports:

Pittsburgh—The auto market is still the key to everything. If this climb in auto sales continues, steel orders figure to go up sharply. However, no one expects the auto industry to continue indefinitely at present boom rates. Mills expect more from the auto market, but don't see a sudden boom.

Detroit — Orders are running ahead of last month's; estimates vary from 3 to 4% to as high as 20%. There is some thought that automakers will start ordering slightly over their requirements.

Chicago—The picture is still divided. The gains are pegged to the cold-rolled sheet and the automotive market.

Cleveland—The market took a modest turn for the better when several auto plants requested mills to ship early. Significance is that the point has been reached where auto plants gear orders to use.

Record Fourth Quarter Auto Output Seen

Ward's Automotive Reports said that U. S. auto production, aimed at a seven-year high for November and a record level for the entire fourth quarter, is currently running about 2,000 units a day above output a year ago.

The statistical agency said factory output last week reached approximately 163,098 units, only a slight decline from the 164,879 assemblies counted two weeks ago—which represented highest weekly output in nearly two years. Production for this week a year ago was 154,230.

Ward's has said that November car making is proceeding at even a faster daily rate than was attained in a record October.

Last week again, overtime operations were intensive. American Motors Corp., which has abruptly stepped-up its production at Kenosha (Wis.), plans to extend its two-shift operation into the extra day. Starting early next month, a third shift will be engaged in Rambler making. Studebaker Corp. was on a normal five-day work plan last week, but slated its week's output slightly ahead of two weeks ago.

Ward's estimated that by the close of last week's operations, some 1,636,000 cars will have been made since outset of the 1963 model year.

Monday morning the industry assembled its 6,000,000th car since Jan. 1. This will be nearly one-half million more cars than were made during entire 1961. Also, combined car-truck production since Jan. 1 passed the 7,000,000-unit mark last week.

Rail Carloadings Fall 3.1% Below Year-Ago Level

Loading of revenue freight in the week ended Nov. 10 totaled 586,286 cars, the Association of American Railroads announced. This was a decrease of 22,328 cars or 3.7% below the preceding week.

The loadings represented a decrease of 19,067 cars or 3.1% below the corresponding week in 1961, but an increase of 21,691 cars or 3.8% above the corresponding week in 1960.

There were 15,996 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Nov. 3, 1962 (which were included in that week's over-all total). This was an increase of 2,498 cars or 18.5% above the corresponding week of 1961 and 4,046 cars or 33.9% above the 1960 week.

Cumulative piggyback loadings for the first 44 weeks of 1962 totaled 599,298 cars or an increase of 100,892 cars or 20.2% above the corresponding period of 1961, and 125,503 cars or 26.5% 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 59 one year ago and 54 in the corresponding week in 1960.

Gratifying Trucking Gain Over 1961 Week

Intercity truck tonnage in the week ended Nov. 10 was 0.8% ahead of the volume in the corresponding week of 1961, the American Trucking Associations announced. Truck tonnage was 3.4% below that of the previous week of this year.

While the weekly survey shows only a marginal gain over 1961, the year-to-year increase is particularly gratifying in light of the unusually strong upturn in traffic in the Fall of 1961. The week-to-week findings are consistent with that experienced during comparable periods in past years.

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 18 localities, with 16 points reflecting decreases from the 1961 level. Truck terminals at Jacksonville reflected an increase of 21.4%, while five other trucking centers registered tonnage gains of 10% or more.

Compared with the immediately preceding week, nine metropolitan areas reflected increased tonnage, while 23 areas showed decreases. Two points, Detroit and Memphis, showed no change from the previous week. While traffic is not uniformly affected by state and local elections, in part, the week-to-week decline can be attributed to Election Day which occurred during the reported week.

Lumber Output Is 5.8% Above 1961 Rate

Lumber production in the United States in the week ended Nov. 10, totaled 233,606,000 board feet compared with 232,220,000 in the prior week, according to reports from regional associations. A year ago the figure was 220,891,000 board feet.

Compared with 1961 levels, output rose 5.8%, shipments fell 1.6% and new orders declined 0.2%.

Following are the figures in thousands of board feet for the weeks indicated:

	Nov. 10, 1962	Nov. 3, 1962	Nov. 11, 1961
Output	233,606	232,220	220,891
Shipments	225,866	227,624	229,459
New orders	223,954	231,485	224,400

Electric Output Up 5.0% Over Last Year

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Nov. 17, was estimated at 16,469,000,000 kwh., according to the Edison Electric Institute. Output was 22,000,000 kwh. below that of the previous week's total of 16,491,000,000 kwh., and 791,000,000 kwh., or 5.0% above the total output of the comparable 1961 week.

Little Change in Business Failures

Commercial and industrial failures held almost steady in the week ended Nov. 15, edging off to 291 from 295 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were only slightly short of their comparable year-ago level of 308, but dipped somewhat more strongly below the 329 occurring in 1960. Some 6% fewer businesses succumbed than in pre-war 1939 when the toll stood at 308.

Forty of the week's failures had liabilities topping $100,000, as against 39 a week ago and 37 last year. Casualties involving losses under $100,000 dipped to 251 from 256 in the previous week and were down from 271 in the comparable week of 1961.

Tolls ran slightly lower during Veteran's Day week in manufacturing, off to 48 from 54, in wholesaling, off to 27 from 32, and in construction, down to 40 from 44. However, mild increases lifted casualties among retailers to 147 from 141 and among commercial service enterprises to 29 from 24. More trade and service concerns failed than in the similar week last year, while declines from 1961 levels prevailed in manufacturing and construction.

Five of the nine major geographic regions reported downturns in casualties, with the toll in the Pacific States falling to 59 from 72, and in the East North Central States to 59 from 68. In

National Conference of Christians And Jews Brotherhood Awards

Three members of the financial community will receive Brotherhood Awards "for distinguished service in the field of human relations" at a 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 Hotel Americana.

Peter Grace — Harold C. Mayer — Robert L. Stott — William S. Renchard

They are J. Peter Grace of W. R. Grace & Co.; Harold C. Mayer of Bear, Stearns & Co.; and Robert L. Stott of Wagner, Stott & Company.

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

contrast, failures in the Middle Atlantic States rose to 89 from 70, and in the South Atlantic edged to 33 from 29. Year-to-year trends also were mixed — five regions suffered fewer business casualties whereas mortality equalled or exceeded 1961 levels in the other four areas.

Wholesale Food Price Index Off Fractionally in Latest Week

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., inched down 0.2% to $5.96 on November 20 from $5.97 a week ago. Nevertheless, it edged fractionally, 0.5%, ahead of last year's level of $5.93 on the comparable day.

Moving lower in wholesale cost this week were flour, wheat, oats, beef, lard, butter, cocoa, eggs, steers, hogs and prunes. These declines offset the mild price advances occurring in quotations for corn, rye, barley, bellies, sugar, coffee, currants and lambs.

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 Continues Down

Reflecting a substantial decline in pig iron prices, the general wholesale commodity price level hit 267.92 last Friday, its lowest point since January 1961, reports Dun & Bradstreet, Inc. Silver and wheat also moved appreciably lower in wholesale cost during the week.

The Daily Wholesale Commodity Price Index after dipping to the low on Friday, eased to 268.00 (1930-32=100) on Monday, Nov. 19, but remained below the 270.03 registered a week ago on the comparable day as well as continuing down from 270.56 a month ago and 270.69 last year.

Slight Headway in Consumer Buying

Weekend rain hurt, but Veteran's Day shopping helped to revive retail volume in the week ended a week-ago Wednesday giving it a slight edge over last year's level. Purchases of women's and children's clothing made good gains in many areas, but sales of men's wear suffered by comparison with a year ago when Veteran's Day fell on Saturday and was doubly strong. Home goods buying about held its own. Gains were posted in hardware and building supplies, while car sales steamed ahead at a record-breaking clip.

The total dollar volume of retail trade in the week ended Wednesday, Nov. 14, ranged from even to 4% higher than a year-ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1961 levels by the following percentages: Pacific —3 to +1; South Atlantic —2 to +2; Mountain —1 to +3; New England and Middle Atlantic 0 to +4; East South Central +1 to +5; East North Central +2 to +6; West North Central and West South Central +3 to +7.

Nationwide Department Store Sales Rise 2.0% Above 1961's Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index reported an overall advance of 2.0% for the week ended Nov. 10 compared with the like period in 1961. In the four-week period ended Nov. 10, 1962, sales advanced 3% over the corresponding period in 1961.

According to the Federal Reserve System, department store sales in New York City for the week ended Nov. 10, were 1% below the same period in 1961.

The Electrical Machinery Industry: A Balance Sheet

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human energy, primarily electric power, for human energy is a primary factor in our increased national productivity. Such major growth industries as aluminum, chemicals, and office equipment, to a large extent owe their position to the availability of relatively cheap electric power.

The incentive to use more electric energy is indicated in the estimate offered by the Council of Technological Development that "Muscle power at unskilled labor rates costs more than $10 per horsepower hour, compared to four cents or less for the same energy from an electric motor." It is not surprising, therefore, that the provision of electric energy per production worker has risen over 300% in the past three decades.

To National Security

Recent events bring to the fore the importance of our war potential. Experience spanning three wars in little more than a third of a century have clearly demonstrated our nation's increasing reliance for survival upon the electrical machinery and electric power industries. We have moved within a generation from the conventional war to the electronics war and now stand on the threshold of atomic warfare, missilery and the use of space ships in combat.

The electrical machinery industry has been very flexible and has demonstrated unparalleled ability to adopt its productive processes to war needs. As a leader in the technological field, it has been outstanding in its social performance in peacetime. The same technological capacity coupled with its demonstrated ability to shift readily from civilian to armament output places the electrical machinery industry in the first line of the nation's defense.

To Job Opportunities

The electrical machinery industry has been a major direct source of job opportunities. The industry employed fewer than 50,000 or 1.0% of all workers in manufacturing industries in 1899. Total employment expanded with minor interruptions until in 1929 it reached 421,000. In 1943, total employment in the industry exceeded one million for the first time and in 1961 the total exceeded 1.4 million. To state it differently, the industry now provides directly about one job out of every 40 in the private non-farm sector of the American economy and is also indirectly responsible for a large number of other jobs. In 1961, total employee compensation was almost $9 billion or the second largest among 19 manufacturing industries reported by the U. S. Department of Commerce.

To Higher Living Standards

Larger quantities of better quality electrical products priced at levels within the means of the average citizen have contributed importantly to our rising standard of living. Quality has been improved so significantly that yesterday's equipment has little in common with its current prototype.

The net effect of technological development has been a major cost saving to industry and to households and a vast broadening of the market for these products. In no other nation have so many items moved from luxuries to mass consumption in so short a period of time as in the case of such consumer products as radios, television sets, refrigerators, and vacuum cleaners.

Rising living standards are inextricably linked to the supply of electric energy. Countries with low income and depressed levels of living are those still heavily dependent upon human energy to produce as best their muscles and limited tools permit. On the other hand, those countries, with high income and a more abundant way of life depend increasingly upon electric rather than human energy to supply the "muscle power" required for ever greater production.

To Offset Inflation

During the post-war period, the price of household appliances have provided a notable exception to the general price inflation. For example, since 1947 the consumer price index has risen by more than one-third while the Bureau of Labor Statistics index for household appliances has **declined** more than 20%. Similarly, average revenue per kwh for electric power has declined about 18% since 1947 despite some increases (about 12%) in electric rates.

For heavy equipment, conventional price indexes have lost their usefulness as a measure of cost trends because of the utilization of larger components. As the size of electric apparatus increases the cost per kw declines. This factor is not reflected in conventional price indexes which show that electrical machinery prices have risen about as much as all industrial prices since 1939 and by a much larger percentage since the end of World War II.

The shift to larger units made possible by technological developments has resulted in a built-in **deflationary factor** in the capital costs of electric utility companies. In periods of general price stability, the net effect has been a decline in the unit cost of such apparatus. In periods of price inflation, the net impact on unit cost is determined by the relationship between the **built-in deflation** arising from larger size and technology and the general price inflation. From 1948 to 1957, for example, despite the general price inflation the actual costs per unit of steam generating facilities probably declined somewhat according to a study by the U. S. Department of Commerce.

The combination of research and larger volume, therefore, has provided an impressive offset to the inflationary pressures which have characterized our economy in the post-World War II years.

The Industry's Problems

Despite its contributions in the past, the industry appears to be uncertain of its future. What has happened to reduce the confidence of an industry with such a magnificent record of success?

Two major factors have contributed to this recent development. First, is the change from the goods hungry economy in the earlier post-war years to the highly competitive surplus economy of today. This shift has been accompanied by the development of surplus capacity, price wars, a profits squeeze, and intensified foreign competition. In respect to these problems, the impact on the industry is not unique. Throughout the entire economy, many companies and industries (for example, steel and aluminum) are struggling with similar problems.

The second factor is the deteriorated public image because of the ill-fated price fixing experience. This problem is unique to this industry.

Do these problems mark a turning point for this industry? I think not. Let me review each briefly to indicate my reasons for the conclusion.

Excess Capacity

Excess capacity has developed in many industries, including electrical machinery, in the past few years. The enormous surplus capacity which developed for some appliances, particularly refrigerators, in the post-World War II period is a familiar picture. A similar situation develops periodically for heavy equipment.

Comprehensive data are not available to show the amount of excess capacity by products. Estimates for the entire electrical machinery industry range from the National Industrial Conference Board's recent survey that concluded there was little or no excess capacity in the electrical machinery industry in 1961 to that of McGraw Hill which found the excess to be about 12% or one of the largest margins in any manufacturing industry. Most observers agree that excess capacity prevails for heavy equipment at the present time.

This problem must be viewed in perspective. **Thus, in rapidly growing industries such as electrical machinery, excess capacity is a less serious problem than in stagnant industries.** A continuation of growth soon absorbs excess capacity and necessitates further expansion in plant and equipment. Nevertheless, excess capacity does create problems temporarily, particularly in connection with pricing. This is especially true at a time when the electric utilities also have the widest margin of unused capacity that they have experienced since the 30s. Nevertheless, there is complete agreement that the electric utilities will continue to expand volume as they have in the past. An increase of about 85% in generating capacity is projected by 1970 and a further rise of 90% is anticipated in the 1970s. Thus, by 1980, it is expected that generating capacity will increase to 480 million kilowatts or three and a half times the total capacity in 1961. Even if the expansion falls short of these stratospheric totals, it is probable that the longer run problem will become a shortage of capacity to produce heavy equipment rather than a surplus.

The electrical machinery industry's excess capacity also has resulted from the lagging growth of plant and equipment spending by other industries. This lag reflects primarily their declining profit margins, antiquated depreciation allowances, and their surplus capacity. The recent liberalization of Schedule F overcomes in part the depreciation problem and the new tax law in effect gives non-utility purchasers a reduction of 7% in the cost of new equipment. These changes should give some stimulus to demand although it will take a little time before they become fully effective. A reduction in corporate tax rates also would stimulate demand in this area and would eliminate the problem of overcapacity or reduce its significance.

Thus, viewed against prospective demand much of the current surplus capacity should turn out to be temporary. I do not intend to minimize how inconvenient and annoying this surplus capacity will be in the short run. But it is of considerable importance to know that this is neither an unsolvable problem nor a permanent one.

Periodic Price Wars

Price difficulties have characterized the electrical machinery industry in recent years. On several occasions the market for heavy electrical equipment has been buffeted by excessively severe price-cutting.

This development reflects the unavoidable buying practices of electric utilities against the background of surplus capacity noted earlier. Increases in utility capacity must take place in sizable steps and must be planned several years in advance. Accordingly, orders for heavy electrical apparatus are placed at irregular intervals by the individual electric utility companies. Often these orders tend to be bunched. After the orders are placed, it may take two or three years before delivery is made. Periods of low orders, therefore, do not coincide with periods of low production. When order backlogs shrink, there is considerable pressure to obtain new orders to assure production in the future. The resulting reduction in prices often creates a chaotic market situation. Such price reductions can do little to stimulate additional demand for heavy equipment, although it may affect the timing of some purchases.

This is a critical problem because the erosion or profits of the electrical machinery companies could cause a cutback in research and development expenditures. If such a cutback should develop, the adverse impact will be experienced by the electric utilities who secure the short term gain of lower capital costs but will also experience the long term loss of lagging product improvement.

Walther H. Feldmann, Chairman of Worthington Corp. has recently observed that "Some recent purchasing practices approach the climate of an Arabian bazaar." (*Electrical World*, Oct. 29, 1962, p. 94) This is an area which deserves careful study and review by utility purchasing agents. Probably little can be done to even out the orders from utilities since in our type of economy we have no agency to plan the timing of orders to expand capacity. Let me hasten to add that I am not suggesting that such a government agency be created to solve this problem.

One approach is to attempt to fill in slack periods by seeking out foreign orders even more vigorously.

I recognize that such a proposal involves many complications and

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may well prove difficult to achieve. Nevertheless, it is offered in the hope that it may stimulate thinking as to how to counter the economic forces which now seem to have the industry entrapped.

Profits Squeeze

The electrical machinery industry has been experiencing a profits squeeze. This, of course, is not unique to this industry. American industry generally is confronted with the same problem. Steadily rising labor costs in excess of gains in productivity and higher costs for research have not been fully offset by other cost economies or by price increases. In the latter area, the steel experience in the spring of 1962 was not very encouraging.

The FTC and SEC report a profit margin to sales of 7.2% after taxes in 1950, 4.4% in 1955, and only 3.4% in 1961 for the electrical machinery, equipment and parts industry. The 1961 margin was the lowest reported since these data were compiled in 1947. The pre-tax margin showed a similar trend. The modest increase in profit margins in the first half of 1962 didn't improve the picture very much.

This disturbing pattern strikes at the heart of economic growth. Expansion is induced by the lure of profits and it is financed in whole or in part by undistributed profits. Low profits not only reduce the amount that can be plowed back into a company, but also diminish the incentive of investors to furnish additional funds to a company. The expanding volume of funds which is available through liberalized depreciation policies is required for replacement of existing plant and equipment and hence can finance little net additions to capacity.

Wage inflation has been largely responsible for narrowing profit margins. However, there is increasing evidence that we may have reached the end of the wage inflation road in the past year. If this proves to be the case, it will provide a hopeful omen for profit margins.

It is evident that against a background of intensified competition from home and abroad and temporary excess capacity, the profit squeeze can not be alleviated by raising prices. Relief must be obtained by controlling costs or by stimulating volume. The latter can provide relief over a period of time rather than immediately. Many companies already have initiated programs to reduce costs. Such efforts will have to be intensified. A reduction in corporate taxes also would be helpful but as I noted earlier pretax margins also have been narrowing.

Finally, each company must take a fresh, hard look at its line of products to determine which ones do not carry their weight and have little prospect of doing so. Eliminating unprofitable products or product lines or divisions can help ease the profits squeeze for some companies. What I have been trying to say is that the profit squeeze must be attacked by a wide variety of measures. There is no single simple prescription which will do the entire job.

Foreign Competition

The intensification of competition from foreign producers of some electrical products has caused increasing concern. Prior to World War II and in the early post-World War II years, total imports of electrical machinery products were nominal. However, between 1950 and 1960, imports increased by more than a quarter of a billion dollars, with most of the gain occurring in the latter part of the period. While total imports account for only slightly more than 1% of domestic sales, they are particularly significant for radios, electronic equipment, and some types of electrical apparatus. In addition, American companies are meeting greater competition in the world's export markets. Although total exports of over a billion dollars in 1961 were almost four times as large as imports, their relative importance has declined f a i r l y steadily in the post-war period. Moreover, the total value has remained almost unchanged during the past five years.

These developments have been disturbing, although up to the present time they do not appear to have assumed serious proportions. A further extension of these trends, however, could have important repercussions domestically. Foreign producers have an important cost advantage because of the markedly lower hourly labor costs they incur. Their lower wages formerly were offset by lower productivity so that they had no significant advantage in terms of unit labor costs. However, because of increasing volume and the installation of modern equipment, foreign productivity probably is rising and their lower labor costs may be assuming more significance. The installation of additional modern plants abroad will tend to accentuate these tendencies. Since labor costs account for approximately one-third of the sales dollar (two-fifths for the two largest companies), future changes in relative labor costs here and abroad could play a more important role in the international competitive position of the electrical machinery industry.

To maintain our competitive position, more modest increases in our labor costs and intensified efforts to increase productivity are required. The solution to this problem from a national point of view is not to be found in increases in import duties, the imposition of quotas, or an extension of the depression-oriented "Buy American" policy. In the last year or two labor costs have risen *relatively* more rapidly abroad than in the United States. However, the *absolute* spread has not been narrowed.

It must be recognized that changes in electrical machinery industry wages have paralleled the experience for all manufacturing industries. The problem of wage inflation affects all of American industry and cannot be solved completely by any one company or industry. However, companies in each industry must fight to keep labor costs in line.

The development of the Common Market represents a challenge and an opportunity. The challenge is the increasing competition from companies within its borders as they develop more fully the advantages of large scale production with the accompanying reduction in costs. On the other hand, there will be enormous opportunities to sell within the Common Market because of its expanding levels of income. I suspect that the greatest benefits will develop for those companies which examine the nature of that market and produce to meet its specific needs rather than attempt to sell an additional volume of the products produced for the American market.

The Industry's Public Image

The electrical machinery industry's image has been badly tarnished by the unfortunate price conspiracy. Investors have shied away from the industry's securities, the public is confused, and the industry has become a target for Congressional probes. Moreover, key executives have had to divert their energies to handling the aftermath of these developments instead of devoting their talents to meeting the problems now facing the industry. It is important, therefore, that this sorry business be settled promptly and equitably.

The industry is on the defensive. I believe that it is time for the industry to come out of its state of shock and to present a comprehensive balance sheet to the public. Its significant contributions should be stated factually and forcefully. Its problems should be subect to careful analysis and evaluation. The public should then be asked to base its judgment on the **entire** picture.

The muck raking and sensationalism in several recent books and articles present an unbalanced picture. The industry must help to set the picture straight. But this will take time and the burden of proof will be upon the leading companies that they have successfully rooted out the practices which they join the public in condemning. I am confident that this task will be performed successfully and that the industry will once more be viewed with the regard and esteem that it earned by its outstanding performances in the past.

Conclusion

The electrical machinery industry has problems — important problems. But so does every industry. These problems are no greater than those the industry has met and solved in the past. I do not suggest that the industry should rest on its laurels. Nor do I suggest a policy of complacency with an eye glued to the rear window. Rather, it seems to me that there are no fundamental changes in the conditions which have yielded an exceptional record. The challenges and the opportunities of the electronics age can be met, and I am confident will be met, with great success.

Someone recently asked me does this industry need such a large supply of crying towels? My answer was an emphatic NO. It is time to put away the crying towels and to get back to the job you do so well — producing more and better products with the incalculable gains they yield to the entire economy.

*An address by Dr. Backman before the National Electrical Manufacturers Association, Washington, D. C., Nov. 14, 1962.

Current News in the Field

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

NEW FIRMS

DALLAS, Texas—**Security Investment Service,** 4227 Herschel. Partners are R. Frank Lee and Ben M. Kohen.

GLOUCESTER, Mass. — **Leo J. Dionne & Co.,** 152 Washington Street, Leo J. Dionne is sole proprietor. He was formerly with North American Planning Corp. of New England.

GREENSBORO, N. C.—**North State Securities, McLean and Lybrook Corporation,** Southeastern Building. Officers are William M. Lybrook, President; William D. Hoover, Sr., Vice-President and Treasurer; Richard M. Warren, Secretary.

JACKSONVILLE, Ill. — **C. N. Agency, Inc.,** 110 North East Street. Officers are Richard Y. Rowe, Jr., President; Richard Y. Rowe, Vice-President; Frederick H. Rowe, Secretary; and T. E. Niccum, Treasurer.

MONTEREY PARK, Calif.—**C. E. Klein & Company,** 411 Hermosa Vista. Charles E. Klein is a principal.

NEW YORK CITY, N. Y.—**President Investing Corp.,** 635 Madison Avenue. Officers are Milton S. Siegel, President; Joseph Weill, Secretary and Treasurer; and Ronald Mraks, Vice-President.

SPRINGFIELD, Mass.—**B. Bennett & Co.,** 182 Dayton Street. Bernard Bennett is a principal of the firm.

SPRINGFIELD, N. J.—**Richland Co., Inc.,** 30 Richland Drive. Officers are Jerrold Goldstein, President; Ethel Goldstein, Vice-President; and Charlotte Goldstein, Secretary and Treasurer.

NEW BRANCHES

BALTIMORE, Md. — **Merrill Lynch, Pierce, Fenner & Smith Incorporated,** 100 North Charles Street. William O. Schach is Manager.

DALLAS, Texas—**John Nuveen & Co.,** Dallas Federal Savings Bldg. Edward P. Clark is Manager.

HARTFORD, Conn.—**R. W. Pressprich & Co.,** members of the New York Stock Exchange, have announced that Van Vleck VosBurgh has been appointed its resident representative in Hartford, Conn.

Mr. VosBurgh is well known in financial circles, particularly in the Hartford area. He was formerly with the investment firm of Eastman Dillon, Union Securities & Co., and their predecessor firms.

R. W. Pressprich & Co. expects to occupy its new Hartford quarters at 100 Constitution Plaza before the end of the year.

OXFORD, Miss. — **James N. Reddoch & Company,** Adams Building. Basil Richmond is Manager.

PERSONNEL

BOCA RATON, Fla.—John R. Buehler has been appointed Manager of **Lee Higginson Corporation's** Boca Raton, Fla. office, 105 East Boca Raton Road. Mr. Buehler has been associated with Lee Higginson Corporation in its New York office for the past four years as a Registered Representative.

BOSTON, Mass. — Harry Walton has joined the staff of **Clayton Securities Corporation,** 147 Milk Street, members of the Boston Stock Exchange. Mr. Walton was formerly with Security Planners Associates.

BOSTON, Mass. — Lawrence W. Gannon has been added to the staff of **H. C. Wainwright & Co.,** 60 State Street, members of the New York and Boston Stock Exchanges.

CHARLOTTE, N. C. — Joseph D. Myers has become associated with **First Securities Corporation,** Johnston Building. Mr. Myers was formerly President of Myers & Co., Ltd. and prior thereto was with R. S. Dickson & Company.

CHICAGO, Ill.—Paul A. Johnston, Vice-President and National Director of Sales of **Television Shares Management Corporation,** investment manager and principal underwriter for Television-Electronics Fund, Inc., has announced the appointment of Robert W. Johnson and Earl S. Osburn as field representatives to service securities dealers in parts of the midwest, south and southwest.

Mr. Johnson, will cover the states of Indiana, Kentucky, Ohio and a portion of West Virginia. He was formerly employed by T. C. Henderson & Company of Des Moines, Iowa, and Taylor, Rogers & Tracy of Chicago, Ill.

Mr. Osburn, will cover the states of Arkansas, Louisiana, Oklahoma and Texas. Prior to joining Television Shares Management Corporation, was manager of Client Services for Potts & Finchell, Inc., securities dealers of Miami, Fla.

CINCINNATI, Ohio — Albert B. Hilton and Edward D. Moore are now with **W. E. Hutton & Co.,** First National Bank Building.

COLUMBUS, Ohio — Robert A. Greenberg has been added to the staff of **W. E. Hutton & Co.,** 50 East Broad Street. He was formerly with Bache & Co.

DENVER, Colo.—Lee C. Brooks has become associated with **Investment Management Corporation.** Mr. Brooks was formerly President of Brooks Garber & Co., Inc. of Denver and prior thereto was an officer of Ladet & Co., Inc.

KINSTON, N. C.—Edwin I. Langrall has joined **Powell, Kistler & Co.,** 130 East Gordon Street. He was formerly Kinston representative for Southern Investment Co.

MINNEAPOLIS, Minn. — Eugene Prietzel has been added to the staff of **Ebin, Robertson & Company, Inc.,** Rand Tower.

NEWNAN, Ga. — Mrs. Irene F. Beard is representing **Thomson & McKinnon** from offices at 14 Carmichael Street.

PHILADELPHIA, Pa. — **Reynolds & Co.,** 526 Chestnut Street, announce that John P. Nichols is now associated with their Philadelphia office as an Account Executive.

Mr. Nichols has been active in the investment securities industry for the past seven years and prior to joining Reynolds & Co. was associated with Rambo, Close & Kerner, Incorporated.

TAX-EXEMPT BOND MARKET

Continued from page 6

parently taken by the Bank for portfolio account.

Again Close Bidding

St. Louis, Mo. awarded $6,000,000 Water Revenue (1964-1993) bonds to the group headed by *John Nuveen & Co.* at a net interest cost of 3.0312%. Here again, bidding was very close with the runner-up bid of a 3.037% net interest cost coming from the account headed jointly by Halsey, Stuart & Co., Inc. and Lehman Brothers. Six additional bids, ranging from a 3.05% to a 3.07% interest cost, were also made for this issue.

Other major members of the winning group include Merrill Lynch, Pierce, Fenner & Smith Inc., Dominick & Dominick, Hayden, Stone & Co., American Securities Corp., Dittmar & Co., Inc., Leedy, Wheeler & Alleman, Inc., Robinson-Humphrey Co., Inc. and William J. Mericka & Co.

Scaled to yield from 1.65% in 1964 to 3.20% in 1992, demand for this high grade bond was excellent with bank interest in the shorter maturities and casualty insurance companies coming in for the longer bonds. As we go to press, about $1,870,000 of bonds remain in account.

The State of South Carolina, a very infrequent borrower, whose bonds carry the highest credit rating, sold $5,000,000 School (1963-1982) bonds to *Morgan Guaranty Trust Co.* and associates on a net interest cost bid of 2.46%. The runner-up bid, a 2.4990% net interest cost, came from the Chemical Bank New York Trust Co. account. There were nine other bids made for this issue.

Associated with the Morgan Guaranty Trust Company as major underwriters are Eastman Dillon, Union Securities & Co., Philadelphia National Bank, Kuhn, Loeb & Co., R. W. Pressprich & Co., Equitable Securities Corp., Hornblower & Weeks, Wertheim & Co., Reynolds & Co., and Laidlaw & Co. Scaled to yield from 1.40% to 2.70% with a 2½% coupon, about 840 of the bonds remain in account.

Upper Merion Township School Authority, Pennsylvania, sold $3,025,000 Revenue (1963-1982) bonds through negotiations to the account managed jointly by *Hess Grant & Remington, Inc.*, and *Yarnall, Biddle & Company*, at a 3.0086% net interest cost.

Other members of this account include Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Smth Inc., Arthurs, Lestrange & Co., Butcher & Sherrerd, De Haven & Townsend, Crouter & Bodine, Ira Haupt & Co., and Stroud & Co.

Scaled to yield from 1.70% to 3.05%, investor demand was immediate with all of the bonds sold during the order period and the account marked closed.

This Week's Business

On Monday of the present week only two issues of note came to market and oddly enough, involved two Pennsylvania credits and both were awarded through negotiation. The Beaver Area Joint Municipal Authority awarded $4,500,000 School Building Revenue (1964-1984) bonds to the syndicate managed jointly by *Singer, Deane & Scribner, Pennington, Colket & Co.*, and *Cunningham, Schmertz & Co., Inc.* at a net interest cost of 3.50%.

Other major members of this syndicate include Kidder, Peabody & Co., Goldman, Sachs & Co., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc., Hornblower & Weeks, Halsey, Stuart & Co. Inc., Smith, Barney & Co., Ira Haupt & Co., B. J. Van Ingen & Co., Inc., Thomas & Co., and Moore, Leonard & Lynch.

Scaled to yield from 2.00% to 3.65%, the press time balance was only $15,000.

Allegheny Valley Joint Sewage Authority sold $3,110,000 Revenue (1964-1987 serial bonds and 2001 term) bonds to the *Thomas & Co.* account at a net interest cost of 3.85%.

Other members of the winning account include Arthurs, Lestrange & Co., B. J. Van Ingen & Co., Inc., Ira Haupt & Co., Blair & Co., Inc., Stroud & Co., Halsey, Stuart & Co., Inc., John Nuveen & Co., and Moore, Leonard & Lynch. The serial bonds due 1964 to 1987 were offered to yield from 2.20% to 3.80% and the 37-year term bonds at 3.875%.

The account reports an unsold balance of about $554,000.

Tuesday saw the sale of $5,150,000 University of Massachusetts Building Authority (State guaranteed) revenue (1964-1991) bonds to the group headed by *Bankers Trust Company* on its bid of 100.0599 for a 3% coupon. The runner-up bid of 100.523 for a 3.05% coupon came from the First National Bank of Chicago and associates.

The only other members of the Bankers Trust Co. group are the First National City Bank and the Industrial National Bank of Rhode Island.

The bonds were offered to yield from 1.60% to 3.15% and the present balance in account is $3,865,000.

Richmond County (Augusta), Georgia, awarded $5,000,000 Hospital (1964-1993) bonds to the syndicate headed by the *First National City Bank* at a net interest cost of 3.1356%. This bid compared very favorably with the second bid of a 3.14% net interest cost which was made by Halsey, Stuart & Co. Inc., and associates.

Other major members of the successful syndicate include Harris Trust & Savings Bank, Robinson-Humphrey Co., Inc., Courts & Co., Citizens and Southern National Bank of Atlanta, Wachovia Bank & Trust Co., Winston-Salem, Roosevelt & Cross, Inc., Johnston, Lemon & Co., Halle & Stieglitz and the Interstate Securities Corp.

The bonds were offered to yield from 1.55% in 1964 to 3.30% in 1992 and the present balance is $3,415,000. The 1993 maturity carried a one-tenth of 1% coupon and was offered at a 4.20% yield.

The group led by *Continental Illinois National Bank and Trust Company* and including Hornblower & Weeks, Illinois Company, Inc. and Chapman, Howe & Co., submitted the best bid for $1,600,000 Lake County, Ill., Elavernon Consolidated High School District No. 125 (1972-1982) bonds, setting an annual net interest cost of 3.036%. The runner-up bid, designating a 3.0598% net interest cost, came from the Harriman Ripley & Co., Inc. account.

The bonds are offered to yield from 2.60% to 3.10% and the present balance is $1,170,000.

Livonia, Mich. awarded, on Tuesday evening, a total of $7,500,000 Public School District, Series A and B bonds. The $5,000,000 Series A bonds, maturing 1966 to 1992, went to the *Northern Trust Company* group at a 3.345% net interest cost. The bonds were scaled to yield from 2.10% in 1966 to 3.50% in 1991 and, after the initial order period, a balance of $1,890,000 remained in account. The 1992 maturity carried a ⅛ of 1% coupon and were sold at a 4.40% yield.

Other major members of this group include First National City Bank; Chemical Bank New York Trust Company; Drexel & Company, and the Philadelphia National Bank.

The $2,500,000 Series B issue, maturing 1966 to 1992, went to the *Chase Manhattan Bank* and associates at a net interest cost of 3.25271%. The bonds were reoffered to yield from 2.00% in 1966 to 3.50% in 1990 and the present balance is $1,300,000. The 1991 and 1992 maturities carried a ⅛ of 1% coupon and were priced to yield 4.25%.

Associated with the Chase Manhattan Bank in this underwriting are Morgan Guaranty Trust Company; Mellon National Bank, and Trust Company; First National Bank of Oregon, Portland, and First Western Bank & Trust Co.

Toll Bonds Steady

The long-term revenue bond issues are about unchanged from quotations of a week ago. *The Commercial and Financial Chronicle's* revenue bond index is unchanged from last week at an average yield of 3.59%. If averaged yesterday (Nov. 21) this Index would have indicated a net dollar decline of about a quarter of a point. The positive factors as expressed by the President at his press conference Tuesday night has buoyed the dollar quoted markets moderately this morning.

A few of these popular issues show net gains for the week as follows: Illinois Toll Highway 3¾s at 95 bid, up ½; Jacksonville, Florida Expressway 4¼s at 107½ bid, up 1; Los Angeles, California Transit Authority 5¾s at 109½ bid, up 1; Massachusetts Port Authority 4¾s at 109 bid, up 1; New York State Power Authority 4⅛s at 108 bid, up ½; Ohio Turnpike 3¼s at 98½ bid, up ¾s, and Texas Turnpike 2⅞s at 90½ bid, up ½. Other issues lagged variously to average out our 23 long term revenue bond Index as indicated above.

October toll road statements generally indicate that monthly revenues are maintaining their relative gains. The gains made by most of the toll roads during 1962 would seem to indicate that 1963 will set new records. Progressive gains in truck traffic even against improved free highways, pick-a-back service, and economic slowdown, give some indication of the vast traffic potential for most of our toll highways. Our limited highway system seems likely to be in short supply for the foreseeable future.

Canadian Bank Rate Lowered

Canada's improved foreign exchange and domestic condition underlie third bank rate reduction from 6% set on June 24, 1962, to 4% announced last week.

The Governor of the Bank of Canada announced last Nov. 13 a reduction in the Bank Rate to 4%.

In commenting on the change the Governor referred to monetary and credit developments in recent months. The Bank Rate had been set at 6% on June 24, 1962 as part of the program of financial measures introduced to deal with the exchange emergency. Market rates of interest had risen sharply in June and levelled off in July. During the summer months, after the announcement of the emergency measures, a strong demand developed on the part of non-bank investors for government securities. The monetary policy followed was directed toward a level of interest rates in the market which would encourage a total capital inflow large enough to cover the current account deficit and rebuild the depleted exchange reserves. This had resulted in the public demand for securities being met mainly by a reduction in the chartered banks' holdings of government securities. The total money supply (i.e. currency outside banks and bank deposits including government deposits) declined during the summer. The great bulk of the decline took the form of a reduction in government deposits as the government ran down its bank balances to finance substantial additions to the official holdings of foreign exchange. The chartered banks' sales of government securities referred to above reduced the liquid resources available to the chartered banks. As a result, the earlier rapid rate of expansion of their loans slowed down, although on a seasonally adjusted basis bank loans continued to increase.

Strengthening Signs

The strengthening of Canada's exchange reserves and the additional evidence of returning confidence provided by the large-scale purchase of government securities by the public led to a reduction in the Bank Rate from 6% to 5½% on Sept. 7. In September and October, the exchange reserves continued to grow and the bond market strengthened. On Oct. 12 the Bank Rate was reduced to 5%.

The temporary decline in the total money supply came to an end in early September and there has now been an appreciable expansion. The liquid assets of the chartered banks have also increased. Market interest rates have declined in recent weeks and they are now in most cases back to the levels prevailing early in June.

The Governor said that the action recently announced reflected the improved conditions noted above and the re-appearance of an appreciable flow of long-term capital into Canada. He said in particular that the reduction in Bank Rate could be taken as evidence that in its continuous effort to encourage credit conditions appropriate to the needs of the Canadian economy, the central bank felt, in view of the resumption of sizable long-term capital inflows and the improvement in the reserves, that greater weight could in the present circumstances be given to other factors. The Governor stressed that monetary policy is a flexible instrument and said that the Bank of Canada will continue to stand ready to discharge the duty placed on it by the Bank of Canada Act ". . . to protect the external value of the national monetary unit . . ." He also emphasized the need for improvement in our underlying international payments position through the achievement of a better balance in our external transactions in goods and services.

COMING EVENTS

IN INVESTMENT FIELD

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.

Nov. 29, 1962 (Chicago, Ill.)
Investment Analysts Society of Chicago luncheon meeting. Speaker: Herbert R. Silverman, President, James Talcott & Co.

Dec. 7, 1962 (New York City)
Security Traders Association of New York annual meeting at the Harbor View Club.

Jan. 18, 1963 (Baltimore, Md.)
Baltimore Security Traders Association 28th Annual Midwinter Dinner at the Southern Hotel.

Jan. 21, 1963 (Chicago, Ill.)
Security Traders Association of Chicago annual winter dinner at the Drake Hotel.

Jan. 24, 1963 (Kansas City, Mo.)
Kansas City Security Traders Association Mid-Winter Party on the Roof Garden of the Hotel Continental.

April 3-4-5, 1963 (Dallas, Tex.)
Texas Group Investment Bankers Association Convention at the Statler Hilton Hotel.

April 17-21, 1963 (Syracuse, N. Y.)
American Bar Association Regional Meeting.

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

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

Sept. 22-26, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

The CHRONICLE will publish on Oct. 17 a special pictorial Supplement giving complete coverage to the proceedings at the Convention.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—The Treasury Department which handles our big government's banking facilities and generally manages our fiscal affairs, is a busy place this autumn.

Under the law, the Secretary of the Treasury must present to Congress an annual report upon the condition of the country's finances. There are numerous bureaus and agencies that make up the department, such as the Internal Revenue Service, Bureau of Customs, Bureau of Engraving and Printing, Secret Service, Coast Guard and Savings Bonds Division, and others.

The biggest fiscal news during the remaining weeks of 1962 and early in 1963 will come from the office of the Treasurer, who has an able career staff surrounding him.

Secretary Douglas Dillon's statement the other day that our deficit would be $7.8 billion surprised few, if any, who follow our fiscal affairs. Furthermore, it is probable we will be faced with another substantial deficit this time next year.

Mr. Dillon was too smart early this year to accept a wager of a brand new hat that the Treasury deficit would be at least $7 billion at the end of this year. Senator Harry F. Byrd of Virginia, chairman of the Senate Finance Committee, offered the wager, but the Secretary declined it.

Secretary Dillon, in his speech before the White House Labor-Management Conference on fiscal and monetary policy, made a pertinent statement of things to come. [See page ?? of this issue for full text.—ED.]

The Cabinet officer said in January after Congress reconvenes, President Kennedy will submit a major program of tax reform and reduction. What does this mean? It means that while individual income taxes would be reduced, some other tax-yielding avenues would be tapped. In other words some taxes would be raised, and some would be lowered.

Oil Industry Expects Cut in Depletion Allowance

For instance, the depletion allowance of 27½% now granted under the Federal tax laws to the petroleum industry would be reduced. Other depletion allowances granted to certain other industries likewise would be cut.

Although there has been no official word on this prospective tax increase, the petroleum industry definitely expects the Kennedy Administration to recommend a reduction in tax allowances, among other things, in the major program of tax reform. The petroleum industry also expects a major scrap is in the offing.

Secretary Dillon says the Administration's program will involve a basic reworking of our fiscal policy. He says its fate in Congress will have a major bearing in meeting our economic goals in 1963, plus the years ahead.

Incentive Needed for Capital Expenditures

The Secretary, who is assisted by two Under Secretaries, three Assistant Secretaries, plus other staff members, told the White House Conference that the Administration has moved to improve the incentives for new investment in this country.

There has been for several years a lag in investment capital in this country. A major reason for the lag, many business people have told Congress, has been the lack of an incentive. They contend there is insufficient incentive to risk capital because of the burdensome tax rate.

While the Administration proposes to lower slightly income taxes, there is no certainty Congress will go along with a reduction. Certainly a tax reduction is long overdue, but a tremendous amount of Federal spending should be reduced and reduced sharply.

"The President will present to the Congress . . . a program to insure more rapid economic expansion, in an atmosphere of greater tax equity and simplicity," said Mr. Dillon.

It is going to be extremely difficult to carry out such a recommendation. Meantime, the mounting public debt and deficits that seemingly face us in the future would mean more inflation. Not only is it going to require some high financing by the Treasury Department to meet the obligations of the Government falling due, but an additional series of United States securities in the form of bonds or notes will have to be issued. This appears inevitable.

Competitive Bond Award Disapproved in Some Quarters

The Treasury announced in September that it planned to try a new method in borrowing. It explained at the time it would sell some $250,000,000 of bonds through competitive bidding by underwriters. Underwriters have been forming to submit the bids. The award will be made to the syndicate submitting the lowest possible interest rate to the Treasury.

There are some securities firms around the country that disapprove of the Treasury plan and have told Treasury officials they think it is a mistake. They maintain that the proposed borrowing technique will hurt the municipal and state bond markets.

Some bankers and others are predicting that the auction method will not be a major success, but Treasury authorities are not only going ahead with their plans to auction the issue, but believe the plan will prove a success without harm to the municipal bond market.

If the modern day plan proves a success, the Treasury undoubtedly will use the experiment to sell future issues.

During the Administration of President Eisenhower there were demands made on the Treasury by some low interest rate advocates in Congress that an auction should be tried. There was particularly a great deal of Democratic Congressional pressure put on the Treasury Department after it issued some five-year notes that bore 4⅞% and 5% interest rate coupons.

Congress not only has been opposed to passing laws to provide a permanent increase in the limit of the public debt, it also has declined efforts to remove the 4¼% limit on United States bonds. Nevertheless, Attorney General Robert F. Kennedy in 1961 issued an opinion that the 4¼% statutory ceiling applied only to the coupon rate, and not to securities issued at a discount price.

Treasury Hopeful of Four Competing Bids

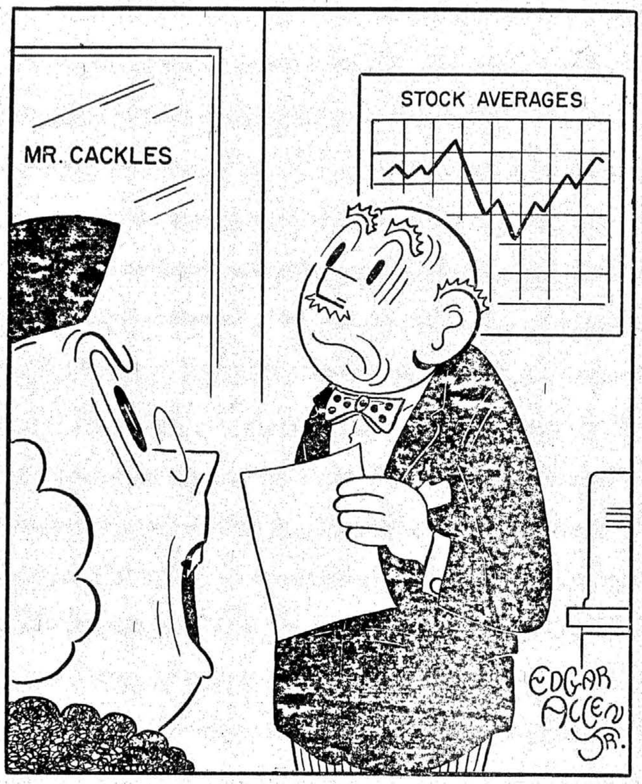
Under the proposed regulations for the auction of the $250,000,000 of long-term bonds, the Treasury is expected to require the recipient syndicate to reoffer the bonds to the investing public.

The Treasury is hopeful there will be at least four syndicates that will submit bids. Three syndicates of investment firms and banks are ready to submit bids after the Treasury sets the date.

The report that some banks in the country intended to boycott the upcoming bond issue probably isn't true. Nevertheless, Senator Paul Douglas, the Illinois Democrat, and one-time economics professor, said there was a rumor to that effect.

The auction method is not an entirely new experiment as it was used for small issues back in the depression years of 1934 and 1935. It was dropped for lack of nationwide interest.

[*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.*]



"Of course I don't want a LIBERAL return—I'm a CONSERVATIVE!"

IBA Convention Opens Nov. 25

WASHINGTON, D. C.—The Fifty-First Annual Convention of the Investment Bankers Association of America will be held Nov. 25-30 at the Hollywood Beach Hotel in Hollywood, Fla. More than 1,200 investment bankers and their wives are expected to be in attendance, announced Curtis H. Bingham, IBA President and President of Bingham, Walter & Hurry, Inc., Los Angeles. Convention sessions will be held at the Hollywood Beach Hotel and delegates will be accommodated there and also at The Diplomat, a nearby hotel in Hollywood.

Curtis H. Bingham

The Association was founded in 1912 and is observing its 50th anniversary this year. Television star Art Linkletter will preside for a program commemorating the golden anniversary during the morning session on Nov. 26.

Amyas Ames, Partner, Kidder, Peabody & Co., New York, was nominated for President of the Association at the Fall Meeting of the IBA Board of Governors, Sept. 19-21 in Santa Barbara, Cal. Named with Mr. Ames were the following nominees 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 Association will act on this slate of officers at the Annual Convention. Nomination, however, is tantamount to election. The new President and five Vice-Presidents will be installed on Thursday, Nov. 29, and the incoming Board of Governors will meet that afternoon.

In addition to the address by IBA President Curtis H. Bingham and the inaugural address by the incoming President, Amyas Ames, the delegates will also hear from the following guest speakers:

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

William L. Carey, Chairman, Securities and Exchange Commission.

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

Following custom, the first business session of the Convention will be a Municipal Forum on Sunday afternoon, Nov. 25. The Municipal Securities Committee and several of its sub-committees will present their reports at this Forum; results of the November municipal bond elections will be announced; and winners of the 1962 Municipal Bond Advertising & Sales Promotion Contest will be presented with awards. Entries in this contest will be on display in the hotel lobby.

The Research Committee will report on the progress of the investment banking study being sponsored by the Association in cooperation with the Wharton School of Finance and Commerce, University of Pennsylvania. Two years ago IBA members approved a special assessment of $150,000 to finance this 3-year research program to provide basic statistics and information on the investment banking industry.