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EDITORIAL

As We See It

The President's address to the Economic Club late last week failed to supply chapter and verse on the fiscal plans of the Administration. It did set forth once more the broad, general philosophy of the New Frontier about such matters as taxation, public spending and the like. "This nation," so the Chief Executive asserted, "can afford to reduce taxes—we can afford a temporary deficit—but we cannot afford to do nothing." He added that "our practical choice is not between a tax cut deficit and a budgetary surplus. It is between two kinds of deficits—a chronic deficit of inertia, as the unwanted result of inadequate revenues and a restricted economy — or a temporary deficit of transition, resulting from a tax cut designed to boost the economy, increase tax revenue and achieve a future budget surplus."

There is, of course, nothing new in all this. On the contrary, it is but another repetition of an old, old fallacy which, as a matter of fact goes much further back than Lord Keynes who did so much to popularize it, but it is deserving of the careful attention of the people of this country nonetheless. It is the more deserving of that attention by reason of the fact that it is not new but another repetition of a very dangerous fallacy which by this very repetition is more than ever emphasized as a cardinal element in the reasoning of the New Frontiersmen. *(Full text of the President's address appears in this issue on page 16.)*

Although all too many of us, having got so accustomed to this sort of talk, do not readily realize it, the key hazard of the doctrine is found in the clear assumption—or explicit statement for that matter—that "we," obviously meaning government must *(Continued on page 21)*

Impending Changes Transforming The Nature of Commercial Banking

By Edward E. Edwards,* *Fred T. Greene, Professor of Finance, Graduate School of Business, Indiana University, Bloomington, Indiana*

Investment and commercial bankers should find this analytical preview of commercial banking's impending transformation of more than casual interest. Depicts banks helping corporations' cash grow as traditional checking account services are minimized, time-savings deposits are pushed, and maximum financial services are provided business unless forestalled. Predicts end to unit and dual banking, and to non-banking intermediaries' "free ride."

When I agreed to this title for my paper, I was not too certain just what "impending" meant. I had an idea the meaning was something different than "inevitable" or "imminent," and later when I looked up the word, I was glad to find that my idea was correct, or nearly so. Impending suggests a sort of cloud on the horizon, a possibility of change in the weather, but no assurance as to when the change will occur, or for that matter, whether it will occur at all.

Edward E. Edwards

What I wish to discuss are changes in commercial banking that seem likely to take place unless something is done to prevent their happening. Impending thus suggests what I have in mind. While the study of past trends and the projection of present trends into the future are interesting activities, I prefer to believe that the future is not just determined by the past. I believe, therefore, that a forecast of the future of banking requires an accurate estimate of what bankers will do about their future, and an accurate estimate also of what their competitors will do, especially with reference to any change the bankers may make in their way of doing business.

Three or four years ago, our School of Business at Indiana University undertook a project to estimate what would happen to the savings and loan business in the decade of the '60s. Our final report turned out to be a very optimistic forecast—and to date this optimism has been justified—but I wish to quote a few statements from the report as evidence of our belief that "impending" changes will not necessarily occur—that the future of any business in a dynamic, free enterprise economy depends more on businessmen and what they do than on any past trends.

Quoting now from the report: "What happens in the decade of the '60s will depend, in part, on events that already have occurred, on forces that are now in motion, and on people whose influence and whose objectives and means of accomplishing them are currently understood. But what happens will depend also on events that have not yet occurred, on forces whose power is still to be generated and on people whose importance in the shaping of our future is not yet realized. The future thus is uncertain, and it is largely this uncertainty which makes life worth living and which challenges us to try to make the future what we want it to be.

"Continued growth of the savings and loan business at the rates suggested, bringing it to $165 billion in total assets by 1970, is possible but not necessarily probable. The estimates assume both a favorable regulatory en- *(Continued on page 23)*

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 24.

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

Pacific Gas Transmission Co.—Nathaniel Stone Chadwick, Associate, Frank Knowlton & Co., Oakland, Cal. (Page 2)

General Battery and Ceramic Corp.—Henry J. Low Manager, Institutional Research Dept., Gude Winmill & Co., New York City. (Page 2)

NATHANIEL STONE CHADWICK

Associate, Frank Knowlton & Co., Oakland, Calif.

Pacific Gas Transmission Co.

"The Security I Like Best" at this time, and under prevailing conditions is a public utility stock issue. But it is not one of the well known overglamorized public utilities that as a class are selling at recognized values. It is a new stock to most people. Certainly it is new to professional investors in the East, because, it is not found in the portfolios of mutual funds, insurance companies, trust funds and other institutional holdings. Why? *Too new?*

No, the answer in my opinion is that the gas industry has been kicked from pillar to post; so much so, that a natural gas stock is not popular with those seeking speculation or growth. This is true in spite of the relative stability and some gains made this year, of stock market price collapse, by many natural gas stock issues.

This new utility, Pacific Gas Transmission Company is an attractive investment issue. It is a growth stock. It is an income issue. Economically it serves the fastest growing area of California, an area extending down the entire Pacific Coast to Bakersfield only 90 miles from Los Angeles. (The latter has its own municipal public utility system.) Pacific Gas Transmission operates a natural gas transmission pipe line from British Columbia through Idaho, Southeast Washington, Oregon to the California border. At Klamath Falls, it sells 152,000 Mcf to El Paso Natural Gas for consumption principally in Spokane, Wash.

The balance, and major part of its traffic or 456,000 Mcf then is taken by Pacific Gas & Electric Company for its use in gas lines serving most of California north of the Los Angeles area. This gas is bought by Alberta & Southern Gas, Ltd. (wholly-owned by Pacific Gas & Electric) in western Alberta. This delivery is accomplished in Canada by Alberta Natural Gas Co. (33⅓% owned by P.G.T.) in a pipe line completed at the end of 1961—*only one year ago.* Earnings are reported to be running at $1 per share and a dividend of 70 cents per share (4% yield) is being paid. Pacific Gas Transmission is 50% owned by Pacific Gas & Electric and the public owns about 30% of the 2,210,252 no par shares. The other holders are those who helped in its construction namely Canadian Bechtel, Blyth & Co., International Utilities and Montana Power. In 1957 and through 1960, shares were sold at 9 to 9.47 each. In January, 1962 (this year) when the market was at its high, $154,700 shares were sold at $17 per share. There are about 7,000 shareholders. The officers of Pacific Gas Transmission include many from the Pacific Gas & Electric management. Mr. J. G. Black is Chairman, Mr. N. R. Sutherland, President and Mr. K. C. Christensen is Treasurer. Etc., Etc.! Enough said, to make one aware of the very top quality of management.

The funded debt is $103,256,400 of first mortgage bonds and convertible debentures. The convertible 5½% debentures total $13,256,400 and are convertible to seven shares at $100 or less than 100,000 shares.

All of the above makes this a fine gas utility issue yielding 4%. But, where to from this? It is my informed opinion that expansion of output to 800,000 Mcf is only a short way ahead. This can be economically accomplished with relatively small capital outlay. That the demand is there, needs only knowledge of the number of people a day coming into the area served.

Pacific Gas & Electric is of course anxious to get the full return possible by maximum operation just as soon as it can. Costs would then drop well below present prices paid El Paso Natural Gas of 39 cents to 40 cents per Mcf.

With such expansion, it is estimated that earnings might reach $2 plus per share. It seems reasonable to anticipate a higher dividend rate in the near term future.

The main features that make this issue so attractive in my opinion are its top management; newness means growth; booming area served; and last but not least, the coming general acceptance by the big institutional investors. If my judgment is right, I believe, here is a $25 stock selling at $17. For investment!

HENRY J. LOW

Manager, Institutional Research Dept., Gude, Winmill & Co., New York City Members New York Stock Exchange

General Battery and Ceramic Corporation

As once again good values, more realistic price times earnings ratios and above average yields become uppermost in the minds of investors, an excellent opportunity presents itself in the common shares of GENERAL BATTERY AND CERAMIC CORPORATION. This concern is the result of a three way merger, consummated a year ago between the above named organization, Shoup Voting Machine Corporation, a leading producer of automatic voting machines and toll collection devices, and Filtors, Inc., a dominant manufacturer of subminiature relays and glass-to-metal seals.

GENERAL BATTERY AND CERAMIC CORPORATION, organized in 1931 to continue a manufacturing business founded in 1921 and subsequently conducted under the name of Bowers Battery and Spark Plug Company, has been known under its present corporate name since November, 1960. It is engaged in the manufacture of automotive storage batteries and spark plugs, primarily for replacement purposes, design and production of automatic voting machines, electronic toll collection equipment for toll highways, engineering and manufacturing of subminiature and micro-miniature hermetically sealed relays, glass-to-metal seals, spark plug insulators, aluminum and beryllium oxide ceramics, etc.

The Battery and Spark Plug Division, the largest of the company's three divisions, is one of the leading manufacturers of automotive batteries of the lead-acid type, generally known as storage batteries, and spark plugs for the replacement market. The majority of its automobile batteries are produced under private brand names for distribution through leading retail gasoline stations, major auto supply stores, rubber companies, junior department store chains and discount houses. About 65% of sales of batteries and spark plugs are handled through these marketing channels with the remainder sold through company branches and distributors under the Bowers name. In addition batteries are made under the name of Bowers for use in automobiles, electric fork lift trucks, buses, trucks, aircraft, small marine craft, golf carts and emergency lighting systems.

Frenchtown Porcelain Company, a wholly-owned subsidiary, and primarily a producer of ceramic spark plug insulators, has patented and developed high content aluminum and beryllium oxide processes for utilization in hermetic sealing and high temperature brazing of metal parts to the ceramic, and also for technical applications in nuclear energy, electronic and aeropspace industries. In view of the dynamic future of the ceramic industry, this phase of activities could in time become a substantial contributor to GENERAL BATTERY's other operations.

Shoup Voting Machine Division, one of the two largest producers of automatic voting machines and a leading maker of electronic toll collection devices for bridges, tunnel approaches and turnpikes throughout the country, has about 40,000 mechanical or electro-mechanical voting machines in use in 32 states. In 1962 a new registration and voter identification system for increased registration accuracy was developed and the first two such systems were sold, one in this country and the other one to Trinidad. In August, Shoup received the largest single order ever placed in the voting machine industry and also in Shoup's history when a $4,000,000 order for the manufacture of 2,750 specially designed voting machines was awarded by the City of New York. In October, 1961, operations were greatly expanded through acquisition of the automatic toll collecting equipment business from the Grant Money Meters Division of Universal Controls, Inc. As a result, Shoup leases and services about 300 toll collection machines utilized by leading highways throughout the country with

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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.)

Creatively Tapping a New Market for Stocks

By John C. Cronin, *Manager, Jackson Heights, New York, Office of Wood, Walker & Co., New York City*

Study pointing up over-exploitation and saturation of the new investor market for stocks strongly recommends adoption of new advertising and merchandising techniques to tap a new demand. After casting strong doubts that the next decade will be as prolific, if not more so, in creating shareholders' growth as in the past phenomenal decade, Mr. Cronin suggests how to develop a hitherto untapped potentially large new market for stocks. Instead of emphasizing to everybody the potentialities of long-term investments in common stocks, the branch office manager favors cultivating a new breed of investors wishing to capitalize on short-term price swings of stocks. This means pressing for: (1) removal of penalties on short-term profits; (2) adoption of a new approach to trading in odd lots and to the entire commission charge structure; and (3) bringing the price of stocks down to the reach of effective demand. Thirty years' experience from research analysis to manager in the securities industry underlie the conclusion that today's market contains a different demand requiring imagination, effort and willingness to meet it—with fruitful potentials as any found in the past.

The flood of comment, both written and spoken, on the action of the stock market in 1962, has seemingly concerned itself with asking the wrong questions and hence obtaining answers that may prove far off the mark. Sharply declining prices on Blue Monday and Tuesday late last Spring, and the subsequent inability of the market (the D-J average notwithstanding) to recover appreciably since then, has raised, everywhere, the question—"What Happened To The Stock Market?"

Such an inquiry is necessarily related to an approach that seeks to explain the performance of prices in relation to such things as the political climate, the outlook for business, the balance of international payments, taxation prospects, the level of corporate profits and the relative yields afforded by competing media for the investment dollar, such as savings bank accounts, real estate, bonds, preferred equities and, finally, common stocks. In other words, it is generally assumed that the entire explanation is to be found in the level and trend of such economic and financial indices.

This analysis of the situation, however valid it may be in part, certainly ignores the one fact which may be of major influence in understanding the action of the market. The question, "What Happened To The Stock Market?", might more realistically be rephrased to, "What Happened To The Market For Stocks?" When the attempt is made to answer the first question, all attention has to be focused on trying to find economic and financial justification for the market's drastic slump in the late Spring and its inability to show any significantly sustained recovery on a broad scale.

On the other hand, asking the second question, "What Happened to the Market for Stocks?", opens up a whole stream of possible investigation leading to an answer which seems to have little relation, in the immediate sense, to the classical and orthodox explanations of why the market has been acting as it has. This avenue of inquiry takes the position that the market for stocks is no different from any other free market and recognizes the obvious fact that any market, for any product or service, must at any time be a true reflection of the forces of supply and demand as they are then at work in that market.

Analyzes Demand for Stocks

Is it not possible then, in adopting this thesis, that it can be shown that starting early this year, the market for stocks was simply becoming smaller and smaller as the demand side of the equation necessarily was contracting for reasons far more fundamental than those which have been generally and widely advanced since then? Demand, for anything, to be effective must possess two attributes: (1) the desire for the product or service must be present, and (2) the capability to satisfy the desire must also exist. This is true whatever the goods or services in question.

Surely there is little doubt in the minds of skilled advertisers and merchandisers of the truth of the proposition that no amount of advertising, promotion and merchandising can create a market for anything unless there is already in existence a latent demand for it which embodies desire and the ability to satisfy that desire. Considerable time, energy and capital have been expended many times in the business life of the nation in attempts to disprove the validity of this fact, and all to no avail. Advertising budgets and programs designed to sell one million Cadillac automobiles, or a

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OBSERVATIONS...

BY A. WILFRED MAY

"MONEY" AT THE WALDORF

A gold mine of top-level fiscal observations was available during the past week at New York's Waldorf Astoria Hotel. The "honored guests" included Per Jacobsson, international monetary expert and Managing Director of the reactivated IMF (International Monetary Fund); Harry Byrd, Chairman of the Senate finance Committee and Carter Glass's successor as "Mister Fiscal Integrity" of the Upper House; and President Kennedy on the Tax Frontier.

Significantly highlighted was the divergence of approach to controversial fiscal and monetary questions between the political and nonpolitical.

Thus, for example, were the differing attitudes toward the method of deficit financing. Questioned in a personal interview by this writer concerning the importance of avoiding debt *monetization* via the banking system, the Money Doctor said: "Throughout my long career in international monetary affairs I have consistently opposed domestic inflationary policies. But an inflexible all-black-or-white rule for limiting the Treasury's borrowings to the people's savings would be unjustified. Such total restriction to savings would prevent the nation's economic expansion and growth."

Strategic Cover

Significant as showing the political attitude in lieu of such seasoned "economic" approach was President Kennedy's fielding of the same question ("Mr. President, in view of the prospect for a deficit in any event and a fairly large one if taxes are reduced, is it part of the Administration's plan to finance a major part of that deficit outside the banking system in order to reduce the threat of monetary inflation?") before the New York's Economic Club just two days later from the same platform. Highly sensitive, justifiably, to the charge of fiscal irresponsibility, the President fled in strategic retreat behind the publicly recognized "sound" William McChesney Martin, Jr., veteran Reserve Board Chairman (per his technique in exhibiting "Wall Street Republican" Douglas Dillon as his "conservative" Secretary of the Treasury. "I am sure that he [Martin] will agree," said Mr. Kennedy, "that any deficit that has to be financed will be financed in a way which will be the maximum degree possible to stimulate the economy without increasing the prospect of another inflationary or speculative spiral. So it is a fine judgement which Mr. Martin will make, but I'm sure he will be as concerned as all of us are to get the benefit such as it may be out of the deficit, and also at the same time keep and use our monetary tools wisely enough to keep matters in control. (SIC) His judgement will be, because of the Federal Reserve Law, final."

Further along at the dinner, unable to resist his penchant for political quips, tacked onto his noncommittal response to questioning as to detail of the tax cut, this plum, "There may be something in it for everybody."

THE 1963 PROSPECTS

Top-flight political factors will, of course, determine the enactment or legislative defeat of the proposal.

Truly, the President's proposal is consistently winning ever-widening support, including the President's Advisory Committee on Labor-Management Relations, the U. S. Chamber of Commerce, the Committee for Economic Development and the Federal Reserve Bank of New York (a line-up termed an "unprecedented solid front" by this week's *London Economist)*.

Nevertheless, this writer feels that the indispensable successful wooing of the public—along with Senator Byrd—can by no means be considered assured.

An interview with the Senator reinforced our impression of his continuing recipiency of the public's confidence. His schism with the President, based on an "arithmetic" budgetary test will be more popular, than of his fellow-recalcitrant Representative Wilbur Mills, who is keying his attitude to the state of the nation's economy (leaving him and Mr. Kennedy, as the President has said, not so far apart).

The body politic may even prefer that the test of the amount of pump-priming be keyed to budget-balancing rather than left to the judgment of the economic managers.

Then also one is impressed with the thought that Senator Byrd's "watchdog of the Treasury" image may be highly effective as good politics as well as sound economics.

The Senator reports that he has not received any mail advocating tax cutting in sharp contrast to the 100,000 pieces of self-serving correspondence which came at the time of the withholding proposal.

The citizenry may well show gratitude for his protection of the Treasury against such a tenet of the President as that expressed before the Economic Club, that the only question properly at issue is as to the *kind* of budget deficit that will be facing us. ("What I am concerned about is the kind of deficit we would have if we had a recession. . . . We have to decide which kind of a deficit do we want, and for what reason, and which in the long run offers us the better prospect of bringing our books into balance.")

Another phase, brought up by Senator Byrd privately, which may win him public support, is the judgment offered from abroad recommending pro-inflation budget deficit policy for us, as now again by the OECD—in the face of our extensions of foreign aid, past and present.

In addition to the appeal of his anti-irresponsibility posture, Senator Byrd gives the impression that he may well gain support through his forbearance from intransigence and doctrinaire dogmatism. (He is so obviously not a "crank.") In fact, the Senator gives the impression that we will compromise at the strategically propitious time.

The Prospect of Compromise

President Kennedy too, in his Economic Club address, particularly during the question-and-answer period, gives the impression that he too will find it necessary to compromise—in any event in the *reform* area.

Is Reform Out?

"It is going to be a tough fight," said the President, "because once you spell out, as I said before, a reform, it is bound to affect adversely the interests of some, while favoring the interests of others. Therefore reform may be a longer task, and we are anxious that in the effort to get reform, we do not lose the very important matter of tax reduction for the sake of the economy."

And even in the non-reform tax-cutting phases the President has recognized the potentially wide opposition from the grass roots. (Again at the Economic Club, "I do not underestimate the obstacles which the Congress will face in enacting such legislation.")

In any event it may well develop that in lieu of the quite prevalent image of a stubborn ornery Congress arbitrarily blocking the legislation, it is the common sense of the constituents that will show itself to be scared away from spiralling the deficit spending.

FROM OUR MAIL-BOX

Depletion and Loop-Holes

Dear Mr. May:

I noted that in the second paragraph of your column in the *Commercial and Financial Chronicle* for Thursday, Dec. 6, 1962, you refer to oil depletion as a "statutory loop-hole." References of this sort are annoying to every person in the oil industry. Additionally, it is a wholly incorrect use of the English language.

Webster's Third International Dictionary defines loop-hole as follows:

"an outlet or means of escape; esp.: one constituted by an ambiguity or an omission in the text through which the intent of a statute, contract, or obligation may be evaded . . ."

Since oil depletion was specifically provided by Congress by express sections of the law which were enacted only after many years of thoughtful consideration, it represents the will and intent of Congress. Consequently, it is improper to describe it in a way which would indicate that the taking of depletion in some way represents an intent to evade the statute. It is no "loophole."

Further under the above definition of "loophole," it is a contradiction in terms to refer to depletion as a "statutory loophole" when, in fact, it is a compliance with the statute and not an evasion of it.

I hope that, on reflection, you will agree with the foregoing and in the future use expressions in respect to depletion which will more correctly reflect the true situation.

OSCAR JOHN DORWIN

Greenwich, Conn.

Irrespective of the semantics involved, the term "statutory loophole" is commonly used by tax experts and high government officials, as well as ourselves, to denote an "escape hatch" provided by the law for the benefit of a special community group. Our inclusion of the word "statutory" surely confirmed the interpretation that the taking of oil depletion allowances is permitted by the law, and in no sense constitutes "evasion."

Incidentally, the thesis of our article, that the use of loop-holes is stimulated by excessively high tax rates, was also embraced by President Kennedy in his last week's session with the Economic Club.—A.W.M.

CHRISTMAS: WORLD WIDE

Again the joyous Christmas season is here. A spirit of good will seems to pervade the air as at no other time of the year. Tired shoppers with heavy packages take the jostling of the crowds with rare good humor. Christmas carols resound and lighted Christmas trees brighten the scene in rural communities, small towns and big cities all across the country.

One of the most spectacular trees is always the one in the famed Rockefeller Plaza in New York City—a 67-foot white spruce with 7,000 lights. At the formal lighting ceremony this year a new feature was added. Children from the United Nations School on Long Island were invited to participate in the program. These children sang Christmas songs, and one of them touched the button which lighted several smaller trees representing the continents of the world. This symbolized the radiance which the spirit of Christ sheds over the entire globe. As the Angel sang over the fields of Bethlehem on that first Christmas night, *"I bring you good news of a great joy which will come to all the people"*.

How fervent is our prayer that the fine international feeling shown here may be further manifested in reality and bring about the peace for which we all long. How glorious will be days when:

"By prophet bards foretold,
When with the ever circling years
Comes round the age of gold;
When peace shall over all the earth
Its ancient splendors fling,
And the whole world send back the song
Which now the angels sing."

—HARRIET SEIBERT

Stone & Webster Elects Directors

Stone & Webster Securities Corporation, 90 Broad Street, New York City, has elected three new directors and a new Vice-President, E. K. Van Horne, President, has announced.

Kenneth K. Mackey

Elected to the board of directors were Vice-Presidents Edward W. Holland of New York, William S. Preston of Chicago and Stuart MacR. Wyeth of Philadelphia.

Elected a Vice-President was Kenneth K. Mackey of New York, who is a member of the company's municipal bond department.

Mr. Mackey joined Stone & Webster in 1946, following service with the Air Force, and became an Assistant Vice-President in 1955. He has been engaged in the municipal bond business for over 25 years with several underwriting and brokerage firms, all in the New York area.

Postwar Developments and Significance to Investors

By Richard B. Willis,* *Assistant Vice-President, Provident Tradesmens Bank and Trust Co., Philadelphia, Pa.*

Philadelphia banking officer rigorously scrutinizes some of the postwar favorable developments which have reversed themselves into problems with discouraging and encouraging investment implications for the future. Also examined is the composition of the present debt, and the ratio of private debt to disposable income which is judged not to be necessarily dangerous so long as we avoid a depression. Mr. Willis explains why the 1960's predicted growth in the labor force in the younger age categories presents a potential opportunity and a possible danger; and why he expects less buoyancy in the economy than in the past 15 years.

I would like to examine several factors that will be important in determining the economic environment of the middle 1960s. This may be more important to long-term investors than what happens to general business in the next month or the next year.


Richard B. Willis

The only statement we can make about the 1960s with any assurance is that they will be materially different from the preceding postwar period. A comparison of the conditions at the close of the war with those now prevailing will be helpful in illustrating the differences.

(1) In 1945, we were emerging from a 15-year period encompassing the worst depression within our memories, an aborted recovery and the largest scale war in our history.

(2) Our industrial plant was inadequate and obsolete. A mammouth rebuilding and expansion job lay ahead.

(3) Consumers durables were worn out and there was a tremendous deferred demand. There were long waiting lists for delivery.

(4) There were many deferred marriages and family formation was set to burgeon.

(5) The ratio of available labor supply to the total population was low and destined to remain so for at least 15 years. Our problem was to find enough workers.

(6) Private debt had been liquidated and in relation to gross national product was at the lowest figure. The expansion potential was tremendous.

(7) The money supply, although one-third of it had been wiped out in the 1930-1933 period, had again expanded to the highest point in history in relation to gross national product. We talked about the problem of "hot money."

(8) We held 60% of the world's gold supply and there were few claims on us. We were free to do anything we felt to be socially desirable. We talked about the "dollar gap."

(9) We possessed the only major unimpaired industrial capacity in the civilized world. We could export anything we couldn't sell here.

(10) During this 15-year period, men's minds had been active, dreaming up new ideas which could not be immediately implemented.

(11) Finally corporate profits had been depressed by price controls and excess profits taxes. They were set to expand.

(12) In short, there was a perfect combination of circumstances to ignite an extended period of prosperity. Yet each of these factors was considered to be a problem at that time.

Rather than give a belabored history of postwar developments, I shall assume that we are all familiar with the reversal of each of these favorable factors. It is this reversal that presents problems for the 1960s. I shall outline three of these problems, discuss very briefly their significance and discreetly refrain from trying to solve them.

I would like to mention first, our problem of the balance of international payments and gold drain. On the surface, this would seem to be easily soluble since in the past 17 years, encompassing 204 months, there have been only two months in which we have had an unfavorable balance of trade. On the other hand, there have been only six quarterly periods in the past 12 years in which we have had a favorable balance of payments, including government military expenditures and grants and capital movements.

Rather than discuss the pros and cons of the situation, I am simply going to point out that the danger lies in the fact that foreigners are building up demand claims against us while our claims against them are long-term. At the present time, there are $26.0 billion of short-term claims against us while we have only $6.0 billion of short-term assets abroad. So long as this ratio continues, it suggests that a return to very low short-term interest rates is unlikely. Unless the problem is solved, it is possible that we might be forced to invoke restrictions on capital exports in the form of dollars, imports of goods and tourist travel. Our freedom of action is restricted.

Problems of Providing Future Jobs

In the 1960's, we are going to feel the impact of the postwar baby boom. While the total population is expected to rise by only 17% as compared with 20% in the 1950's, the 15-19 year age group will increase by 44% vs. 26%. The 20-24 year age group will increase 53% as compared with an actual decline of 3% in the 1950's. Excluding the possibility of a catastrophe these projections are not possibilities; they are ordained to occur. This represents a potential opportunity and a possible danger. If we can successfully absorb these young people into the ranks of the employed and make consumers of them, our economy could take on new life.

This large increase in potential workers is occurring, however, in the group which already represents the core of unemployment. Although industrial production has increased 80% since 1947-49, total industrial employment has increased by only 6%. Production workers alone have declined by 4%. In fact, man-hours worked in our total economy have increased only 7% in 33 years. During the past six years, the labor force has increased by 5.8 million. Only one-third of this group, 2.0 million, found private employment; another third was employed by government, and the final third remain unemployed.

If we have been unable to absorb fully the slowly increasing work force in the private sector during the latter years of the postwar boom, how are we going to absorb a more rapidly growing work force in the 1960's when conditions seem to be less favorable? Had they only been available in the 1945-55 period!

Where are these people to be employed? In the 1948-62 period, most of the increase in the labor force was absorbed in government, construction, trade, finance and service industries. If they cannot be absorbed, projections as to the rate of family formation will not be reached, juvenile delinquency will rise and the birth rate will fall. This suggests tremendous political pressure for full employment. Another aspect is that because of migration, the population of metropolitan areas in 1970 will be about 150 million people, equal to our total population in 1950.

Investment Implications

What is the investment significance of these projections?

(1) One support to inflation will have been eliminated through enlargement of the work force.

(2) If unemployment increases, the return on net worth by business seems likely to decline if history is any precedent.

(3) We may also expect some problems in the field of municipal finance.

(4) On the favorable side, industries which would seem to be in a position to benefit from the rapid increase in the 15-24 year age groups are automobiles and other consumer durables, textiles, college textbooks, tobacco, liquor and consumer finance. Casualty insurance companies probably view the situation with less relish.

Present Debt Structure

Finally, I would like to say a few words about the present debt structure. A responsive debt-making mechanism is a prime requisite for any period of satisfactory business activity. It is through this mechanism that savings are put to work and to the extent that part of the borrowing is from banks, it has the effect of increasing the money supply. As we have seen, "money makes the mare go."

The net debt structure in 1929 was predominantly private. By the end of 1945, there was a massive increase in Federal debt and a slight liquidation of private debt in the 1929-45 period. As a result about $200 billion of money and "near money" was placed in the hands of the public. The reverse process has been taking place in the postwar period. All of the increase has been private or local government. Total net debt by year-end will approximate one trillion dollars, predominantly private again.

While the present relationship of private debt to disposable personal income is high, it is not necessarily dangerous, although it should be noted that it was exceeded only in the late 1920's and 1930's. The present level of debt is not unbearable. It just means that we can't have the postwar period all over again in the 1960's. In the postwar period, we have spent $200 billion in war savings plus $500 billion of new private debt. We have less freedom of action. We may be approaching the time when we are running out of good borrowers. It is just impossible to lend this amount of money without making some mistakes.

Aren't these debts offset by assets? This is true, but your asset is my debt and dependent on my ability to discharge it. Probably the real danger of the situation is that if we should get into a depression as distinguished from a recession, it might touch off a chain reaction involving a liquidation of debt. This could prolong a depression as it did in the 1930's.

Conclusion

I am not predicting trouble in coming years. I am simply expecting less buoyancy in our economy than in the past fifteen years. We have less freedom of action. There is a long-term cycle that stands between the short business cycle, which we discussed earlier, and the long-term secular trend. During the past twenty years, it may have lifted us sufficiently above the secular trend so that a period of consolidation may be required.

*From a talk by Mr. Willis at a Conference on Foundation Investment Policy, sponsored by the Provident Tradesmens Bank and Trust Co., Philadelphia, Pa.

Robinson Humphrey To Admit Three

ATLANTA, Ga.—Robinson Humphrey & Co., Rhoades Haverty Building, members of the New York Stock Exchange, will admit James E. Bourne to partnership on Dec. 27. Mr. Bourne, who will acquire a membership in the New York Stock Exchange, will make his headquarters in N. Y. City.

On Jan. 1, Richard C. Lewis, of Charleston, and Sidney M. Smith, of Atlanta, will also become partners in the firm.

Webster & Gibson Join Cherokee

NASHVILLE, Tenn. — Effective January 1, the firm of Webster & Gibson will be dissolved, and Robert C. Webster and Jo Gibson, Jr. will join Cherokee Securities Co., 4106 Hillsboro Road.

Mr. Webster has served as a Governor of the Investment Bankers Association in the past and was also Chairman of the municipal securities committee.

Mr. Gibson in the past was southern regional Chairman of the National Association of Securities Dealers, and is a past President of the Nashville Bond Club.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

As we come closer to Christmas Day it would appear that the ebullient spirit of Santa has inspirited the entire state and municipal bond industry. During early December inventories had grown and investors had disdained to a degree that had set market averages back close to one point from the year's high levels reached during November. The tax exempt bond market eased off during this late fall period more through lack of bond market leadership than through any deterioration of technical factors having to do with the municipal bond market *per se*.

The leader of all bond markets, the market for long-term Treasury issues, was generally easy during early December and all phases of the bond market followed queue until this lethargy was arrested and the market turned around during the December 10 and 11 sessions. This positive development has touched off a latent demand for tax exempts that has continued quite unrestrainedly to the present and which may perhaps remain with us as we meld into 1963.

Low Volume Swelled Price Level

Had the volume of new state and municipal issues been greater than it has been during the last quarter of 1962 our market would likely be 2 or 3 points lower than at present. Last quarter financing failed to keep pace with the record rate set during the first 3 quarters to the extent that a relative shortage of tax exempts has helped maintain a rather high level market.

However, there have been numerous aberrations as the median line of the market has tended gradually upward. These frequent deviations are the chronic result of enthusiastic bidding for certain new issues by dealers who are too often careless in appraising investor interest. Were the new issue calendar heavier on an average than has recently been the case, bidding would more consistently reflect investor interest.

High Prices Indicated

The Commercial and Financial Chronicle's Index, as of December 19, reflects a market improvement of about a quarter of a point over the last week. The yield Index for 20 year high grade general obligation bonds currently averages at 2.957% as against 2.97% a week ago. The market's high point for 1962 was reached in mid-November when our yield Index went to 2.903%. The market's low point occurred the first week in January when the yield Index stood at 3.265%.

It appears to us that state and municipal bond prices will tend somewhat higher in the near future since the so-called technical market factors seem to be in fair balance and because, in a broader market sense, the flotation of a sizeable long-term Treasury issue will organize Federal forces to that constructive end.

Inventories Not Unwieldy

Dealer inventory has been substantially reduced during the past two weeks and has recently stabilized around the $500,000,000 level using *Blue List* standards. The *Blue List* total of state and municipal offerings was $518,183,000 on Dec. 19.

As we have often pointed out, by present standards this represents but a moderate inventory load, but too frequently it is played up as a figure beyond which lies an inevitable market relapse. It is our feeling that the inventory norm may be safely higher than the $500,000,000 representation.

Large Memphis Offering Moving Closer

The volume of new issues projected for the first quarter has thus far not built up to formidable proportions. The total of scheduled and tentatively scheduled sealed bid flotations through January is presently less than $275,000,000.

In the negotiated issue category the Light, Gas and Water Division of Memphis, Tennessee has designated January 10 for the offering of two issues of bonds totaling $194,200,000. Of this amount, $160,545,000 will be used to retire outstanding bonds callable as a whole on 1/1/1967.

The large underwriting group involved will be managed by *Lehman Brothers, Blyth & Co., Inc., Kuhn, Loeb & Co.* and *Equitable Securities Corp.* The city engaged *White, Weld & Co.* its financial advisor.

Recent Awards

This week marked the last important underwriting period of this year with approximately $160,000,000 of bonds selling at competitive bidding. Bidding by dealers and banks to buy these issues was more competitive than the previous week, but the overall investor reception has been only fair.

On Thursday Dec. 13 two issues of note came to market. The City of Tampa, Florida sold $10,000,000 Special Obligation Capital Improvement revenue (1964-1992) bonds to the *First Boston Corp., Shields & Co.* and associates at a net interest cost of 3.3009%. The runner-up bid, a 3.323% net interest cost, came from the account headed by Kidder, Peabody & Co.

Other major members of the successful group include C. J. Devine & Co., Bear, Stearns & Co., Hornblower & Weeks, Wertheim & Co., Bache & Co., Clark, Dodge & Co., Inc., Dominick & Dominick, Francis I. duPont & Co., Dick & Merle-Smith and E. F. Hutton & Co. Scaled to yield from 1.70% in 1964 to 3.40% in 1990, initial investor demand has been moderate with the present balance in account $6,590,000. The 1991 and 1992 maturities carried a 3% coupon and were sold at a 3.60% yield.

These bonds and the interest thereon will be payable solely from the proceeds of the Utilities Service Tax. The tax is imposed and levied by the City on every purchase of electricity, metered or bottled gas, water service and telephone service within the corporate limits of the City of Tampa. The tax has been collected by the City since 1946 at the rate of 10% on the first $250 of the monthly payments received by the seller of each such utility service from the purchaser of such utility service, and at the rate of 2½% of the payments received in excess of $250.

The City plans to use the proceeds of the issue to finance various improvements, including purchase of certain bonds owned by the Atlantic Coast Line Railroad Co. and improvements to the property as well as some street improvements. Over $3,000,000 will be expended to construct the new Convention Center (Curtis Hixon Hall) in downtown Tampa.

The Georgia State Hospital Authority awarded $6,500,000 revenue (1963-1982) bonds to the syndicate managed jointly by *Morgan Guaranty Trust Co.* and *Bankers Trust Co.* at a net interest cost of 2.9231%. This bid compared very favorably with the runner-up bid of a 2.9238% net interest cost which was made by the White, Weld Co., Halsey, Stuart & Co., Inc. syndicate. In addition, there were seven other bids, ranging in interest cost from 2.9275% to 2.932%, made for this popular bond issue. Reoffered to yield

Continued on page 35

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.25%	3.10%
Connecticut, State	3¾%	1981-1982	3.05%	2.90%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.05%	2.90%
New York, State	3¼%	1981-1982	3.00%	2.85%
Pennsylvania, State	3⅜%	1974-1975	2.70%	2.55%
Delaware, State	2.90%	1981-1982	3.00%	2.85%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.10%	2.95%
Los Angeles, California	3¾%	1981-1982	3.30%	3.15%
Baltimore, Maryland	3¼%	1981	3.10%	2.95%
*Cincinnati, Ohio (U.T.)	3½%	1981	3.10%	2.90%
Philadelphia, Pennsylvania	3½%	1981	3.25%	3.10%
*Chicago, Illinois	3¼%	1981	3.25%	3.10%
New York, New York	3%	1980	3.19%	3.15%

Dec. 19, 1962 Index=2.957%

*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.

December 20 (Thursday)			
Arizona State College, Ariz.	1,000,000	1965-2002	10:00 a.m.
Brookhaven & Smithtown Unified School District No. 1, N. Y.	1,283,000	1963-1991	11:00 a.m.
Celina City Sch. Dist., Ohio	1,698,000	1964-1986	Noon
Chattanooga, Tenn.	2,000,000	1964-1982	11:00 a.m.
Juneau-Douglas Ind. SD, Alaska	1,404,000	1963-1982	11:00 a.m.
Oakland County, Mich.	5,405,000	1963-1992	11:00 a.m.
Snohomish County, Everett Sch. Dist. No. 2, Wash.	1,865,000	1965-1983	2:00 p.m.
December 26 (Wednesday)			
Kearny, N. J.	3,104,000	1963-1976	8:00 pm.
December 27 (Thursday)			
Elgin, Ill.	2,600,000	1964-1985	Noon
Hammond Sanitary District, Ind.	2,900,000	1965-1989	2:00 p.m.
So. Dakota Board of Regents, S.D.	1,175,000	1964-2001	2:00 p.m.
January 2 (Wednesday)			
Upper Darby Township, Pa.	1,000,000	1964-1983	8:00 p.m.
January 3 (Thursday)			
Port Arthur, Texas	5,361,000	--------	11:00 a.m.
January 4 (Friday)			
Sylvania City Sch. Dist., Ohio	1,400,000	1964-1986	Noon
January 7 (Monday)			
Cinnaminson Township S. D., N. J.	1,215,000	1964-1983	8:00 p.m.
January 8 (Tuesday)			
Caddo Par., Parish Wide S. D., La.	4,500,000	1964-1983	10:00 a.m.
Citrus Junior College Dist., Calif.	1,500,000	1965-1984	9:00 a.m.
Freeport, N. Y.	1,075,000	1964-1977	2:00 p.m.
Mobile Co. Bd. of Sch Comm., Ala.	2,500,000	1964-1983	11:00 a.m.
Oklahoma City, Okla.	15,350,000	1965-1988	--------
Philadelphia School District, Pa.	15,000,000	1965-1988	11:00 a.m.
January 9 (Wednesday)			
Jackson Township Local SD, Ohio	1,075,000	1964-1983	Noon
Louisiana (Baton Rouge)	15,000,000	1964-1988	10:00 a.m.
Maynard, Mass.	1,690,000	1963-1982	--------
Pa. State Public School Building Authority, Pa.	19,000,000	1963-2002	Noon
St. Mary Parish, La.	1,100,000	1964-1902	10:30 a.m.
Terrebonne Parish, La.	1,500,000	1963-1982	7:00 p.m
January 10 (Thursday)			
Huntington U. F. S. D. No. 1, N. Y.	3,540,000	1963-1990	--------
Memphis, Tenn.	194,200,000	--------	--------
[Expected to be underwritten by a syndicate managed by Lehman Brothers, Blyth & Co., Inc., Kuhn, Loeb & Co. and Equitable Securities Corp.]			
Oklahoma Lade Redevelopment Auth., Okla.	8,500,000	1965-2002	2:00 p.m.
January 14 (Monday)			
Burlington Township, N. J.	1,800,000	1964-1983	8:00 p.m.
January 15 (Tuesday)			
Aldine Indep. Sch. Dist., Texas	1,700,000	--------	7:00 p.m.
Antelope Valley Joint Union High School District, Calif.	1,500,000	1964-1983	9:00 a.m.
Columbus City Sch. Dist., Ohio	7,850,000	1964-1986	Noon
Ewing Township Sch. Dist., N. J.	3,303,000	1964-1989	8:00 p.m.
Phoenix, Ariz.	2,000,000	--------	--------
Santa Barbara, Calif.	1,970,000	1964-1983	2:00 p.m.
Santa Monica, Calif.	1,000,000	1964-1973	10:00 a.m.
Suffolk County, Water Auth., N. Y.	5,500,000	1964-2001	--------
West St. Paul Ind. SD #197, Minn.	1,190,000	1966-1986	1:00 p.m.
January 16 (Wednesday)			
Johnstown City Sch. Dist., N. Y.	1,572,000	1964-1983	--------
St. Louis Sch. Dist., Mo.	10,740,000	--------	3:00 p.m.
January 17 (Thursday)			
Jefferson Par. Sewerage D. #8, La.	1,500,000	1964-1983	2:00 p.m.
Metropolitan Seattle, Wash.	15,000,000	1966-2002	--------
January 21 (Monday)			
Gallatin County S. D. No. 7, Mont.	2,348,680	--------	--------
Pomona, Calif.	1,100,000	--------	--------
January 22 (Tuesday)			
Oregon (State of)	37,000,000	--------	--------
January 23 (Wednesday)			
East Carroll Parish Consolidated School District No. 1, La.	1,200,000	1965-1983	9:30 a.m.
Hampton, Va.	4,500,000	1964-1983	Noon
January 24 (Thursday)			
Jefferson Parish Road District & Garbage District, La.	4,250,000	1964-1983	2:00 p.m.
Lafayette Parish, La.	1,500,000	1965-1988	2:00 p.m.
January 29 (Tuesday)			
Opelousas, La.	2,700,000	--------	10:00 a.m.
January 30 (Wednesday)			
Wickliffe City Sch. Dist., Ohio	1,800,000	--------	--------
February 1 (Friday)			
Calleguas Mun. Water Dist., Calif.	4,500,000	--------	--------
Miami, Fla.	3,125,000	--------	--------
New Canaan, Conn.	1,800,000	--------	--------

Current, Cooking and Comfort for Long Island

By Dr. Ira U. Cobleigh, *Economist*

An appraisal of the past and the prospects of one of the most authentic growth stocks in the utility industry — Long Island Lighting Company.

This word, "growth," has been so bandied about in Wall Street that, applied to a stock, it can mean almost anything, except dwindling! The company selected for a compact review, today, however documents and illustrates "growth" as accurately and attractively as almost any other major market equity you might cite. It has served its territory, and rewarded its shareholders, by virtue of a continuous expansion in plant, earnings, and profits. It has trebled its revenues in the last decade. Long Island Lighting is quite a company.

Burgeoning Service Area

First, we ought to talk about territory served. Long Island Lighting's service area includes all of Suffolk and Nassau Counties and the Rockaway section of Queens County (a part of New York City)—a total residential population of over 2,200,000 (21 individual states have a lesser population). Although primarily residential, this region has experienced a rapid industrial expansion, especially in electronics, scientific and space age industries. Huge defense plants of Grumman, Republic Aviation and Sperry are in the area, and industrial plants in Nassau and Suffolk now number over 2650—up over 200% in fifteen years. Land which, since settlement by the white man, had been devoted to agriculture (Long Island potatoes are world famous) has, in the post-war years, been swiftly converted to housing developments, shopping centers and industrial parks; and outlying raw land which sold twenty years ago at $50 to $200 an acre is now worth $3,000 to $15,000 an acre, depending on the velocity of surrounding home, industrial or municipal expansion.

Expansion in Facilities and Revenues

In such a vibrant terrain, you would naturally expect the company supplying electric and gas utilities to progress and prosper. Long Island Lighting has done both. In electricity, it now serves about 650,000 customers with residential business accounting for about 50%, and commercial and industrial, 40%, of total electric revenues. In the last 12 months, electric revenues have increased more than 7% over the similar preceding period; and broadened use of appliances and air conditioning has resulted in almost doubling the amount of current used by the average customer in the past ten years.

Long Island Lighting was an early and eager exponent of natural gas, and over 87,000 of its customers now heat with gas. In the past two years, over 80% of all new homes built in the area used gas for space heating, where it was available. Gas for cooking and hot water are, of course, important, but the big upswing has been in space heating. Total gas customers now exceed 355,000. Gas revenues for the 12 months ended Sept. 30, 1962 totalled $45,833,000, up $3.2 million over the preceding year.

Plant Expansion

To accommodate all this growth, Long Island Lighting has expended over $460 million on property additions and improvements in the past 10 years, and will spend about $57 million annually for the next four years. Today, LILCO has one of the most modern utility systems in America; and over 70% of present plant is less than ten years old. All this has required a lot of financing. Unfortunately a utility, unlike an industrial, can't retain the lion's share of its earnings, and plow it back in property. If a utility showed too big an earned surplus, there would be a broad public clamor for rate reductions. So, a utility serving a roaringly expanding territory has quite frequenlty, to go to the investment markets for added funds.

Long Island Lighting is no exception. Bond issues have resulted in a present long term debt of $271 million, and there is $62 million in preferred stock outstanding. There have been six separate common stock subscription offerings to shareholders during the past eleven years, with each successive issue commanding a higher market price. Stockholders who took advantage of these "rights" have benefited handsomely. In the process, the company has improved its common stock equity ratio; and the 8,860,000 shares of common now outstanding represent about 39% of total capitalization.

Rates and Regulation

The Public Service Commission of New York has recognized the need of Long Island Lighting for rapid addition to plant, and in rate matters has been eminently fair in permitting the company a reasonable return on invested capital. For 1961, this overall return was 6.1% on capitalization. The company has no rate matters pending before the Commission, currently.

From the Investor's View

Long term holders of Long Island Lighting common have been well treated. As mentioned earlier, they have been given several opportunities to subscribe to additional stock, at attractive discounts, below market price. These stockholdings, original and added to, have performed well. Quotations of LLT common, listed on the NYSE (adjusted for share increases) have risen from a low of 14⅛ in 1952 to a 1961 high of 59¼. Currently selling at 50, this common stock yields 3.2% on the indicated dividend of $1.60 and sells at about 21 times projected 1962 per share net of $2.35. On this basis, the stock should not be regarded as currently over-priced. A multiple of 21 times earnings is not excessive for a utility with such pronounced growth characteristics.

Further, the yield of 3.2% should be considered in the light of the record. In the past ten years, Long Island Lighting has increased its cash dividend seven times; and the earnings, to justify and support the increases, have done nothing but go up. Per share net increased in each and every year of the decade, from $1.26 in 1952 to $2.26 (on a much larger number of shares) in 1961; and another gain is assured for 1962.

With the current market mood now favoring fundamental and traditional investment equities, an examination of the values inherent in LILCO common may now prove timely and rewarding. A utility with such a sustained growth rate, and one that earns over 9% annually on its net worth, proves it is well managed, and can easily justify the selection of its common stock by investors who stress both dividend income and gain in capital.

La Branch, Wood To Admit Two

La Branche & Wood & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit James G. Burke and Thomas E. Murray II to partnership. Both are members of the Exchange.

First Boston Appoints Officers

The First Boston Corporation, 20 Exchange Place, New York City, has announced that it has appointed the following officers:

In the New York office, those appointed as Assistant Vice-Presidents are: David F. Hunt, a member of the Municipal Department; John R. Loomis, a member of the Institutional Sales Department; Frederick S. Owen, also a member of the Institutional Sales Department; Prentice K. Smith, a member of the Corporate Trading Department; and Herbert C. Tietjen, a member of the Corporate Trading Department. In addition, Daniel W. Taylor was appointed an Assistant Manager in the Government Department.

In the Philadelphia office, Cameron Thompson was appointed an Assistant Vice-President. He is a member of the Institutional Sales Department.

In the Boston office, Grant S. Barker and Parker L. Monroe II were appointed Assistant Vice-Presidents. They are both members of the Sales Department.

In the Chicago office, Walter E. Knowles, 3rd, a member of the Municipal Department, William L. Ostrander, a member of the Dealer Sales Department, and William H. Steen, a member of the Institutional Sales Department, have been appointed Assistant Vice-Presidents. In addition, James O. Johnson, Jr. was appointed a Manager in the Sales Department, and John P. Heiner was appointed a Manager in the Government Department. Charles B. Hinshaw was appointed an Assistant Manager in the Government Department.

To Be Partner in Smith, Barney Co.

PHILADELPHIA, Pa.—On Jan. 1, Frederick W. Morris III will become a partner in the New York Stock Exchange firm of Smith, Barney & Co. Mr. Morris is sales manager of the firm's Philadelphia office in the Philadelphia National Bank Building.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Air Transport Industry — Report with particular reference to **Pan American World Airways** and **Braniff Airways**—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is an analysis of **Deere & Company.**

Apparel Industry — Review with particular reference to **Bobbie Brooks, Munsingwear, Van Raalte** and **Hart Schaffner & Marx**—Bache & Co., 36 Wall Street, New York 5, N. Y.

Canada's Junior Oils—A guide to stock market valuation—Canadian Gas and Energy Investments, Ltd., 320 Bay Street, Toronto, Ont., Canada.

Canadian Common Stocks—Folder of data on 57 Canadian Corporations — Charles King & Co., 61 Broadway, New York 6, N. Y.

Canadian Steel Shares—Analysis —Wills, Bickle & Company Ltd., 44 King Street, West, Toronto 1, Ont., Canada.

Chemical Industry — Analysis of outlook — Fahnestock & Co., 65 Broadway, New York 6, N. Y.

Competitive Competence—Key to investment selection — Study — Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Economic Conditions — Review— Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Electric Utility Stocks of the Gulf South — Analytical brochure discussing **Central Louisiana Electric Co., Central and South West Corp., Gulf States Utilities Co., Middle South Utilities,** and **Southern Company** — Howard, Weil, Labouisse, Friedrichs and Company, 211 Carondelet St., New Orleans 12, La.

50 Active Traders — Data on 50 companies with high trading volume — Canadian Forecaster, 238 Adelaide Street, West, Toronto, Ont., Canada.

Investment Securities Outlook for 1963 — Study — Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York 5, N. Y.

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 comments on **Nippon Musical Instruments Manufacturing Co.**

Japanese Stocks—Statistical circular on issues listed on the Tokyo Stock Exchange—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y.

Mexican Economic Review—Bulletin—Martial & Company, Inc., 500 Park Avenue, New York 22, N. Y.

100 Largest U. S. Corporations— Current statistical data — F. S. Moseley & Co., 50 Congress St., Boston 2, Mass.

Outlook for the Common Market Economies—Bulletin—Arnold and S. Bleichroeder, Inc., 30 Broad St., New York 4, N. Y.

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

Puerto Rican Securities—Quarterly report to investors—Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

Puerto Rico Water Resources Authority — Annual Report — Puerto Rico Water Resources Authority, San Juan, Puerto Rico.

Rail Revival? — Analysis of the industry — Lubetkin, Regan & Kennedy, 44 Wall Street, New York 5, N. Y.

Secondary Offerings for the first nine months of 1962 — Report— Haas, Koch & Co., Incorporated, 120 Broadway, New York 5, N. Y.

Securities Review and Forecast— Brocure — Schweickart & Co., 29 Broadway, New York 6, N. Y.

Selected Stocks—In various categories—Courts & Co., 11 Marietta Street, N. W., Atlanta 1, Ga. Also available is a memorandum on **Echlin Manufacturing.**

Vending Industry — Analysis— with particular reference to **Prophet Co.** and **Automatic Canteen**—Hemphill, Noyes & Co., 8 Hanover Street, New York 4, N. Y.

* * *

ACF Industries Incorporated— Analysis—Bacon, Whipple & Co., 135 South La Salle Street, Chicago 3, Ill.

Allied Chemical Corporation— Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

American Telephone—Memorandum — F. P. Ristine & Co., 67 Broad Street, New York 4, N. Y. Also available are memoranda on **Ingersoll Rand, Insurance Company of North America** and **Standard Oil of California.**

Andy Gard—Memorandum—Van Alstyne, Noel & Co., 40 Wall St., New York 5, N. Y.

Atlantic Refining Company— Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of **Consolidation Edison Company of New York** and **Suburban Propane Gas.**

Becton Dickinson & Company— Discussion in current issue of "Investor's Reader" — Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also in the same issue are comments on **Joseph Magnin Company, International Silver, Hewitt Robins Inc., Railroads, Magnavox Company, Pepsi Cola, Curtis Publishing** and **American Seating.**

E. J. Brach—Memorandum—Sincere and Company, 208 South La Salle Street, Chicago 4, Ill. Also available is a memorandum on **Standard Packaging.**

Byer Rolnick Hat—Memorandum Dallas Rupe & Son, Inc., Republic National Bank Building, Dallas 1, Texas.

Chase Manhattan Bank—Report— Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Consolidated Oil & Gas Inc.— Analysis — Peters, Writer & Christensen Corp., 724 Seventeenth Street, Denver 2, Colo.

Consumer Acceptance Corp.—Report — Michael Investment Co., Inc., Industrial Bank Building, Providence 3, R. I.

Continental Telephone — Memorandum — E. F. Hutton & Company Incorporated, 1 Chase Manhattan Plaza, New York 5, N. Y.

DISC — Memorandum — Eisele & King, Libaire, Stout & Co., 50 Broadway New York 4, N. Y.

Diamond National — Comment— Bregman, Cummings & Co., 4 Albany Street, New York 6, N. Y. Also available are comments on **Grumman Aircraft.**

Diners Club Inc. — Analysis— Sutro & Co., 460 Montgomery St., San Francisco 4, Calif.

Emerson Electric Manufacturing Co.—Analysis—Orvis Brothers & Co., 30 Broad Street, New York 4, N. Y. Also available are comments on **Harris Intertype Corp.** and **Southern Nitrogen Co.**

Gateway Sporting Goods—Memorandum — Bosworth, Sullivan & Company, Inc., 660 Seventeenth Street, Denver 2, Colo.

Great Atlantic & Pacific Tea Company—Report—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are comments on **Commonwealth Oil, Kerr McGee, Metro Media** and **North American Aviation.**

Hertz Corporation — Analysis— Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

Hoover Ball and Bearing Company—Analysis—Schrijver & Co., 37 Wall Street, New York 5, N. Y.

Interchemical Corporation—Analysis—Hardy & Co., 25 Broad St., New York 4, N. Y.

Kaman Aircraft Corporation— Analysis — Rutner, Jackson & Gray, Inc., 811 West Seventh St., Los Angeles 17, Calif.

Litton Industries — Memorandum —Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

MSL Industries—Memorandum— A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Maclaren Power & Paper Company—Analysis—Royal Securities Corporation Limited, 244 St. James Street, West, Montreal 1, Que., Canada.

P. R. Mallory—Analysis—Butcher & Sherrerd, 1500 Walnut Street, Philadelphia 2, Pa. Also available is an analysis of **Plough Inc.**

Midland Ross Corp. — Bulletin— Colby & Company Inc., 85 State Street, Boston 9, Mass. Also available is a report on **Syntex Corp.**

Monroe Auto Equipment Company —Analysis—Fulton, Reid & Co., Inc., East Ohio Building, Cleveland 14, Ohio.

Montana Dakota Utilities—Review —Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available are reviews of **National Fuel Gas Company** and **Southern Natural Gas** and a chart analysis of **Celanese.**

Narrow Fabric Company—Report —Parrish & Co., 40 Wall Street, New York 5, N. Y.

National Life and Accident Insurance Company—Analysis—The Illinois Company Incorporated, 231 South La Salle Street, Chicago 4, Ill.

Niagara Mohawk Power Corp.— Analysis—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y. Also available are comments on **Van Raalte, Grumman Aircraft** and **Standard Kollsman.**

Opemiska Copper Mines Ltd.— Discussion — Isard, Robertson, Easson Co., Limited, 217 Bay St., Toronto 1, Ont., Canada.

Oshawa Wholesale—Memorandum —Granbery, Marache & Co., Inc., 67 Wall Street, New York 5, N. Y.

Pauley Petroleum Inc.—Analysis —Mitchum, Jones & Templeton, Inc., 650 South Spring Street, Los Angeles 14, Calif.

Pittston Company—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Power Industrial Products Co.— Report—S. D. Fuller & Co., 26 Broadway, New York 4, N. Y.

Renwell Industries — Memorandum — Crichton, Cherashore & Cundey, Inc., 170 Broadway, New York 38, N. Y.

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

Rockwell Standard Corporation— Report — Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y.

Rollins Broadcasting Inc.—Memorandum — Nathan, Blechman & Co., 42 Broadway, New York 4, N. Y.

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

Season All Industries—Memorandum—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa.

Soss Manufacturing — Memorandum—Richter & Co., 1431 Broadway, New York, N. Y.

Speedee Mart Inc. — Analysis— Cordova Company, 3223 West Sixth Street, Los Angeles 5, Calif.

Standard Oil Company of Indiana —Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y. Also available are comments on **Universal Oil Products, Burlington Industries, Whirlpool, W. F. Hall Printing, International Silver** and **National Standard.**

Telex—Memorandum—Leason & Co., 39 South La Salle Street, Chicago 3, Ill.

Texaco Inc.—Analysis—Shields & Company, 44 Wall Street, New York 5, N. Y.

Textron — Memorandum — Filor, Bullard & Smyth, 26 Broadway, New York, 4, N. Y.

Toro Manufacturing — Memorandum—J. M. Dain & Co., Inc., 110 South Sixth Street, Minneapolis 2, Minn.

Universal Publishing & Distributing Corp. — Analysis — Allen & Company, 30 Broad Street, New York 4, N. Y.

Washington Water Power—Memorandum—J. W. Sparks & Co., 120 Broadway, New York 5, N. Y.

Westinghouse Electric—Bulletin— Uhlmann & Co., Inc., Board of Trade Building, Kansas City 5, Missouri.

Westinghouse Electric—Memorandum—Evans & Co., Incorporated, 300 Park Avenue, New York 22, N. Y.

Two V.-Ps. for Woodcock, Moyer

PHILADELPHIA, Pa. — Effective Jan. 1 Charles A. J. Gachot Jr. and Frank J. Murray, Jr. will become Vice-Presidents of Woodcock, Moyer, Fricke & French, Inc., 123 South Broad Street, members of the New York and Philadelphia-Baltimore-Washington Stock Exchanges. Mr. Murray is Manager of the firm's municipal department.

To Be Somers, Schafer, Collins & Young

Effective Jan. 1, the firm name of Somers, Schafer & Collins, 120 Broadway, New York City, members of the New York Stock Exchange, will be changed to Somers, Schafer, Collins & Young. On that date George W. Young, member of the Exchange, will become a general partner in the firm, and Ruth M. Torgerson will be a limited partner.

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 and nonagricultural employment in November remained at the levels of the summer and early autumn while personal income and retail sales rose further. The money supply and time deposits at commercial banks continued to expand. Common stock prices rose further between mid-November and mid-December.

These and other economic developments are contained in the December monthly report prepared by the Federal Reserve Board of Governors, as follows:

Industrial Production

"The preliminary November index of industrial production was unchanged from the October level of 120% of the 1957-59 average. Indexes for most major groups of industries as well as those for final products and materials changed little.

"Auto assemblies, at 141% of the 1957-59 average, remained at the advanced level of the preceding four months. Production of other consumer durable goods was stable from August to November, after having declined 4% from the high May-June rate. Following persistent increases through the spring and summer, output of business equipment changed little in October and November. Steel ingot production rose about 5% in November, but changes in output of most other materials were small.

Construction

"New construction put in place, which was at a record level in October, declined somewhat in November to a seasonally adjusted annual rate of $62 billion. Following a sharp rise in October, public construction declined. Residential and other types of private construction changed little.

Employment

"Seasonally adjusted employment in nonfarm establishments continued to change little in November. Employment increased further in State and local government and in the service industries but declined in construction and in the metal and metal-fabricating industries. The average factory workweek increased, with substantial gains in primary metals and transportation equipment. The unemployment rate, at 5.8%, was up somewhat from October but unchanged from August and September.

Distribution

"Retail sales rose nearly 2% in November and were 2½% higher than in September. Department store sales rose sharply, although they did not quite reach the September level, and sales increases were widespread among other nondurable goods stores. Deliveries of new autos, which had risen sharply to a record rate in October, declined moderately but total sales of durable goods stores were unchanged.

Commodity Prices

"The wholesale commodity price index declined somewhat further between mid-November and mid-December, to about the level of a year ago. Owing partly to decreases among livestock and meats, prices of foodstuffs continued to decline; they were 4% below the peak reached in September when there was some withholding of livestock from the markets. The industrial commodity price level remained stable.

Bank Credit and Reserves

"Total commercial bank credit, seasonally adjusted, continued to grow in November, but less rapidly than in the preceding months. The increase in loans was smaller, reflecting in part repayments of security loans. Bank holdings of securities, both U. S. Government and non-Government, increased. The money supply rose substantially further and time deposits at commercial banks continued to expand.

"Total reserves of member banks increased over the four weeks ending December 12. The rise in required reserves was larger than usual, and excess reserves declined. Member bank borrowings from the Federal Reserve were reduced somewhat. Reserves were supplied by an increase in float and by Federal Reserve purchases of U. S. Government securities and were absorbed largely through an outflow of currency.

Security Markets

"After falling to or below their spring lows, yields on State and local government bonds increased somewhat between mid-November and mid-December and those on corporate and Treasury issues changed little. Rates on 3-month Treasury bills fluctuated narrowly around 2.85%.

"Common stock prices rose further and the volume of trading remained large. In mid-December, average prices were midway between the low of last June and the peak of December 1961."

Bank Clearings Increased 9.9% Above 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, Dec. 15, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 9.9% above those of the corresponding week last year. Our preliminary totals stand at $33,411,623,875 against $30,410,061,949 for the same week in 1961. Our comparative summary for some of the principal money centers follows:

Week End. Dec. 15—	(000 omitted) 1962	1961	%
New York	$19,540,362	$16,929,639	+15.4
Chicago	1,355,067	1,374,222	— 1.4
Philadelphia	1,130,000	1,128,000	+ 0.2
Boston	839,098	832,013	+ 0.9
Kansas City	525,845	507,291	+ 3.7

Steelmakers to Finish Year On Strong Note

Steelmakers will finish the year on a strong note and start 1963 with reasonable assurance of a business uptrend that should last through the first half, *Steel* magazine said this week.

The market is stronger than it has been at any time since April, and it's not expected to weaken between now and January despite bad weather and the holidays.

Automakers, appliance manufacturers, and other users who have depleted their inventories are steadying the market at a time when cutbacks in construction and canmaking would otherwise trigger a letdown.

Although some users have asked that deliveries be withheld until after Jan. 1 because of yearend inventory taxes, many steelmakers expect their December shipments to be as large as last month's, and most say their bookings will exceed November's.

Products in best demand are all

Continued on page 36

Short and Long Run Tax Cut and Reform Prospects

By C. Lowell Harriss,* *Professor of Economics, Columbia University, New York City*

A leading economist concludes that the outlook for tax reform is discouraging. Discussion probes the need for and the troublesome problems to be faced and solved before there can be a new tax law. Dr. Harriss surmises there will be some helpful tax cuts but doubts reform will come near to what the public could reasonably expect to obtain. He foresees temporary cuts at the minimum twice as large as the forthcoming January 1, 1963 rise in payroll taxes with major decisions for the long run carried over from 1963.

In October, 1962 after almost 18 months of legislative consideration and Treasury urging, the United States Congress passed a new tax law. It provides a small tax credit, around 7 per cent subject to many limitations, for new investment in machinery and equipment. Moreover, in July the Treasury drastically liberalized the provisions for computing depreciation; the new rules should go very far to remove complaints of business that deductions allowed for this type of expense have been inadequate. Changes in the taxation of income from certain sources outside the country, tighter restrictions on travel and entertainment expenses, and a variety of other changes were made. On the whole, however, a large part of the program advanced by President Kennedy in 1961 was not in the law.

C. Lowell Harriss

The total of modernization made to date is small in relation to what the American economy ought to have. President Kennedy has pledged to press for tax reduction on a broad scale, and presumably in substantial amounts, in 1963. He has not yet revealed his proposals. Uncertainties, international and otherwise, are too great for anyone, probably even the Treasury, to know today what it will be trying to get Congress to enact next March. Congressional response and Congressional initiative will also depend to an unknowable degree upon events which have yet to occur. Under our system of balance of power in legislation, the President must ordinarily make many compromises to get any tax changes approved by Congress.

The Need for Tax Reform

Beyond any question, the need for tax reform seems to me imperative.

(1) **Wartime rates remain.** Personal income tax rates are those enacted during World War II. The effective progression of rates is steep, in part because brackets were compressed as a war measure; higher rates were made to apply at lower levels and to rise more rapidly. Inflation has in effect increased the real burden of progressive rates. Inflation has also cut the real value of the personal exemption. The only important relief, as compared with the tax as it existed in the era 17 years ago (before most of the inflation appeared), has been "income splitting" for married couples which reduces the steepness of progression.

The corporation rate is **more than** 3 times that of the 1930's and one fourth **above** the World War II level. The wartime estate and gift tax rates remain. Most of the War and Korean excises are still with us. And last but by no means least, employment, i.e., payroll taxes impose burdens which, per dollar of wage or salary, are **several times** heavier for the typical employer and worker than up to 1949. These employment taxes alone will add over $2 billion to the total tax bill next year.

(2) **Distorting effects of high rates.** It is not only the fact that total tax **burdens** are high which creates need for action. Very high **rates** of tax give rise to a variety of undesirable effects—distortions in the allocation of capital, labor, and all productive resources—which would be less of a problem if the same total tax bill were collected from levies with more uniform rates.

(3) **Inequalities.** Something else adds to the need for tax reform. This is the existence of many special provisions. Some are perhaps justifiably called "loopholes." Others produce heavier burdens in certain cases than seem warranted. The desire for fairness in taxation could be served more fully.

(4) **Unsatisfactory performance of the economy.** Finally, there is the sad but inescapable fact that our economy is performing less well than we should like. Unemployment is too high. National income is significantly below what is reasonably possible. If tax changes can lead to higher employment and real income, and to more rapid growth, then this possibility in itself adds to the case for tax reform. Today, this is the case.

Five Problems to Be Expected in Considering Tax Reform

Unfortunately, troublesome problems must be faced and solved before there can be a new tax law. I shall discuss five.

(1) **Budgetary Deficits.** As the country enters 1963, there will be not only unemployment and sluggish business, not only taxes heavier than during World War II. There will also be a substantial deficit in Federal finances. The deficit in the budget in its broadest sense may be over $7,800 million (annual rate). This must influence next year's tax legislation. Year after year the budget has been in deficit, with few exceptions.

Economists would generally agree that tax reduction which would enlarge the budget deficit could also stimulate business and raise employment in the short run. (The magnitude of the effects would depend upon monetary policy.) Inside and outside of Congress, however, there will be not only disquiet, but even deep concern, about any tax reduction which will add to a deficit already large and auuarently chronic.

A recent Tax Foundation study of Federal spending shows total outlays to have risen from $43,000 million in 1950 to $115,000 million in 1963.[1] Almost $36,000 million of the increase, that much **per year**, has been for purposes **other than** defense. Note how this **increase** of $36,000 million in spending compares with the **total** of about $28,000 million spent per year on producers' durable equipment. Government expenditures seem to have gotten out of control. And they are likely to go up still more.

Will not deficits become even larger if taxes are reduced? Such questioning may have substantial influence in the year ahead.

A tax cut can be expected to stimulate the economy as the weeks and months pass. Eventually, it will have less net effect on the deficit than appears initially because some of the larger national income will be used to pay larger taxes. What about the longer run, however? A revenue system which yields less than would our present system must mean deficits even in years of boom, unless spending trends are changed. Moreover, when business is less than the best, the deficits would be large —or huge.

Perhaps we exaggerate the dangers of such a powerful bias toward deficits. Perhaps not. In any case, however, the concerns will rightly command attention. Some members of Congress may agree with the highly influential Senator Byrd that decisions to cut spending should precede decisions to cut taxes. The stronger this view, the less probable that we shall get tax reduction on any good scale. Action will certainly be slower.

(2) **Short-run Stimulation vs. Long-Run Growth.** If the economy were flourishing without inflation, this second point would be of negligible importance. Unfortunately, however, business cannot be called exuberant. Recognizing this fact, and agreeing that tax reduction can give a "shot in the arm," a stimulating boost to the economy, is there not convincing reason for tax reduction?

Assuming that this line of argument is accepted, one must then ask, "What type of tax reduction?" Some patterns of reduction will have more short-run stimulating power than will others. Per dollar of revenue loss, and under today's conditions, tax cuts which increase the spendable income of the great masses of consumers will probably be most effective in helping business quickly.

Yet those changes which can be recommended for business in the short-run are not necessarily best for the years ahead. And for the future we must consider the forces of growth. Americans have been told time and again that their economy is not growing rapidly enough to satisfy the needs — and the desires — which seem certain to develop in the future. The President believes that governmental policies, including those of taxation, should encourage long-run economic growth.

The policies which favor such growth are not necessarily the same as those which would do most to raise income in the near future. Raising the rate of long-run growth requires, I think, relatively more saving and investment—and less emphasis on boosting consumption—than one might recommend for, say, the next 9 to 12 months. To help the economy grow more rapidly, we ought to seek consciously for more entrepreneurship, more freedom and incentive and easier access to capital, especially risk capital, for business.

Tax reform can play a part. "Growth-oriented" tax changes would emphasize the reduction of taxes on extra effort, on business, and on the incomes and estates which would convert a relatively high proportion of the tax reduction into savings.

The vast majority of Americans, year in and year out, use on the average about 93% of their income for consumption buying. One can hardly say that this is "underconsumption," that it represents inadequate willingness to provide demand out of income received. The remaining 7%, along with business saving, will not finance a rate of growth as high as many of us believe desirable. Tax reductions concentrated on the mass of consumers will probably add, on the average, about 7 cents per dollar to funds for investment. Businesses and upper-bracket individuals save more per dollar of income.

In short, an economist might logically favor one pattern of tax change for 1963 and one significantly different for the longer run. To me it seems that the "average man" needs no great tutelage to understand the issues involved. The leaders of Congress must be familiar with the problems. Nevertheless, the difficulties of working out any precise program, or combination, are not easily overcome. The practical problems of administering such changes cannot be understood by anyone who is not close to the actual operations of government and business. But no system involving every worker and employee in the country can change quickly or frequently without much loss of effectiveness.

(3) **Dealing with Existing Inequalities, Including "Loopholes."** Every tax change involves something **specific**, a **particular** feature of someone's tax. Each possibility will affect some people, and some businesses, more than others. The Federal tax system has become highly discriminatory.

There are rates which apply unequally. The personal income tax rates go from 20% to 91%, a huge range by any standards; there is another inequality, for the highest rate on capital gains on assets owned over six months is 25%. Rates on transfers at death go from 3% to 77%, a range of 25 **times.** Corporation earnings are taxed at 30% to over 52%. There are also many discriminations, some large and some small, in the prescription of **what** is taxed.

When people are treated unequally, their interests differ. To the extent that a group is favored, its members will try to hold on to advantages. To the extent that the members of a group are burdened more than are other taxpayers those hurt can be expected to try to get Congress to grant relief.

The consequences for tax legislation are numerous. For one thing, some groups have little or no desire to support any changes which have a chance of adoption. Most of the rest of us are likely to use whatever time and energy we can muster to press for one or another emphasis. Many of these proposals will be mutually exclusive.

Given the limits on total revenue reduction which is possible, the detailed tax changes which men will work for will involve much more loss of revenue than can be sustained. The working out of compromises must be time consuming. It is aggravated by the complexity of innumerable features. The meaning and the significance, especially the dollar magnitudes of the results of many details of the law are uncertain, even to experts. And no one can be expert on many features of our unbelievably complex tax law. The members of Congress face an exceedingly difficult task in getting agreement when so many complicated issues are involved.

(4) **A "Balanced" Program.** One big unknown in the 1963 outlook is this: Will the Treasury propose a "balanced" program, i.e., one in which some, though not all, changes that **reduce** revenue are matched by others which would involve tax **increases?** Not all of the undesirable features of the present tax system involve the absolute over-taxation of some groups. Under-taxation (relative) of some families and some businesses is also a fact. Will not statesmanlike tax reform include some increases as well as reductions? The reductions which those who are overtaxed can expect will depend somewhat upon elimination of the undertaxation of persons now favored.

Past statements of responsible officials of the Kennedy Administration, as well as of Congress, leave no doubt of their desire for both types of tax reform. (Even among the members of the President's party, however, there is no consensus on details.) Every proposal to raise someone's tax, however, will create opposition. And each element of opposition inevitably slows action. There is a lack of symmetry. Few groups seem inclined to fight for higher taxes on others. If the Treasury leads in seeking to remove favoritisms, it will probably find itself without much support, even from taxpayers who might benefit.

(5) **Lack of Agreement on Programs.** As 1963 approaches bringing some hope for tax reform, one looks around for reasonably complete, well-documented programs having the support of sizable groups. The search may not be in vain, but it will not turn up much which qualifies.

The job of tax reform on a broad scale is inevitably difficult. To try to get a large group to agree on a general program of tax reform will produce endless frustrations.

The difficulty, of course, is not to get a group to agree on one or a few things of common interest. Though such agreement may be helpful, it is not enough. The great hope of 1963 is for action on something more than details. We hope for major progress on the long journey of true modernization.

One of the greatest needs is probably a new approach to the taxation of business. It is business which is the basic organization for creating most income. Does taxing business help it to operate more efficiently and more effectively? No. Nevertheless, the

1 Tax Foundation, *Growth of Federal Domestic Spending Programs, 1947-1963* (New York, 1962).

United States continues to tax business very heavily. Lightening such taxes will require business leadership. Up to the present time there has been little concerted action, hardly even a sustained effort to get the business community to devise and support a program of well thought out tax reform.

The Treasury and the Congress will find a public whose views on tax reform are more marked for their diversity than for their agreement. And the lack of strong public backing for specific, concrete changes will constitute a source of difficulty and delay.

Prospects

The outlook for tax reform in 1963, therefore, is discouraging. On the basis of conditions as they stand now, a new law seems probable. It will reduce taxes—on individuals and probably on corporations. This will be to the good. The sense of discouragement comes from the apprehension that reform will fall short of the best which the public could reasonably expect to obtain.

What might be best seems impossible. There would be two different elements. (1) The first would be a temporary reduction on individuals to go into effect just as soon as possible. The size is debatable. The least should probably be twice as much as the rise in payroll taxes which will automatically go into effect Jan. 1, 1963. The purpose would be to boost purchasing power for a few months. (2) During these months, Congress and the public would have an opportunity to choose carefully from the alternatives open for the longer run. Note everything desirable could be enacted in 1963, if only because of the complexities. Certainly not all of the desirable rate reduction could go into effect in 1963. Much of what is decided in the near future should probably go into effect only gradually. Nevertheless, major decisions for the long run do need to be made as soon as possible. Only with clearer outlines of the eventual goals can the best modifications of details be made from year to year.

*An address by Dr. Harriss before the New York University Tax Conference, New York City, N. Y.

Named Director

CHICAGO, Ill.—Erwin A. Stuebner, a partner in the investment firm of Kidder, Peabody & Co. and President of Kidder, Peabody & Co., Inc., was elected to the Board of Directors of Uarco Inc., business forms manufacturer of Barrington, Ill., at the company's annual meeting held Dec. 11, 1962. He replaces Andrew J. Dallstream who died last June. Mr. Stuebner is a member of the Midwest Stock Exchange a Governor of the Investment Bankers Association of America, President of the Board of Directors of Passavant Memorial Hospital, Chicago, and a Trustee of the Village of Kenilworth. He also is a Director of Rohm & Haas Co., American Investment Co. of Illinois, United Utilities Co., Moog Servocontrols, Inc.

Erwin A. Stuebner

Mr. Acheson's Criticism Of Britain Criticized

By Paul Einzig

In finding Dean Acheson's recent remarks about Britain undeservedly disparaging, Dr. Einzig rebukes the former Secretary of State not so much for what he said but for not even trying "to be constructive" in what he said. Dr. Einzig agrees Britain needs strictures from her friends and, as in the past, can profit from them if they point out exactly what is at fault instead of being "vague and wholly critical on the borderline of hostile abuse." Several topics warranting critique are given as examples of what should have been said.

LONDON, England—The remark made by Mr. Dean Acheson in his speech at West Point that Britain's role as a separate Power is "about played out," and that no special relationship between Britain and the United States exists any longer, has aroused a storm of protest in Britain. Even staunch supporters of Britain's entry into the Common Market such as Lord Gladwyn, Mr. Acheson obviously intended to support, are annoyed by the unintelligently offensive way in which he tried to help them. Mr. Macmillan himself recalled that Britain's other enemies, from Philip II to Hitler, had forestalled Mr. Acheson in underrating Britain's strength. All this is most unfortunate, for until the day of his speech Mr. Acheson was looked upon in Britain as a friend and, owing to the prestige he enjoyed over here, friendly and constructive advice on his part would have been gladly accepted.

It is indeed a thousand pities that Mr. Acheson should choose to word his remarks so tactlessly that he was bound to antagonize even the most pro-American sections of British public opinion. What is even a greater pity is that he did not even try to be constructive. Had he chosen his words with more tact and had he attempted to explain the reasons why, in his opinion, Britain has declined, I am convinced that his strictures would have been received in the right spirit.

In 1931 the French economist André Siegfried in his book *England's Crisis* gave a disturbing and unflattering account of Britain's economic decline after the first World War. He told us many a home truth that were at least as painful as those dished out by Mr. Acheson. Yet his strictures produced a salutary effect on British opinion. The defects that had called for correction were pointed out by an authoritative outside expert who had no axe to grind. The reason why his criticisms were heeded—indeed they must have played a part in creating the atmosphere for the British revival that followed the suspension of the gold standard in 1931—was that in his conclusion he expressed his conviction that sooner or later Britain would work out her salvation.

It is precisely because of the absence of a similar expression of faith from Mr. Acheson's strictures that they are scornfully rejected by British public opinion. Evidently Mr. Acheson forgot all about the experience of 1931 and of 1940 when the British people, finding themselves confronted with a really major crisis, showed themselves at their best. Although it would be idle to deny that in the meantime the Welfare State and the "We have never had it so good" attitude, has debased the British character, Mr. Acheson has no right to assume that in face of another major crisis its best qualities will not come once more to the surface.

What Acheson Could Have Said

What a pity that Mr. Acheson, instead of indulging vague and wooly criticism on the borderline of hostile abuse, did not tell instead the British people what precisely in his opinion is wrong with it. An outspoken criticism of the attitude of British industrial labor which is at the root of all Britain's post-War difficulties, would have carried considerable weight, coming as it would have come from an impartial and authoritative quarter. The trouble is that the British trade unions are not criticized nearly sufficiently at home. Hardly anybody ever dares to be outspoken about their short-sighted greed, their utter lack of responsibility and about their truly Hitlerian dishonesty. Everybody knows the fact but to state them in public would amount to blasphemy, sacrilege and *lese-majeste* combined.

If only Mr. Acheson had pointed out the fact which is surely known to him that the decline of Britain's influence has been almost entirely due to the inadquate expansion of production resulting from the short-sighted selfishness of the trade unions, he would have rendered immense service not only to Britain but to the entire free world. West Germany recovered her influence, long before she even begin to rearm, entirely as a result of the "miracle" of her economic recovery. Switzerland has an international influence that is entirely out of porportion to the small size of her territory and population, because the Swiss worker puts in a really hard day's work for his pay, and the country is therefore prosperous.

Had Mr. Acheson criticized the British Government, and its predecessors in office since the war, for their failure to resist and check the demoralizing influence of giving everything to British trade unionists without insisting on getting anything in return, his criticism would have greatly strengthened those who realize that Britain's economic salvation lies in bringing this deplorable state of affairs to an end. That is the kind of criticism Britain needs now more than ever.

Until recently criticism of that kind was expressed from time to time not in words but in action, on the part of foreign holders of sterling balances and foreign speculators in Foreign Exchanges. Whenever they felt that the process of deterioration was gathering momentum their selling pressure on sterling forced the Government to take action. But now, thanks to the provisions of additional support by various international arrangements, it has become possible to cover up the cracks in the edifice for a long time without having to do anything about them. Behind the facade of international financial support it will be possible to allow the basic situation to deteriorate much further.

The true friends of Britain in the United States are not those who turn a blind eye towards developments which inexorably undermine Britain's greatness, but those who are willing to criticize our weak spots. But such criticism in order to be acceptable and effective has to be friendly, constructive and to the point. It is because Mr. Acheson's critical remarks do not fulfill these requirements that they are so utterly unhelpful.

Van Alstyne, Noel To Admit Partners

On Jan. 1 Lorrin C. Maudsley and John Spohler will become partners in Van Alstyne, Noel & Co., 40 Wall Street, New York City, members of the New York Stock Exchange. Mr. Maudsley is Manager of the firm's stock syndicate department.

Sprague, Nammack To Admit

On Jan. 1, Rosemary E. Versfelt will become a limited partner in Sprague & Nammack, 39 Broadway, New York City, members of the New York Stock Exchange.

Economists See Vigorous 1963 if Taxes Are Reduced

Business prospects are moderately good for 1963 according to the consensus of opinion of 209 economists polled by F. W. Dodge Corp. The majority of economists indicated, however, that their forecast would be significantly up-tilted if income taxes are reduced early in 1963. Some of the average expectations turned up on Dodge's 16th annual survey — assuming no tax cut — are 2% over-all GNP increase to $565 billion; 2.5% gain in consumer spending; industrial production decline in year's first half followed by strong recovery leaving the yearly average unchanged; investment off 3% at $74.3 billion; interest rates the same or slightly lower; and another record year in total construction despite weakness in residential building.

The business outlook for 1963, according to a composite opinion of more than 200 of the nation's leading economists, is only moderately good.

Responding to the annual survey by F. W. Dodge Corporation, these economists — from business, government, and universities — do not expect a recession next year, but neither do they predict any real buoyancy in the economy. National output is expected to top out in the fourth quarter of 1962—the first half of 1963 is likely to be a period of no change —a moderate recovery will get underway in the second half to raise Gross National Product for the full year to $565 million, 2% above 1962. The economists polled by Dodge favor terms such as "stall," "mark time," "dead center," and "sideways" to describe the opening months of 1963. Although they look for an upward movement in the second half, few expect the rise to be vigorous.

It is important to note, however, that the majority of the economists replying to the survey indicated that their forecasts would be significantly raised if income taxes are reduced early in 1963. A large majority of the economists stated that they favored an across-the-board tax reduction in 1963, but owing to its uncertainty few built it into their forecasts. Their composite opinion on the business outlook may therefore be taken as their estimate of business prospects *if taxes are not reduced*.

Median 1963 estimates of the economists are summarized below, followed by a more detailed discussion of the replies.

(1) *Gross National Product:* Holding at just over $560 billion in the first two quarters of 1963. . . . A rise to $572 billion in the fourth quarter. . . . A total of $565 billion for the full year 1963, up 2% from 1962.

(2) *Investment:* Declining to $73 billion in the spring quarter. . . . A sharp rebound to $77 billion in the closing three months. . . . Total for year off 3% at $74.3 billion.

(3) *Consumer Spending:* A quarter-by-quarter rise . . . slowly at first, later picking up steam . . . up 2.5% for the year to $365 billion.

(4) *Government Spending:* $124 billion in 1963 . . . rising steadily throughout the year . . . at plus 5.5%, the fastest rising category of spending.

(5) *Industrial Production:* No change in the yearly average (FRB index 117), but a drop in the first six months followed by strong recovery.

(6) *Total Construction:* Continued high volume of $61 billion new construction put-in-place in 1963. . . . Public projects up sharply, offsetting weakness in residential building.

(7) *Housing Starts:* Down 4% in 1963. . . . Private, nonfarm starts totaling 1,325,000.

(8) *Unemployment:* Worsening in the year ahead . . . per cent unemployed to average 5.9, with peak of 6.0% during second quarter.

(9) *Prices:* Wholesale prices steady through most of the year at 101. . . . Consumer prices, led by cost of services, edging up 1% to 106.5.

(10) *Interest Rates:* About the same or slightly lower . . . the almost unanimous opinion of the economists polled.

Details of Replies

Survey respondents this year numbered 209. Of the total, 105 represented manufacturing and utilities companies, 48 were from financial and insurance firms, 26 from colleges and universities, three from goverement, and the remaining 27 from consulting and research organizations.

The full text of the F. W. Dodge Corporation Survey follows:

As in the past, we have summarized the numerical estimates of the economists by using the median average and the "50% range"— the range within which the middle half of the estimates fall. This will give some indication of the divergence of opinions. In some cases the median estimate for the year will differ from the average of the quarterly figures. This results from the fact that yearly figures have been obtained by actual calculation rather than averaging the quarterly estimates, in order to include the many respondents who preferred to give yearly figures only. We have also included selected quotations from the replies in order to add depth to numercial forecasts.

(1) *Gross National Product:* Up 2.2%.

As the figures indicate, the economists see general stability without much growth. And more important, even a brief and shallow business downturn seems to be ruled out. The average expectation in that Gross National Product will reach $565 billion next year—an increase of 2.2% over 1962, with all the gain taking place in the second half. The fourth quarter 1962 rate of GNP—estimated at $560 billion—will echo and re-echo until the third quarter of 1963 when it advances to $565 billion and then on to $572 billion, a final quarter increase of $7 billion. The middle 50% range (that is, the range covered by 25% of the total replies on each side of the median) for the year extends from $560 to $570 billion. Such a dispersion is not out of line with estimates of previous years.

The numerical estimates of GNP components show that the absence of net expansion in the first two quarters will be the result of a pulling and tugging among the individual sectors of the economy. During these months, gains in consumer and government outlays will be cancelled by a cutback in business investment spending. In the latter part of the year, a turnabout in investment outlays, along with continued expansion of consumer and government spending will restore the upward trend in total output.

Comments

"Expect economy to remain at about fourth quarter 1962 level through the second quarter of 1963 and then resume rise in the last half."

"The economy will be in a period of consolidation during the first part of 1963. Slowed spending by business and to some extent by consumers will set stage for more growth."

"Delicate balance between pause and recession. No serious maladjustments visible, and any letdown likely to me mild. Latter part of year could be strong if taxes are cut."

"The possible reduction of Federal taxes will play an important role in the 1963 economic picture. . . . a negative decision from Washington on lower taxes will have a depressing effect on the economy while a contrary decision will accelerate the key economic indicators to new highs."

"No real recession; speed-up late in year under impact of tax cut and increased defense spending."

"The projection above assumes no tax reduction during 1963. If, on the other hand, we assume a tax reduction effective April 1, 1963, by $6-$7 billion in personal income taxes and $1-$2 billion in corporates taxes, GNP for 1963 would at least increase by $10 billion."

(2) *Investment:* Off 2.7%.

Investment, always the most volatile GNP component, is expected to contract and then stage a recovery later in 1963. The economists' median forecast is that total investment will slip from $76 billion in the fourth quarter of 1962 to a low of $73 billion in the second quarter of next year. Then a quickening recovery is expected in investment spending, boosting the total to $77 billion by the final quarter of 1963. The median forecast for the year is $74.3 billion, a decline of 2.7% from the 1962 level. Fairly diverse opinion was shown in the wide 50% range which extends from $71.1 to $78.4 billion.

This year we asked the economists to include numerical estimates for the three categories of investment — new construction, producers' durable equipment, and inventories. These figures show that the three components are expected to move closely together — through the decline and recovery stages. Median estimates for outlays on new construction and producers' durables are $44 and $29 billion respectively for 1963. Inventory accumulation for the year was estimated at $1.5 billion.

Comments

"Slowdown in sales, ample capacity, squeeze on profits will cause some cutback in business investment next year. Declining sales will also create the need for an adjustment of inventories but it appears no extensive liquidations will be required."

"Inventory liquidation during first half, 1963, replaced by inventory accumulation in second half."

"Some strength should be gained by two new tax rulings: (1) shortening of write-off time of equipment; (2) investment credit on income tax."

(3) *Consumer Spending:* Up 2.6%.

Most of the economists expect a quarter-by-quarter rise in consumer spending. The median forecast calls for a $360 billion annual rate of expenditure in late 1962, picking up to $362 billion for the second quarter of 1963 and reaching $369 for the final quarter. This would indicate that the advance will be slow at first, and then, during the second half of 1963, begin to pick up. In total, next year should see an increase of 2.6% over 1962, with a median estimate for total consumption of $365 billion for the year. The 50% limits extend from $362 to $368 billion.

Virtually all the respondents see continued expansion in services and nondurables, but opinion is split on the durables category. Some warn of a decline, while others point to consumer liquidity and the potential for credit expansion as favoring higher durable goods purchases next year. Those who do see gains in hard goods spending in 1963 confine their optimism to the second half.

Comments

"Consumer spending will provide the basic strength to the economy, but only a tax cut will entice a renewed vigor in spending."

"Slowly rising personal income will support gradual increase in consumer spending."

"Consumers are in a highly liquid position. Retail sales in the last quarter of 1962 should be very stimulating for the economy. Expenditures on durables will be sustained primarily because of continued heavy car sales."

"Rising services and soft goods will offset slight declines in consumer durables. Income tax cuts should provide a boost to spending beginning about mid-year."

(4) *Government Spending:* Plus 5.4%.

"Up, up, up" is the unanimous opinion of the economists in regard to the trend in government spending. From $120 billion for the final quarter of 1962, the median forecast reaches $126 billion four quarters later. The median estimate for the year is $124 billion with a rather narrow 50% range extending $121.5 to $125.7 billion.

Comments

"One of the mainstays for 1963 —particularly in construction and increases in military establishments."

"Defense needs and social legislation probable in 1963 will call for high level of government spending."

"No cut in nondefense expected —with or without tax cut."

(5) *Industrial Production:* Down and up.

The economists see a low point in the Federal Reserve Board's index of industrial production coming in the second quarter of 1963. From the 1962 final quarter index of 119 the median forecast dips to 117.0, then to 116.0. It reverses itself in the third quarter and rebounds to 120.0 during the closing months. The 50% limits for this quarter extend from 117.0 to 122.0. Average figure for the year at 117 will be unchanged from 1962.

Comments

"A cutback in the more volatile durable goods components will cause a decline in the FRB."

"After a first half adjustment to the current imbalance between new order receipts and shipments, production should begin to reflect higher capital and consumer spending."

"Continued weakness in durables production but stability in nondurables and mining."

(6) *Total New Construction:* Continued high.

Survey respondents predict another high volume year for total construction in 1963. After a strong $62 billion (median) estimate for the final quarter of this year, activity is expected to settle back to about the $61.0 billion mark for the first two quarters of 1963. Construction will then begin rising in the third quarter, reaching a $62 billion rate during the closing three months. The median yearly total for 1963 is $61.0 billion (just a shade over the estimated $60.7 billion total for 1962), with the 50% limits extending from $60 to $63 billion.

The consensus showed a general weakness in residential building in 1963, which will be offset by gains in the nonresidential categories. Public construction, it was felt, will be up sharply.

Comments

"Construction will in total average be about the same as in 1963. The mix will change however, especially with a shift downward in private housing and a large increase in the public housing sector."

"Construction activities next year will act as a net stimulus to the economy, although to a considerably lesser extent than this year."

"An expansion in total construction is anticipated, centered in utilities, public works, defense installations, and other nonresidential building."

"Look for continued public spending, a slowing of housing (other than public) starts, a very conservative industrial, office, and commercial program."

(7) *Housing Starts:* Down 4% in 1963.

In contrast to the total construction picture, the economists are not optimistic about the number of private nonfarm housing starts for 1963. Peak 1962 rates will remain memories for a time as median forecasts call for a continued decline in the annual rate of 1,380,000 units during the final quarter of 1962 and 1,300,000 in the first quarter of next year. Housing starts should then turn around to lead the rise in general economic activity over the balance of the year as the median advances to 1,320,000, 1,350,000, and 1,359,000 in the succeeding quarters. Yet the yearly rate should stand at 1,325,000—a drop of 4.1% from the current year. The 50% range for 1963 runs from 1,300,000 to 1,400,000.

High vacancy rates as an indication of temporary overbuilding — particularly of apartments — drew frequent mention. Most economists voicing concern over these factors, however, emphasized local rather than national supply-demand imbalance. Others saw rising family formation pro-

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Connecticut Brevities

Aetna Life Insurance Company, Hartford, has begun construction of a $6,000,000 addition to its home office building. The new wing will parallel a wing completed in 1958 at the opposite end of the main building. The company will thus be in a position to complete the quadrangle in future years. Aetna is presently leasing quarters throughout the city and this action appears to represent a step toward consolidation of all company offices within the main building.

* * *

Avco Corporation's Lycoming Division, Stratford, has received a contract amounting to $39,566,000 for production of a new generation of re-entry vehicles for the Air Force's Minuteman intercontinental ballistic missile weapon system. Development of this re-entry vehicle, known as Mark II, has been carried out by the corporation's Research and Advance Development Division, Wilmington, Mass., under a previously unannounced contract exceeding $29 million.

* * *

Unimation Inc., a subsidiary of Pullman, Inc., has begun construction of a new factory in Bethel, Connecticut. This new company will manufacture "Unimate", an industrial robot developed by Consolidated Controls Corp. of Bethel. The robot can remember over 200 commands and is used industrially for repetitive or hazardous operations. The new plant, of colonial brick design, will contain approximately 6,000 square feet of factory space with provision for future expansion. Pullman officials said the company will start out on a small scale, but eventually plans to employ as many as 300 persons.

* * *

The Hamilton Standard division of **United Aircraft Corporation,** East Hartford, has developed an electron beam machine that can both cut and weld. The combination cutter-welder is designed primarily for fabricating and assembling microminiature electronic devices, one of the latest techniques aimed at reducing the weight, size and the number of parts of circuits and components. Complete electrical circuits of some microminiature devices fit on thin wafers no larger than a fingernail. The Hamilton Standard cutter-welder can work all metallic materials and many non-metals such as ceramics and glass.

* * *

Southern New England Telephone Company recently held a groundbreaking ceremony marking the beginning of construction of a $2 million area headquarters building in Norwalk. The four-story steel and masonry building will eventually displace the company's old headquarters across the street. This new building will contain business offices and telephone equipment.

* * *

General Time Corporation, Thomaston, has added to its Stromberg Division time equipment product line a "MIC" (Magnetic Ink Character) clock. Magnetic ink characters, which are odd in appearance, have been showing up increasingly on checks and statements from banks and other businesses as a result of electronic data processing. The Stromberg "MIC" clock is designed to aid users of data processing equipment in their efforts to accustom the public to these unfamiliar symbols.

* * *

Raymond Engineering Laboratory, Inc., Middletown, is constructing an addition to its manufacturing facilities as part of a planned program to keep the company geared to the needs of the missile and aerospace industries. The two-story building will be completely air-conditioned and provide an additional 17,000 sq. feet. Precision machining departments will occupy the first floor and the upper floor will be used for fabricating rocketry payloads, assembly operations and support facilities for production.

Milwaukee Co. Elects Officers

MILWAUKEE, Wis.—Harold A. Franke was elected President of The Milwaukee Company, 207 East Michigan Street, at the investment firm's annual directors' meeting, it was announced by Joseph T. Johnson. Mr. Franke succeeds Mr. Johnson, who was elected Chairman of the Board.

Harold A. Franke

Joseph T. Johnson

The directors also elected John F. Baumann as Executive Vice-President, Van L. Call as Vice-President and Treasurer, Karl Backus as Vice-President and Secretary and Robert C. Brussat as Assistant Vice-President.

Mr. Franke is a veteran of 35 years in the investment business. He started in 1927 with Edgar, Ricker & Co., which merged with The Milwaukee Company in 1941. He was elected Executive Vice-President in 1954. The Milwaukee Company's seat on the New York Stock Exchange is held in his name. He is also an associate member of the American Stock Exchange.

Mr. Baumann, manager of the company's municipal department, joined The Milwaukee Company in 1954. Previously he had been associated with the Federal Reserve Bank in Chicago and with Halsey, Stuart & Company, Inc. for 19 years.

Mr. Call has been with The Milwaukee Company ever since the company was organized in 1929. From 1924 to 1929 he was associated with the Second Ward Securities Company.

Mr. Backus joined the Milwaukee Company in 1948 and served as a sales representative until 1956 when he became head of the corporate finance department. He was elected a Vice-President the same year.

Mr. Brussat became associated with The Milwaukee Company's trading department in 1954. Previously, he spent 21 years in the investment service and bond department of the Marine National Exchange Bank.

The Milwaukee Company has its home office at 207 East Michigan Street, and maintains offices in ten other cities, including St. Paul.

L. C. Bailey Joins Auerbach, Pollak

Leo C. Bailey has joined Auerbach, Pollak & Richardson, 30 Broad Street, New York City, members of the New York Stock Exchange, in the Institutional Research Department, it was announced by Richard E. Jennison, Director of Institutional Research.

Mr. Bailey was head of the Applied Sciences and Defense Industry Group at Investors Diversified Services and prior to that he was a senior industrial economist responsible for acquisitions and new product analysis at Varian Associates and head of the Southwest office of Stanford Research Institute.

Earlier, Mr. Bailey was assistant to the Director of European Operations of Battelle Memorial Institute and established a Technical Economics Division in Geneva and Frankfurt Laboratories.

THE SECURITY I LIKE BEST...

Continued from page 2

gross annual rental revenues presently at the rate of about $1,250,000.

The company's Filtors Division, the largest manufacturer of high quality subminiature and microminiature relays, made according to military specifications for use in most major guided missiles, missile systems, aircraft and ground support equipment, also numbers among its products relays which can withstand severe environmental conditions, shock and vibration better than other types presently used. Filtors' relays were used in the Mercury space capsule and will be utilized in the Gemini space capsule which is expected to be launched in 1964.

As a result of the three way merger, GENERAL BATTERY AND CERAMIC CORPORATION now constitutes a well diversified and aggressively managed organization with a greatly enlarged research and development staff, a considerably broadened products line and a strong sales force. Before the merger, GENERAL BATTERY, the sixth largest storage battery producer, doubled its net sales in the last six years from $6,697,000 for the fiscal year ended April 30, 1957 to $13,400,000 for the fiscal year ended June 30, 1962. Net income after taxes rose better than fourfold from $124,000 or seven cents per share for fiscal 1957 to $562,000 or 31 cents per share in 1961, adjusted to the present number of common shares outstanding. Comparable earnings figures are not available for fiscal 1962 because of the change of the merged concerns' fiscal year.

Since Shoup Voting Machine reported on a calendar year basis during the past and Filtors' fiscal year ended on June 30, direct overall comparisons with results of previous years are difficult to make accurately and are not necessarily all conclusive. Thus the current fiscal year ending June 30, 1963 will be the first complete business year of the three organizations consolidated under one management group. Fiscal 1963 net income is estimated around $1,500,000 or 80 cents per share on estimated sales of about $33,000,000 compared with fiscal 1962 net income of $919,000 or 51 cents per share before a non-recurring gain of $130,000 or seven cents per share on fire loss insurance recovery. Sales for the fiscal year ended June 30, 1962 were $30,775,000. For the 1961 fiscal year net income for the constituent companies was $1,185,000 or 65 cents per share, adjusted to the present number of shares outstanding, on sales of about $26,000,000.

On June 30, 1962 current assets of GENERAL BATTERY AND CERAMIC CORPORATION were $14,111,000, including cash of $797,000 compared with $9,692,000 current liabilities. Dividend payments, which have been made since the shares were first offered to the public in June 1960, are presently at an annual rate of 40 cents per share. The company's highly regarded management owns 890,000 shares or 53.3% of the common stock capitalization, and several of the largest stockholders have waived cash dividends on their total holdings of 762,400 shares until April 30, 1964.

In view of the brilliant outlook for further accelerated growth of GENERAL BATTERY AND CERAMIC's diversified activities, the common stock, currently selling around 8 on the American Stock Exchange or at 10 times estimated fiscal 1963 net income of 80 cents per share and yielding 5%, is reasonably priced and offers a good potential for long-term capital gains.

New A.B.A. Centennial Film

"Banking in Action," a new American Bankers Association film which tells the story of commercial banking in the United States, will be premiered in several major cities in January.

The 17½-minute, 16-mm. sound and color motion picture is the most ambitious in the Association's 14-year film program.

Prints of "Banking in Action" will be made available to all banks which are members of The American Bankers Association, through the Public Relations Committee. School officials desiring to show the film should inquire at their local bank.

Treasury Sets Bidding Rules For Competitive Bond Issue

The Treasury releases regulations governing impending sale of $250 billion long-term bonds via the auction method. The winning underwriting syndicate must make a "bona fide reoffering of all of the bonds to the investing public."

The Treasury made public Dec. 17 regulations governing the sale of bonds at competitive bidding, together with a sample invitation for bids. Comments were solicited by the Department in November upon a tentative draft of the regulations. The regulations will be published in the *Federal Register* of Dec. 18.

Secretary Douglas Dillon said that the Treasury will, in the first offering of bonds at competitive bidding, require a *bona fide* reoffering of all of the bonds to the investing public. This is in accord with the regulation which states:

"When so specified in the public notice, it shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder will make a *bona fide* reoffering to the investing public."

The objective of the Treasury in establishing this requirement, Secretary Dillon said, is to obtain the broadest possible interest in and distribution of the bonds among the investing public.

Four criteria are cited by the Treasury as relevant to the judgment which it will have to make in any specific case as to whether a **bona fide** re-offering has been made:

(1) The bonds cannot be taken down for the underwriter's own investment or trading accounts until a good faith re-offering has been made and the underwriter has been unable to sell all of the bonds to the investing public at an established re-offering price. Individual syndicate members may not take down the bonds for their own investment or trading accounts until the syndicate, after making a good faith effort to sell all of the bonds to the investing public at the re-offering price, is dissolved and the unsold bonds are distributed among the syndicate members.

(2) The opportunity to obtain bonds from the underwriter must be open to all investors (except members of competing underwriting groups).

(3) Liability to the United States will be borne solely by the successful bidder, and purchasers of the bonds on the re-offering will have no underwriting liability to the United States.

(4) Underwriters may, of course, obtain indications of interest from investors prior to the bidding but must give investors the right to withdraw from any such previous arrangements made with them when the terms of the re-offering become known.

Secretary Dillon said that, with the publication of these regulations, the Treasury is now in a position to proceed with the first offering of bonds at competitive bidding whenever market conditions are deemed appropriate.

Arnold Joins Newbold's Son

PHILADELPHIA, Pa. — W. H. Newbold's Son & Co., 1517 Locust Street, members of the New York Stock Exchange and other leading exchanges, announced that Eugene Arnold is now associated with them.

Eugene T. Arnold

Mr. Arnold has been active in the investment securities industry for the past 40 years and prior to joining W. H. Newbold's Son & Co. was associated with Harriman, Ripley & Co., Inc.

Mr. Arnold is a member of the Philadelphia Securities Association, The Bond Club of Philadelphia, of which he is also a member of the Board of Governors, the Investment Traders Association of Philadelphia and the Midday Club of Philadelphia.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

There are quite a few exchanges still being made in portfolios so that the necessary adjustments for the year will be completed on time. It is reported that there is no particular trend coming out of these switches since about like maturities are being bought in place of those that are being sold. There is nonetheless a bit more of a demand for the most liquid Government issues because some of the longer term obligations are now being replaced with the most liquid issues. And, according to advices, purchases of Treasury bills show no signs of a letup as far as corporations, banks and foreign funds are concerned.

Commitments in the intermediate term Government bonds appear to be continuing with the 1969, 1971 and 1972 maturities still among the more favored ones. Exchanges from selected tax-exempt bonds into these maturities are being reported.

Inflation Fears Again Rising

The considerably improved action of the equity market appears to have taken some of the attention of investors away from the bond market, especially from the most distant maturities of fixed income bearing obligations. The reasons for the sharp recovery in the common stock market from the severe setbacks of last spring and summer run all the way from a technical recovery to a renewal of the purchase of equities as a hedge against inflation. This new inflation psychology is supposed to be caused by the fear that the Federal Government will continue to report very large budget deficits.

It is believed that the budgets for the 1962/1963 fiscal period as well as that of 1963/1964 will be heavily out of balance. It is a well known fact gained the expensive way, namely from experience, that continued deficits of the budget lead to only one thing and that is inflation, which is the most exacting tax of them all.

Therefore, the more favorable action of the equity market, along with the prediction that business as a whole will continue to be good with or without a reduction in taxes and the beliefs that it might not be adverse to buy a few common stocks, whether it be for hedge purposes or not, seems to be having an effect also on the bond market, even though the influence so far on fixed income bearing obligations has not been too marked.

Better Bond Yields in Prospect

It is evident nonetheless that a growing amount of concern on the part of buyers of bonds could have a more noticeable effect on these securities, especially if there should be very large offerings of long-term Government bonds in order to sell these securities to the ultimate investor so that the force of inflation would not be able to gain too much of a foothold on the economy.

In other words, for the time being it appears as though the bond market is not going to move up much further and there could be a minor reaction from current levels which might carry the yields on these obligations up to levels that would be higher than have been seen in quite awhile. This does not mean that there is going to be an extreme shakeout in the bond market but it could result in better yields being obtained by those investors who are interested in making commitments in long-term fixed income bearing securities.

Treasury Bond Yields More Attractive

Narrowing of the spread between yields on corporate bonds and Governments, mainly because corporate yields have gone down more rapidly than have those of the Federal securities, makes the Government obligations look more attractive at this time. This trend of decreasing yield spreads is likely to continue. It is evident that the offering of long-term Government bonds through competitive bidding in order to get more of these bonds into the hands of the ultimate investor could further narrow the existing spread since the floating supply of the latter would be increased under this plan.

This should not, however, mean that the long-term Government bond market will be crowded with Treasury offerings so that yields on the best bonds available will go up sharply. A modest firming in yields of long Governments is the most that should be expected since it seems as though easy money rates will continue to be the policy of the monetary authorities for the foreseeable future.

Cyril de Cordova To Admit to Firm

Cyril de Cordova & Bro., 25 Broad Street, New York City, members of the New York Stock Exchange on Jan. 2 will admit Eustace De Cordova, Jr. to partnership.

Goodbody & Co. To Admit Two

Goodbody & Co., 2 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, on Jan. 1 will admit Thomas E. Feeley and Laurence C. Keating to partnership. Mr. Feeley is Manager of the firm's Syndicate department; Mr. Keating is Manager of the institutional sales and corporate bond department.

Lamson Bros. To Admit Partner

CHICAGO, Ill.—Lamson Bros. & Co., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges on Jan. 1 will admit George F. Sutherland to partnership. Mr. Sutherland is manager of the firm's research department.

The Market . . . And You

BY WALLACE STREETE

Years ago, when the stock market witnessed a day's decline of five points in the Dow-Jones industrials, the change was called a drop, a dive, or even a plunge.

But today a reduction similar to Tuesday's loss is termed a sideways motion or at the worst a drifting to lower levels. This change in reaction is especially noticeable at a time when investors are about to be hit by the usual flood of year-end predictions on the state of the future economy.

General Optimism

First signs of the seers indicate a generally optimistic tone. Few prognosticators come right out and promise a whole new series of records for most sectors of the economy. But the implications are becoming clearer that new highs can be expected as a matter of course if we assume that:

(1) Income tax cuts (both corporate and individual) are substantial as well as retroactive to Jan. 1, 1963.

(2) Government spending continues at a high level, especially in defense and civilian areas.

(3) Wages are raised to boost consumer outlays.

(4) Costs are lowered to fatten profits, and

(5) Price levels are maintained to prevent deflation.

Meanwhile, the stock market follows its own course. It appears these days as though it wishes to look neither to the right nor the left, but would rather rest awhile after its 100 point plus rally of the last six weeks.

Optimism is still dominant among the analysts who threaten to outnumber the active investors as daily volume hangs around the 3.5 million share level. Although the calendar indicates that 1963 is still a few Christmas parties away, it might as well be the New Year as far as most investors are concerned.

Trading Geared to 1963

Most of the tax-loss selling is undoubtedly over, and certainly a good part of the profit-taking. Much of the trading taking place now is geared for 1963 and its hopes for better times.

Boardrooms continue to wonder about the so-called average investor. Where is he and what is he waiting for?

If he bought auto stocks as avidly as he is buying 1963 cars, General Motors, Chrysler, and Ford ought to top the Big Board's most active list nearly every session. The former pair have occupied prominent spots on the list lately. They should be helped even more by predictions this week of another banner year for cars in 1963.

A major investment company also sees an excellent year for autos in 1963. Although National Securities & Research Corp. holds its estimates for new car output to 6.6 million, well under G. M.'s 7 million unit calculation of Frederic Donner, the benefits are expected to be wide-spread. Suppliers of auto parts and components should also enjoy another near record year. The National S. & R. economists add that dividends of these firms may also be increased.

Dividend Prospects

National, managers of the $500 million National Securities series of mutual funds, also predicts that American Telephone will boost its dividend next year. Shunning the cautious path, this investment company's seers take dead aim at Telephone's balance sheet and come up with $3.75 as a preliminary estimate for Bell's 1963 payout.

National also sees higher dividends likely for most other leading utilities. American Electric Power should go to $1.10 from $1.01 this year, Boston Edison to $1.32 from $1.29 and Commonwealth Edison to $1.20 from $1.08.

One major exception: El Paso Natural Gas. Its dividend is seen as falling to $1 from $1.23 as earnings are expected to sag to $1.30 next year from an estimated $1.60 this year.

Profits of most other utilities are expected to show a moderate rise. Telephone's estimated earnings are put at $6.20 compared with $5.90 this year.

National's economists also sight a moderate advance in overall corporate profits. Next year's total (after taxes), is placed at $25.9 billion compared with an estimated $25.4 billion this year. Total corporate dividends are expected to rise to $16.2 billion from $15.8 billion in '62.

More significantly, total corporate income, before taxes and depreciation, is expected to become a large percent of gross national product. This percentage moved upward this year after leveling off in 1961. A further gain is seen for 1963.

Despite long-term optimism, National's forcasters follow the fairly widespread belief that the market will probably hold to narrow trading limits well into the first quarter. But barring a major readjustment, the Dow-Jones industrials are expected eventually to top the all-time high of 735 by a modest margin.

How high? Nobody wants to answer that question these days. But the belief is growing that the economy may escape a recession in 1963 and its consequent blighting effect on the market.

An Immunized Market

Today's market seems somewhat immune to good or bad news. Even Commerce Secretary Luther Hodges' bright outlook for '63 failed to stem the downdrift of Tuesday's market.

The market currently needs a firm jolt to get it off dead-center. Possibly the cure would be a tax cut, but the Street has tilted with this windmill too often in the past, only to wind up with a severe headache when Congress has refused to act.

Another sign of the trading lethargy: November industrial output rose for the fourth straight month, but release of the news over the weekend had little effect on stock prices.

Rising industrial activity will probably also have little direct impact on stock movements, although some industries now hold more promise for 1963.

How Succeed

Many analysts are currently picking these industries as those most likely to succeed in 1963's market: Industrial equipment, aircraft and aerospace, oils, airlines, chemicals and textiles. Chemicals are expected to be plagued by downward pressure on prices, but new equipment and plant will probably start to boost profit margins for the more efficient producers sometime in 1963.

Metals and oil, mainly the domestic companies, face much the same problem with the same results likely. Oils should be helped by stricter import curbs scheduled for Jan. 1. Steel makers sight slowly improving demand for January and February shipments but a surge in orders for March and April could merely signal a rash of inventory-building for new wage contract demands.

Meanwhile the stock market is waiting for more direct stimuli. It doesn't want to back off into a major correction but there doesn't seem to be enough fuel around to spark a solid rise.

[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.]

Filor, Bullard To Admit Dryfoos

Filor, Bullard & Smyth, 26 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit John M. Dryfoos to partnership.

To Be Golkin, Divine & Fishman

The New York Stock Exchange firm of Golkin, Bomback & Co. will be dissolved effective Dec. 26; on that date Saul Golkin and Milton J. Bomback will become Vice-Presidents of Divine & Fishman Inc. and the firm name will be changed to Golkin, Divine & Fishman, Inc.

FROM WASHINGTON . . . Ahead of the News

BY CARLISLE BARGERON

Adlai Stevenson is such a genial fellow and an able one that it is amazing efforts are frequently being made to blast him out of the United Nations. It isn't because he is considered an appeaser as he has always carried out White House policy, loyally and effectively. He was long considered a "recognized Red China" man and, because of this, it was widely expected that Red China would be admitted to the United Nations this year. Instead, China was turned down by a comfortable vote. The spade work in effecting the turndown had to be done by Stevenson.

The recent story in the *Saturday Evening Post* by Stewart Alsop and Charles Bartlett purporting to tell how Stevenson wanted to give up our missile bases in Britain, Italy and Turkey in return for Russia's withdrawal from Cuba has aroused considerable discussion. There seems not the slightest doubt President Kennedy knew something about the story before it was published.

And Mr. Kennedy has given it some authenticity by saying there were changing positions in the Security Council deliberations leading up to the blockade of Cuba. He leaves the very definite impression that Stevenson did favor our giving up our bases in Britain, Italy and Turkey but changed his mind and finally went along with the prevailing view.

The whole purpose in leaking the story then was to embarrass Stevenson and show that he was not as belligerent as the rest of the council. He is an appeaser, it is reasoned, and therefore, not fit to be on our team.

This is not the first time Stevenson has been the object of stories of being an appeaser and that he was on the way out of the U. N. Mr. Kennedy had not been in office very long when there was one of those leak stories that he and Chester Bowles had incurred the displeasure of the White House. This proved to be right insofar as Bowles was concerned. He was removed as second man in the State Department to the position of roving ambassador, a spot in which you don't hear much of him these days.

Strangely enough Bartlett was the author of the stories at that time. There is no question as to his closeness to President Kennedy. He introduced him to Jacqueline and frequently visits the White House on social and family gatherings. He is a young man of wealth. He would not have written a story that he considered met with Mr. Kennedy's disapproval. It is evident Bartlett had the word that to give Mr. Stevenson the business would not be displeasing to the President. And Mr. Kennedy has steadfastly refused to say that the story was untrue.

The mystery is why Mr. Kennedy seems to get satisfaction over the discomfiture of his U. N. ambassador. In this incident, he has highly praised Stevenson's work at the United Nations, praise that certainly seems due.

The original story having to do with Stevenson was that he was responsible for the Bay of Pigs fiasco. He prevailed upon the Administration to withdraw its promise of air support, it is claimed. It was a particularly vicious story because so much was involved. It seems to have been fairly knocked down because Stevenson says he was not even advised of the discussion involving Cuba at that time. Sooner or later, if these incidents continue to come up, Stevenson will be forced to resign and it won't do Kennedy any good. Stevenson has a large following among the "Liberals." He was the most formidable opponent to Mr. Kennedy in his fight for the nomination.

An Early Cut in Federal Tax Levies Is Essential

By Hon. John F. Kennedy, President of the United States*

Exactly one month later, to the same business audience, President Kennedy seconds former President Eisenhower's call for tax cuts to provide wider purchasing power for all groups and to create business incentives. In only one respect do they differ. President Kennedy pledged to keep Government spending at its present level with the exception of national defense, space and debt interest cost. His predecessor, however, wanted tax cuts coupled to declining, or at least constant expenditures, in the next two years. The deficit is blamed on our economy's growth pace and restrictive tax structure and not on "wild-eyed spenders"; and our true choice is said not to be tax reduction "versus" avoidance of further debt but one of doing nothing or taking action to raise our economic growth progress. An oblique disparaging statistical comparison, apparently aimed at Governor Rockefeller, is made with New York State in the course of the President's remarks.

Less than a month ago this Nation reminded the world that it possessed both the will and the weapons to meet any threat to the security of free men. The gains we have made will not be given up. The course we have pursued will not be abandoned. But in the long run, that security will not be determined by military or diplomatic moves alone. It will be affected by the decisions of Finance Ministers as well as Foreign and Defense Ministers—by the deployment of fiscal and monetary weapons as well as military weapons—and above all by the strength of this Nation's economy as well as the strength of our defenses.

Pres. J. F. Kennedy

America's rise to world leadership in the century since the Civil War has reflected more than anything else our unprecedented economic growth. Interrupted during the decade of the thirties, the vigorous expansion of our economy was resumed in 1940 and continued for more than 15 years thereafter. It demonstrated for all to see the power of freedom and the efficiency of free institutions. The economic health of this Nation has been and is now fundamentally sound.

But a leading nation cannot afford to be satisfied, to look back or to pause. On our strength and growth depend the strength of others, the spread of Free World trade and unity, and continued confidence in our leadership and our currency. The industrialized countries look to us to prevent Free World deflation. The developing countries are dependent upon us for the sale of their primary commodities, and for aid to their struggling economies. In short, a prosperous and growing America is not only of importance to Americans—it is, as the spokesman for 20 nations in the Organization for Economic Cooperation and Development stressed this week, of vital importance to the whole Western world.

Paradox of Record Highs and Underutilization

In the last two years we have made great strides. Our gross national product has risen 11% while inflation has been arrested. Employment has been increased by 1.3 million jobs. Profits, personal income, living standards—all are setting new records. Most of the economic indicators for this quarter are up—and the prospects are for further expansion in the next quarter.

But we must look beyond the next quarter, or the last quarter, or even the last two years. For we can and must do better—much better than we have been doing for the last 5½ years.

This economy is capable of producing without strain $30-40 billion more than we are producing today. Business earnings could be $7-8 billion higher than they are today. Utilization of existing plant and equipment could be much higher—and if it were, investment would rise as well. We need not accept an unemployment rate of 5% or more, such as we have had in 60 of the last 61 months. There is no need for us to be satisfied with a rate of growth that keeps good men out of work and good capacity out of use.

The Economic Club of New York is, of course, familiar with these problems. For in this state the rate of insured unemployment has been persistently higher than the national average—and the increases in personal income and employment have both been slower here than in the Nation as a whole. You have seen the tragedy of chronically depressed areas upstate, of unemployed young people roaming the streets of New York, of thousands forced to go on relief. And I know you share my conviction that—proud as we are of its progress—this Nation's economy can and must do even better than it has done in the last five years.

Our choice, therefore, boils down to one of doing nothing, and thereby risking a widening gap between our actual and potential growth in output, profits and employment—or taking action, at the Federal level, to raise our entire economy to a new and higher level of business activity.

If we do not take action, those who have most reason to be dissatisfied with our present rate of growth will be tempted to seek short-sighted and narrow solutions—to resist automation, to reduce the work week, to shut out imports, or to raise prices in a vain effort to obtain full capacity profits on under-capacity operations. But these are all self-defeating expedients which can only restrict the economy, not expand it.

There are a number of ways by which the Federal Government can meet its responsibilities to assist economic growth. We can and must improve American education and technical training. We can and must expand civilian research and technology. We can and must step up the development of our natural resources.

Rejects Increased Government Spending

But the most direct and significant kind of Federal action aiding economic growth is to make possible an increase in private consumption and investment demand—to cut the fetters which hold back private spending. In the past, this could be done in part by the increased use of credit and monetary tools—but our balance of payments situation today places limits on our use of those tools for expansion. It could also be done by increasing Federal expenditures more rapidly than necessary — but such a course would soon demoralize both the government and the economy. If government is to retain the confidence of the people, it must not spend a penny more than can be justified on grounds of national need and spent with maximum efficiency. I shall say more on this in a moment.

The final and best means of strengthening demand among consumers and business is to reduce the burden on private income and the deterrents to private initiative which are imposed by our present tax system—and this Administration pledged itself last summer to an across-the-board, top-to-bottom cut in personal and corporate income taxes to be enacted and become effective in 1963.

No "Quickie" Tax Cut Sought

I am not talking about a "quickie" or temporary tax cut, which would be more appropriate if a recession were imminent. Nor am I talking about giving the economy a mere shot in the arm, to ease some temporary complaint. I am talking about the accumulated evidence of the last five years that our present tax system exerts too heavy a drag on growth—that it siphons out of the private economy too large a share of personal and business purchasing power—that it reduces the financial incentives for personal effort, investment and risk-taking.

In short, to increase demand and lift the economy, the Federal Government's most useful role is not to rush into a program of excessive increases in public expenditures, but to expand the incentives and opportunities for private expenditures.

Under these circumstances, any new tax legislation enacted next year should meet the following three tests:

(1) First, it should reduce net taxes by a sufficiently early date and a sufficiently large amount to do the job required. Early action could give us extra leverage, added results, and important insurance against recession. Too large a tax cut, of course, could result in inflation and insufficient future revenues—but the greater danger is a tax cut too little or too late to be effective.

(2) Second, the new tax bill must increase private consumption as well as investment. Consumers are still spending between 92-94% of their after-tax income, as they have every year since 1950. But that after-tax income could and should be greater, providing stronger markets for the products of American industry. When consumers purchase more goods, plants use more of their capacity, men are hired instead of laid off, investment increases and profits are high.

Corporate tax rates must also be cut to increase incentives and the availability of investment capital. But the government has already taken major steps this year to reduce business tax liability and to stimulate the modernization, replacement and expansion of our productive plant and equipment. We have done this through the 1962 investment tax credit and through the liberalization of depreciation allowances—two essential parts of our first step in tax revision which amounted to a 10% reduction in corporate income taxes worth some $2.5 billion. Now we need to increase consumer demand to make these measures fully effective—demand which will make more use of existing capacity and thus increase both profits and the incentive to invest. In fact, profits after taxes would be at least 15% higher today if we were operating at full employment.

For all of these reasons, next year's tax bill must reduce personal as well as corporate income taxes—for those in the lower brackets, who are certain to spend their additional take-home pay—and for those in the middle and upper brackets, who can thereby be encouraged to undertake additional efforts and enabled to invest more capital.

(3) Third, the new tax bill should improve both the equity and the simplicity of our present tax system. This means the enactment of long-needed tax reforms, a broadening of the tax base and the elimination or modification of many special tax privileges. These steps are not only needed to recover lost revenue and thus make possible a larger cut in present rates. They are also tied directly to our goal of greater growth. For the present patchwork of special provisions and preferences lightens the tax load on a few only at the cost of placing a heavier burden on the many. It distorts economic judgments and channels an undue amount of energy into efforts to avoid tax liabilities. It makes certain types of less productive activity more profitable than other more valuable undertakings. All this inhibits our growth and efficiency, as well as considerably complicating the work of both the taxpayer and the Internal Revenue Service.

These various exclusions and concessions have been justified in part as a means of overcoming the oppressively high rates in the upper brackets—and a sharp reduction in those rates, accompanied by base-broadening, loophole-closing measures, would properly make the new rates not only lower but also more widely applicable. Surely this is more equitable on both counts.

Those are the three tests which the right kind of bill must meet—and I am confident that the enactment of the right bill next year will in due course increase our gross national product by several times the amount of taxes actually cut. Profit margins will be improved—and both the incentive to invest and the supply of internal funds for investment will be increased. There will be new interest in taking risks, in increasing productivity, in creating new jobs and new products for long-term economic growth.

Other national problems, moreover, will be aided by full employment. It will help provide jobs for those compelled to leave our farms and depressed industrial areas. It will encourage the location of new plants in areas of labor surplus—provide new jobs for retrained workers—facilitate the adjustment to trade expansion—and reduce a number of government expenditures.

No Inflation-Threat

It will not, I am confident, revive an inflationary spiral or adversely affect our balance of payments. If the economy today were operating close to capacity levels with little unemployment—or if a sudden change in our military requirements should cause a scramble for men and resources—then I would oppose tax reductions as irresponsible and inflationary; and I would not hesitate to recommend an increase, if that were necessary. But our resources and manpower are not being fully utilized; the general level of prices has been remarkably stable; and increased competition—both at home and abroad—along with increased productivity will help keep both prices and wages within appropriate limits.

The same is true of our balance of payments. While rising demand will expand imports, new investment in more efficient productive facilities will aid exports—and a new economic climate will both draw capital from abroad and keep capital here at home. It will also put us in a better position, if necessary, to use monetary tools to help our international accounts. But, most importantly, confidence in the dollar in the long run rests on confidence in America—in our ability to meet our economic commitments and reach our economic goals. The substantial improvement in our balance of payments position in the last two years makes it clear that nothing could be more foolish than to restrict our growth merely to minimize that particular problem. On the contrary, European governmental and financial authorities — far from threatening to withdraw gold—have urged us to cut taxes in order to expand our economy, attract more capital and increase confidence in the future.

But what concerns most Americans about a tax cut, I know, is not the deficit in our balance of payments but the deficit in our Federal Budget. When I announced in April of 1961 that this kind of comprehensive tax reform would follow the bill enacted this year, I had hoped to present it in an atmosphere of a balanced budget. But it has been necessary to augment sharply our nuclear and conventional forces—to step up our efforts in space—to meet the increased cost of servicing the national debt and meeting our obligations to veterans. These expenditure increases, let me stress, constitute practically *all* of the increases which have occurred under this Administration, the remainder having gone to fight the recession we found in industry and in agriculture.

We shall therefore, neither postpone our tax cut plans nor cut into essential national security programs. This Administration is determined to protect America's security and survival—and we are also determined to step up its economic growth. I think we can afford to do both.

Our true choice is not between tax reduction, on the one hand, and the avoidance of large Federal deficits on the other. It is increasingly clear that no matter what party is in power, so long as our national security needs keep rising, an economy hampered by restrictive tax rates will never produce enough revenue to balance the budget—just as it will never produce enough jobs or enough profits. Surely the lesson of the last decade is that budget deficits are not caused by wild-eyed spenders but by slow economic growth and periodic recessions—and any new recession would break all deficit records.

In short, it is a paradoxical truth that tax rates are too high today and tax revenues are too low—and the soundest way to raise revenues in the long run is to cut rates now. The experience of a number of European countries has borne this out.

This country's own experience with tax reduction in 1954 has borne this out. And the reason is that only full employment can balance the budget—and tax reduction can pave the way to full employment. The purpose of cutting taxes now is not to incur a budgetary deficit, but to achieve the more prosperous, expanding economy which will bring a budgetary surplus.

I repeat: our practical choice is not between a tax-cut deficit and a budgetary surplus. It is between two kinds of deficits—a chronic deficit of inertia, as the unwanted result of inadequate revenues and a restricted economy—or a temporary deficit of transition, resulting from a tax cut designed to boost the economy, increase tax revenue and achieve a future budget surplus. The first type of deficit is a sign of waste and weakness—the second reflects an investment in the future.

Agrees With Mills

Nevertheless, as Chairman Mills of the House Ways and Means Committee pointed out this week, the size of the deficit is to be regarded with concern—and tax reduction must be accompanied, in his words, by "increased control of the rises in expenditures." That is precisely the course we intend to follow.

At the same time as our tax program is presented to the Congress in January, the Federal Budget for fiscal 1964 will also be presented. Defense and space expenditures will necessarily rise in order to carry out programs which are demanded by the American people for their own security, and which have largely already been authorized by the Congress with the overwhelming and gratifying support of both parties. Fixed interest charges on the debt also rise slightly. But I can tell you now that the total of all other expenditures combined will be held at approximately its current level.

This is not an easy task. During the past nine years, domestic civilian expenditures in the national government have risen at an average rate of more than 7½% a year. State and local government expenditures have risen at the annual rate of 9%. Expenditures by the New York State Government, for example, have risen in recent years at the rate of roughly 10% a year. At a time when government pay scales have necessarily risen—when our population and pressures are growing, and the demand for services and state aid is thus increasing—next year's Federal budget, which will hold domestic outlays at their present level, will be a noteworthy effort in expenditure control.

This budget will reflect, among other economies, a $750 million reduction in the postal deficit. It will reflect a savings of over $300 million in the storage costs of surplus feed grain stocks—and a savings of at least $600 million from the concellation of obsolete or unworkable weapons systems.

Secretary McNamara is undertaking a cost reduction program expected to save $3 billion a year in the Department of Defense, cutting down on duplication and overhead, closing down non-essential installations, tightening procurement and logistics, and reducing purchases made on a cost plus or non-competitive basis. Other agencies are doing the same. And had it not been for adverse or delayed Congressional actions on certain portions of this year's tax, farm, postal rate and other bills, still more economies could have been achieved.

In addition, I have directed all heads of government departments and agencies to hold Federal employment under the levels authorized by Congressional appropriations; to absorb through greater efficiency a substantial part of the Federal pay increase; to achieve an increase in productivity which will enable the same amount of work to be done by fewer people; and to refrain from spending any unnecessary funds that were appropriated by the Congress.

It should also be noted that the Federal debt, as a proportion of our Gross National Product, has been steadily reduced since this Administration took office. Last year the total increase in the Federal debt was only 2%—compared to an 8% increase in the gross debt of state and local governments. Taking a longer view, the Federal debt today is only 13% higher than it was in 1946—while state and local debt increased over 360% and private debt by 300%. In fact, if it were not for Federal financial assistance to state and local governments, the Federal cash budget would actually show a surplus. Federal civilian employment, for example, is actually lower today than it was in 1952, while state and local government employment over the same period has increased 67%.

* * *

We Can Afford Tax Reduction

It is this setting which makes Federal tax reduction both possible and appropriate next year. I do not underestimate the obstacles which the Congress will face in enacting such legislation. No one will be fully satisfied. Everyone will have his own approach. A high order of statesmanship and determination will be required if the possible is not to wait on the perfect. But a nation capable of marshalling these qualities to meet a sudden and dramatic threat to its security is surely equally capable of meeting a creeping and complex threat to our economic vitality. This Nation can afford to reduce taxes—we can afford a temporary deficit—but we cannot afford to do nothing. For on the strength of our free economy rests the hope of all free men. We shall not fail their faith—and, God willing, free men and free nations shall prosper and prevail.

*Text of President Kennedy's remarks before the Economic Club of New York, Dec. 14, 1962.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Emphasis On Values

For several years prior to the stock market debacle of last spring there was an overwhelming sentiment within the investment community for the equities of companies which could be said to have glamour. For those Wall Streeters, to whom "glamour" was an awkward term, such stocks often were referred to as having unusual growth characteristics in the Age of Nucleonics and Electronics and Space.

Their strongest supporters were to be found among the younger element within the Financial District. Indeed, a veteran investment counselor, looking back on a career crowned with considerable success, complained a couple of years ago: "I'm too old to make money in this kind of market." He was a bread-and-butter man, the kind of fellow who had strong misgivings about a stock market that largely ignored the oldtime bellwether issues.

Affiliated Fund, which is out with its interesting twenty-ninth annual report (fiscal year ends Oct. 31), takes up the subject of growth and glamour. Alluding to the market reversal, Harry I. Prankard, 2nd, Chairman of the Board, and Albert R. Hughes, President, make this point:

"In the decline, the prices of the popular growth stocks generally declined the most. While we owned many of these stocks, our total investment in them was relatively small, particularly in the field of electronics, where we had less than 1% of our assets. This was because, as emphasized in our report last year, a stock is not a good investment, in our judgment, if its market price reflects too full a valuation of its long-term prospects, promising though such prospects may be, and we felt that many growth stocks had this characteristic. . ."

The Affiliated Fund moreover felt that the prices of many other equities had reached levels which seemed excessive in relation to earnings. So at Oct. 31, 1961, close of the preceding fiscal year, it had 14.8% of its net assets in cash or the equivalent.

Six months later—that is to say on Apr. 30, 1962—when the market literally was on the brink of the abyss, this figure had increased to 15½%. Even so, net asset value per share declined from $8.83 at the end of fiscal 1961 to $6.92 at the close of the last year. But the rebound in stocks of the Affiliated high-quality portfolio since the end of October should make the next interim report extremely pleasing to stockholders.

"The sharp decline in the market in the late spring and early summer," the company notes, "brought the prices of many stocks to levels that seemed to us to be reasonable, and therefore we invested a substantial portion of our reserves. We made new investments and increased existing holdings in the oil and oil service and supply industry, the chemical industry (both classified as fuel and raw materials) and in the transportation industry (service); and we reduced our holdings in the electric light and power industry (service). . ."

Thus, a striking feature of the Affiliated portfolio is the rise in the percentage of fuel-and-raw materials issues to 30.2% of the total from 16.3% a year earlier. In this category, of course, are such giant oils as Standard of Jersey, Texaco, Royal Dutch, Pure Oil, Amerada, Continental, Cities Service and Phillips.

Affiliated says flatly that periods of lower stock prices are regarded as opportunities to make long-term commitments in good common stocks at attractive prices.

And what has Affiliated been buying? Well, during the year just ended it was adding to holdings of Standard of Jersey, Union Oil of California, Broken Hill Proprietary, Unilever, Dow Chemical, Northern Pacific and Southern Pacific. At the same time it was eliminating Zenith, International Telephone & Telegraph, General Motors, Beneficial Finance, National Biscuit and Archer-Daniels-Midland.

Net cash and receivables at year's end amounted to 9.2%, so Affiliated obviously is bullish.

The Funds Report

Colonial Fund reports that at the end of the fiscal year on Oct. 31 net asset value was $9.58 a share, compared with $11.80 a year earlier.

During the final quarter of the last fiscal year the company bought Boeing, Frito-Lay, General Telephone & Electronics. In the same period it sold Arkansas Louisiana Gas, Mercantile Stores, Northern Illinois Gas, Shamrock Oil & Gas, United Carbon.

* * *

Commonwealth Stock Fund reports that at the completion of its tenth year on Oct. 31 total net assets were $17,922,782, or $13.50 per share. This compares with $21,581,047 and $18.03 a share on Oct. 31, 1961.

From May 1 to Oct. 31, 1962, Commonwealth made new investments in Coca-Cola, Continental Oil, Crown Zellerbach, Firestone Tire & Rubber, Gimbels, Macy's, Great Atlantic & Pacific Tea Co., Hertz Corp., Ideal Cement, National Dairy Products, Otis Elevator, Sears, Roebuck, Standard Oil of California, Swift & Co., Tennessee Gas Transmission, Texas Gas Transmission, Union Oil of California and F. W. Woolworth. Over the same period it eliminated Allegheny-Ludlum Steel, American Home Products, American Photocopy Equipment, Walter E. Heller and Interstate Department Stores.

* * *

At Oct. 31, 1962, total net assets of **Incorporated Income Fund** amounted to $121,625,051, or $8.69 a share. This compares with assets of $126,751,112, or $10.04 per share, a year earlier.

* * *

Investors Stock Fund reports that at Oct. 31, end of the fiscal year, total net assets amounted to $883,245,534, equal to $15.27 per share. A year earlier assets were $978,730,731, or $19.93 per share.

* * *

Loomis-Sayles Mutual Fund reports that at the end of the fiscal year on Oct. 31 net assets amounted to $90,003,088, or $13.40 per share, against $101,595,446 of assets and $16.52 a share a year earlier.

* * *

Stockholders of **Scudder, Stevens & Clark Fund, Inc.** and of **Haydock Fund, Inc.** have approved a proposal of their respective boards of directors to merge Haydock into Scudder. The merger is to be consummated as of Dec. 31. Haydock, which has a portfolio in excess of $9 million, has used Scudder, Stevens & Clark investment counsel, as its investment advisor for the last three years. The Scudder Fund has assets of over $80 million. Both are balanced funds and are offered and sold at net asset value.

Firm Name Now Eagan & Griffin

The investment firm of Frank C. Masterson & Co. has changed its name to Eagan & Griffin, effective Dec. 17. The business will be continued at the same address, 74 Trinity Place, New York City, under the partnership of Joseph C. Eagan and W. Edmund Griffin, member of the American Stock Exchange. Frank C. Masterson, Jr., a former partner, retired from the business at the end of November.

Joseph C. Eagan

Schwabacher & Co. To Admit Partner

SAN FRANCISCO, Calif.—Schwabacher & Co., 100 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges, on Jan. 1 will admit Gene A. Frantz to partnership. Mr. Frantz is manager of the firm's municipal bond department.

Paul T. Babson Foresees Better Business Trend

United Business Service founder predicts modest improvement next year accompanied by 5 to 7% gain in total corporate earnings to a new record high assuring relatively prosperous times for most industries. Stock buyers are expected to be returning to the market during 1963 and DJIA to range between 590-725. Forecast assesses prospects for principal sectors of the economy and assures a 4½% GNP gain compared to 7% in 1962 over 1961.

In a speech delivered at the Sheraton Plaza, Boston, December 18, before the Executives Club of the Greater Boston Chamber of Commerce, Paul T. Babson, founder and past President United Business Service predicted that in 1963 the basic business trend will be upward - but in modest degree. Mr. Babson's forecast is based primarily on the outlook for the following important business components:


Paul T. Babson

"*Gross National Product:* We forecast a rise from this year's indicated total of $554 billion to around $578 billion—a gain of some 4½% as compared with the 7% gain shown in 1962 over 1961.

"*Automobiles:* We forecast another good year for the automobile industry. Our estimates call for 6.5 million cars and 1.2 million trucks as compared with 6.9 million cars and 1.25 million trucks in 1962. The labor situation in the automobile industry will remain relatively quite with an automatic 7 cents per hour boost scheduled for next summer.

"*Steel,* We believe, will do a little better next year than it has in 1962 but, the increase will not be spectacular. We forecast total ingot production of 102-104 million tons compared with some 98 million this year—a gain of 5-6%. There will probably be some selective price advances but no broad across-the-board increase and no repetition of the steel price fiasco of last spring. Competition from imported steel, as well as from aluminum and plastics will continue.

"*Building* will again be a strong pillar of support for the national economy in 1963. We forecast a new record high of around 62.5 billion for total new construction. Housing starts are likely to be a little lower unit costs will average higher. On the whole, a good year for building with costs continuing to edge up, and real estate values holding relatively firm.

Industrial Output

"*Industrial Production,* we believe, will show a moderate overall gain of around 3% with 'nondurable' lines doing better than 'durables'. In terms of the Federal Reserve Board Index of Industrial Production which now stands at 120, we expect a high next fall of about 125 with average for the year at about 122, as compared with 118 in 1962.

"*Labor and Employment* can look forward to union demands which will emphasize 'fringe benefits' and perhaps a shorter work week more vigorously than substantial wage increases. However, 'wage increases' will still be the general pattern in labor settlements. Principal 'big strike' threats are on Railroads and in Steel. Total employment should reach a new high of over 70 million, but the ratio of unemployed will continue to average between 5% and 6% of the labor force.

"*Cost of Living Index* (now 106.0) is expected to rise to 108.5 by the end of the year. Commodity prices, at wholesale, are expected to remain relatively steady in the first half of the year with some firming up in the fall. For the full year a gain of only about 1% in the Composite Wholesale Index seems probable.

"*Retail Trade* promises to show a 3-4% gain over the 1962 figures of 232 billion to around 240 billion. All lines will be aided by new highs in personal income and a 2-3 billion increase in consumer credit.

"*Agriculture* will just about repeat its 1962 performance with farm cash income going up perhaps 1%—to a total of some 36 billion. Prices will run about the same as in 1962.

"*Foreign Trade* prospects appear little better as we enter the new year. Exports and imports should be up by around a half billion dollars each, to about $22 billion for exports and $16.5 billion of imports. This should produce a 'favorable balance of trade' in the neighborhood of about 5½ billion. The European Common Market will pose added competitive problems for U. S. producers.

Corporate Profits

"*Corporate Earnings* will rise by 5-7% as compared with 1962. This will set a 'new high' record for total profits, and mean relatively prosperous times for most industries.

"*Dividend Payments* will continue their year-to-year trend with total payments about 6% above 1962—again reaching a new all-time high.

"*The Bond Market,* in general, is likely to be rather dull affair in 1963 with only minor price changes either up or down.

"*In the Stock Market,* we expect the irrational price gyrations of 1962 will have a salutory effect on the stock prices in 1963. We believe that many stock buyers will be returning to the market during the coming year. In terms of market averages, we forecast a range of about 60-75 for the Standard & Poor's average of 425 industrial stocks which would mean about 590-725 for the Dow-Jones Industrial Index.

"*Conclusion:* 1963 will be a year of moderate improvement—no boom and no recession. Most economic 'indicators' will stay close to current levels. New highs—by small margins—are forecast in Business Capital Expenditures, Retail Trade, New Construction, Industrial Production, Corporate Earnings and Dividend Payments. Political influences—on balance—will be on the inflationary side. Tax cuts—if any—will be considerably less than are now being suggested. The Stock Market will have a much more 'sensible' year without the violent price swings and the year will provide less excitement and fewer sleepless nights than in 1962."

Grace Line Inc. Merchant Marine Bonds Offered

An underwriting group managed by Merrill Lynch, Pierce, Fenner & Smith Inc. and Paine, Webber, Jackson & Curtis, New York, have announced the offering of a total of $28,000,000 Grace Line Inc. United States Government Insured Merchant Marine Bonds, due Dec. 1, 1987, at 100% plus accrued interest.

Being issued are four separate series of insured bonds, of $7,000,000 each, and consisting of 4.20% Santa Magdalena series; 4.20% Santa Mariana series; 4.20% Santa Maria series; and 4.20% Santa Mercedes series.

The four series of insured bonds are being issued by Grace Line Inc. to finance a portion of its shares of the cost of the SS Santa Magdalena, SS Santa Mariana, SS Santa Maria and Santa Mercedes, combination passenger/cargo-container vessels which are scheduled to be placed in the company's subsidized service in 1963 and 1964 between the U. S. Atlantic Coast and the Pacific Coast of South America. The total cost of these four ships, net after receipt of construction-differential subsidy, is estimated to be $38,000,000.

Each series of the bonds are insured by the United States of America under Title XI of the Merchant Marine Act, 1936, as amended. In addition, each series will be general obligations of the company and will be secured, until completion of the particular vessel, by a loan agreement of the company and, after completion, by a first preferred ship mortgage on the vessel, constituting a first preferred ship mortgage under the Ship Mortgage Act, 1920, as amended.

The bonds are redeemable at regular redemption prices ranging from 104.25% down to 100%, and for the sinking fund at par, plus accrued interest in each case.

Grace Line of 3 Hanover Sq., New York, N. Y., is a wholly-owned subsidiary of W. R. Grace & Co., and, with a fleet of 26 ships, is engaged in the operation of regularly scheduled (liner) services carrying freight, passengers and mail on a number of major trade routes between the U. S. Atlantic, Pacific Coasts and Haiti, the Pacific Coast of South America via the Panama Canal, the Pacific Coast of Mexico, Central America and South America, Venezuela, North Coast Columbia, and Netherlands West Indies.

Mitchel, Schreiber To Admit Partners

On Jan. 1 Mitchel, Schreiber, Watts & Co., 20 Broad Street, New York City, members of the New York Stock Exchange, will admit James L. Atherton and Steven H. Wood to general partnership. Both are members of the Exchange. On the same date Patricia B. Klubnik will become a limited partner in the firm.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Security Salesmanship as a Career

This is the concluding article in a series dealing with the profession of security salesmanship

The Qualifications

In this day and age, young people have the benefit of so-called higher education. After sixteen years of sacrifice on the part of the greater percentage of their parents, they come out into the world with a variety of degrees. Those who choose the professions such as medicine, science, law etc. have specialized, and at least, appear to know where they are heading. Yet, we find many of the others stating categorically that they wouldn't enter into the sales field.

Surveys have been made which indicate that many college seniors, when questioned on the subject, thought that there was something degrading about selling. They had been so well mis-educated that they believed that people should not be "sold" anything, they should only buy what they wanted. To sell a man something he *needed* was beneath their dignity.

Others were afraid that there was no security in a selling job. They wanted to get paid regularly, have a pension when they got older, and all the fringes. This we called a bunch of book-stuffed loafers when I was a boy.

When this writer began his career, incidentally, he was given a stack of two hundred prospect cards, some circulars describing first mortgage bonds, secured by business and apartment house real-estate, and said, "Go out and sell." I got my start studying Moody's manuals and there was no six months training course in those days. I've been training every day since June 30, 1925 when I started in this business.

Here Is What You Will Learn

As for the present generation, if any of them want a good business, and they have "guts" enough to earn a place for themselves in the top ranks of investment salesmen in this country, here's what they will have to do.

They will need *self discipline.* No one will punch a clock for them. No one will hand them a check every week for acting busy, or beautifying an office with their presence. They will have to go out and see investors. These are people who have made money, and who are not going to turn it over to the first nincompoop that comes along and tells them he's a security expert. They will not get a cent of salary unless they first make sales that earn a profit for their employer. Their worth is measured every month. No guess-work here. How much gross? No business—no pay!

They will have to be *students of human nature.* They will listen to boring stories, to impatient and avaricious customers; they will learn to listen more and talk less. They will finally understand that there are only four big emotional reasons why people do anything: The first is self preservation, the second recognition, the third romance (sex), and the fourth greed. They will observe these motivations and they will gradually begin to know and understand the weaknesses and the strength of all of us poor mortals. They will see people under great stress act like heroes. They will witness many acts of kindness. They will begin to grow as they study their own weaknesses, and try to improve their efficiency as investment counsellors, and as men.

They will learn what it is to *make mistakes* and *not* develop a *guilt complex.* Their own lack of knowledge, the great complexity of life today, and a man's simple approach to an enigmatic environment will cause them to make errors that will be costly to their clients. Then they will be blamed for these mistakes, and sometimes for errors which they did not commit. They will learn that some people need a "whipping boy" and their registered representative or salesman can often be selected for this dubious honor. But they won't take this seriously.

Nor will they expect too many "thank yous" for the times that they were right, or when they went far out of their way to help another human being. They will learn that a man's own conscience is the only place where he can find the peace and satisfaction that comes when you have done your best—and that is all anyone can do.

They will learn what it is to *become better informed on politics, finance, economics,* and many other subjects than the people with whom they mingle socially. And this will leave them with the obligation to try and bring the light of wisdom, common sense, and the sound economics of American capitalism, to others who have not been fortunate enough to have worked in as broadening a profession as has been their lot.

They will also have the great privilege of *meeting many other men whose word is their bond;* who will buy or sell millions of dollars worth of securities over a telephone wire without giving it a thought, and who never welched on a "trade" in their lives, even if it meant a loss that few people in many other lines of endeavor would accept. They will make friends among their customers, they will see their shoulders broaden as they grow older and they will eventually be named executors of estates, and the guardians for the children of friends and clients. They will have the pleasure of hearing a widow say to them, "The first time George met you, he told me, 'Louise, I trust that man,' and he never had occasion to doubt it. Now he is gone. You take care of my securities for me. I know nothing about them."

John Kemper to Admit Schroeder

LIMA, Ohio—John A. Kemper & Company, 206 West High Street, members of the New York and Midwest Stock Exchanges, on Jan. 1 will admit Ralph C. Schroeder to partnership in the firm.

PUBLIC UTILITY SECURITIES BY OWEN ELY

Union Electric Company

Union Electric supplies electricity to the St. Louis metropolitan area (which accounts for about three-quarters of its revenues) as well as to Alton, Illinois and Keokuk and Fort Madison, Iowa. Natural gas and heating contribute about 5% of revenues. Subsidiaries are Missouri Power & Light, Missouri Edison, and Union Colliery; and the company also has a 40% interest in the wholesale power company, Electric Energy Inc., from which it obtains about 7% of its electricity.

The service area has a population of about 2,184,000 and is well diversified. Industries include lead mining and refining, oil refining, manufacture of carbides and other chemicals, steel, nonferrous metals, ferro alloys, glass, autos, machinery, electrical equipment, and rubber and paper products. Industrial customers contribute about one-third of the company's revenues.

System generating capability at the end of 1961 was 2,290,000 kw compared with peak load of 2,054,000. The fourth unit at Meramec Plant added 347,000 kw so that two-thirds of total steam generating capacity has now been added since World War II. Next year the famous Taum Sauk pumped storage 350,000 kw hydro plant will be completed, 90 miles southwest of St. Louis. A massive mile-long underground tunnel will connect an upper reservoir with the powerhouse, whose combination pump-turbogenerators are the most powerful built to date, capable of handling 5 million tons of water in each direction daily. The plant has received nationwide attention and many foreign engineers have also visited it. The cost will be $50 million compared with $67 million for a steam plant with the same capacity. Fully automated except for maintenance, it will save the company some $600,000 a year in labor costs.

Over the years 1962-66 construction budgeted at $319 million of which $62 million was allocated for 1962. About half of this amount will be generated internally, with no common stock financing anticipated until 1964. Preliminary work was started on the Sioux Steam Plant with the first 500,000 kw unit scheduled for installation in 1966 and three additional units of the same size to be completed by the early 1970s.

The company's addition of new generating plants has increased efficiency about 20% over the past decade, with the price of fuel remaining about the same per million btu. The company is now planning to spend (like many other utilities) larger amounts for high voltage transmission facilities.

One new line will tie Taum Sauk to Meramec; another will connect Meramec with the next new steam plant, and a third will tie in with Electric Energy Inc. Progress is also being made in applying computer techniques to accounting, clerical work, etc.

The company is keeping step with other electric utilities in the promotion of electric space heating. At the end of 1961 there were 3,500 customers using electricity for all heating, the combined load being nearly 46,000 kw. Over 4,000 homes had qualified for either Bronze or Gold Medallions. Electric space heating is also being installed in churches, banks, supermarkets, stores, bowling alleys, restaurants and office buildings.

In 1961 the new Meramec unit contributed substantially to lower fuel costs, and hydro conditions were also excellent, but on the other hand, below-normal summer temperatures reduced the air-conditioning load. In 1962 adverse weather conditions also prevailed in the summer, but sales to industrial customers have shown good gains despite strikes in several major industries.

Earnings per share have about doubled in the past decade, being estimated at $2.40-$2.45 for this year compared with $1.24 in 1952. Major gains were made in 1953-4 while the net gain in the four following years was small. However, in the past four years earnings have increased at a better rate and continued gains at the rate of 6% or 7% a year seems likely, with normal weather conditions. The rate of return on net plant was 6% in 1961, an improvement over the 5.3% of 1958. The company uses flow through for tax savings from liberalized depreciation. Interest during construction contributed substantially to earnings in 1960-62, but may decline next year after the Taum Sauk Plant is completed.

Considerable progress is being made in modernizing the city of St. Louis. Another new expressway, part of a $654 million program in the area was completed last year. A $30 million riverfront memorial park is being built, with railroad tracks along the river enclosed in tunnels. Construction was expected to start this year on a $40 million apartment house and commercial development near the park, and sites were to be acquired to begin a civil center and sports stadium. Large office buildings and luxury motor-hotels were being constructed, along with municipal redevelopment programs. Over four million square feet of industrial plant expansion was built or announced in the metropolitan area last year.

Dividend payments have increased in each year since 1954, except in 1958; the rate was recently increased to $1.92. It is estimated that at least 40% of this year's dividends will be non-taxable as income and that a partial exemption will continue for a few years.

Union Electric has been selling recently around 48½ to yield about 4%, and price-earnings ratio approximates 20.

Wertheim to Admit

On Jan. 2, Francis L. Elmendorf will be admitted to limited partnership in Wertheim & Co., 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange.

Commercial Financing And Factoring Growth

By William J. Drake, Executive Vice-President, National Commercial Finance Conference, Inc., New York City*

Spokesman for commercial financing industry details rapidly developing growth in customary and new financing areas. Mr. Drake estimates that industry's volume for this year may reach $19 billion — a 15 to 20% increase over last year's $16 billion. Cognizance is taken of the shift of consumer-instalment finance companies into commercial financing; of the expansion of lease financing for capital assets, and of the swing away from trend to set up captive financing companies.

Volume of business handled by the commercial finance industry continues to soar each year over that of the previous one. Last year we reported a total volume of some $16 billion for both commercial financing and factoring. While the figures for this year are not complete, the estimate is that the total volume will be up some 15-20% over the figures of last year. Some estimates range higher. Conservatively speaking, an over-all volume for both commercial financing and factoring will be in excess of $18 billion, and may reach $19 billion.

William J. Drake

This certainly is a far cry from the 1942 volume of $2.32 billion noted by Professor Raymond Saulnier and Dean Neil Jacoby in their definitive work concerning the industry in 1942.

Growing New Financing Outlets

Of course, in the two decades that have passed since that time, tremendous changes have taken place in the industry. To the rapidly growing segments of accounts receivable financing and factoring have been added a tremendous volume of industrial financing, rediscounting, equipment financing and equipment leasing, import and export financing and ingenious types of financing relating to interim real estate financing of first or second mortgages on office buildings, apartment buildings, industrial properties, land development, takeout commitments to builders and their banks, as well as non-mortgage type financing of mobile and shell homes.

Today, it is a backward commercial finance company, which when application is made for its funds and services, does not explore the possibilities of utilizing every conceivable collateral of the customer to implement projects having a legitimate and worthwhile economic purpose.

Consumer and Installment Finance Companies Expand Into Commercial Financing

This year noted a continuation of the acquisition and merger movement in the industry. Small loan companies, also known as consumer finance companies, as well as the instalment finance companies having a falling off of automobile instalment paper, proceeded to acquire commercial finance and factoring outfits. Resultantly, there was a marked growth in regional coverage of the services and techniques of commercial financing and factoring. The instalment credit field widened tremendously.

The industrial financing subsidiaries of most commercial finance companies continued to push their programs of "pay-as-you-earn" financing programs for road building machinery, machine tools, printing presses; equipment for hotels, motels, stores, restaurants and bowling alleys; commercial laundry and dry cleaning equipment, fishing boats and a host of other capital assets which produce income for their users.

Major independent finance companies, finding that the automobile financing business upon which they were born and nurtured was becoming increasingly inadequate for the employment of growing resources, continued to take on other lines and diversify their activities at an unprecedented rate. Growth emphasis was on commercial financing. For one large company on the Pacific Coast, commercial financing business more than doubled as automobile financing declined. Another, in the midwest, considered to be one of the smaller Midwestern consumer finance companies reported that commercial financing had increased to $7,000,000 up $1,000,000 from a year ago.

The business advice techniques and services that finance and factoring executives rendered as an added service in conjunction with their funds, now was able to encompass nationwide marketing programs. Naturally, the instalment credit field has widened as sales expanded of the big price tag items—home air conditioning systems, heating equipment, backyard swimming pools, etc. The finance companies unabashed at the formation of the captive sales finance companies of some manufacturers proceeded with programs of handling the sales financing for customers of many blue chip as well as marginal manufacturing companies.

The *modus operandi* of finance companies of taking money as its raw material and then molding, packaging and placing it where it was most needed increased earnings for all financing companies.

The Captive Finance Field

In my report last year, I pointed out that the formation and development of captive finance companies had taken a decided spurt from the impressive records shown by the captive finance companies organized by Sears Roebuck, Montgomery Ward, Spiegel, Inc. and Ford Motors.

We noted then that department stores over the country had become alerted to the earning potential contained in credit and certain manufacturers, likewise, were intrigued.

The Return Swing of the Pendulum

However, the pendulum seems to have swung full arc and is now returning. In July of this year the sales financing subsidiary of Motorola, Inc., sold out to a commercial finance company for $36 million. The transaction was unusual in that it ran counter to the rather well-established trend for companies to set up their own financing firms, if for no other reason than just to meet competition.

The officials of the manufacturer in commenting on the sale stated that they thought it would be better to stick to their electronics and let companies in the finance business handle the financing as their specialty. They noted that the wide-spread coverage and the economics from large-scale operations of the finance company added advantages for both the customers and the manufacturer that could no longer be ignored.

There is a widespread feeling in the industry that more companies will follow the lead of Motorola, in days to come, and will either dispose of captive finance subsidiaries, or after careful analysis refrain from establishing them. The drain on corporate capital, the conflicting problems for parent corporation management, and personnel demands are too great for most manufacturing concerns to ignore.

Finance companies feel that many manufacturers consider their business unique to the point that they do not investigate the services available from established finance companies before they go about creating a captive company. Later, the parent corporation finds itself with a wholly new set of complex problems brought on by a finance subsidiary with tremendous capital requirements and an ever growing need for qualified personnel.

It has been demonstrated time and time again that to function properly the finance subsidiary requires a large investment in home office and field personnel. Setting up a full operating staff, independent of the parent company, is prohibitive for most companies—both from a cost standpoint and the lack of experienced personnel.

Resultantly, it is felt that even if the newly created captive lures away enough outside personnel to staff the operation, they must still be trained along company lines and in company policy. Experience has shown that it is difficult for the subsidiary to really get moving in less than five years of operation.

Manufacturers are learning that there is a lot of wisdom in that line of Omar Khayyam's poem, "Ah, take the cash, and let the credit go."

*From a talk by Mr. Drake at the 18th Annual Convention of the Commercial Finance Industry sponsored by the National Commercial Finance Conference, Inc., New York City.

Hardy & Co. to Admit Two

Hardy & Co., 25 Broad Street, New York City, members of the New York Stock Exchange on Jan. 1 will admit Edmund Dietz and Harold D. Picker to partnership.

Stearns Officer Of Hayden Stone

On Dec. 31 John P. Stearns will become Vice-President and Secretary of Hayden, Stone & Co., Inc., 25 Broad Street, New York City, members of the New York Stock Exchange and other leading exchanges.

NEWS ABOUT BANKS AND BANKERS

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

The Bank of New York announced Dec. 17 that Walston C. Gallie, T. Rex Rhodes, Gregory W. Spurr, Jr. and Henry M. White, Jr., were advanced to the post of Vice-President, and Arthur L. Armitage and Nicko J. Mextorf were named Assistant Vice-Presidents.

New appointees to the staff are Sheldon Harrison, Assistant Secretary; Richard G. Parkhurst, Henrick Schmidt and James T. Scott, Assistant Treasurers.

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Conrad E. Kluger has been elected a Vice-President of the **Sterling National Bank and Trust Company of New York.**

Mr. Kluger was formerly Assistant Vice-President of **Chemical Bank New York Trust,** having been associated with that organization since 1954.

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The Broad Street Trust Co., New York elected Joseph W. Woll a Vice-President.

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The Board of Trustees of **The Union Square Savings Bank, New York** has announced the appointment of Clarence H. Lancton as Comptroller.

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The Brooklyn Savings Bank, Brooklyn, N. Y. named Robert L. Gordon a Vice-President.

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The **Bay Ridge Savings Bank, Brooklyn, N. Y.** announced the election of Earl Herbst as Second Vice-President and David W. Swanson as Secretary.

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The Meadow Brook National Bank, West Hempstead, N. Y. elected Joseph H. Eisenberg a Director.

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Herman H. Maass, President of the **Security National Bank of Long Island,** reported a 4% stock dividend would be submitted for approval at the stockholders' annual meeting Jan. 15.

The proposed dividend represents both a 1961 2% stock dividend held in abeyance, and a 2% dividend for 1962.

The stock dividend, which has received preliminary approval of the Comptroller of the Currency, would be paid Feb. 15 to stockholders of record Jan. 15.

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The Banking Department of the State of New York on Dec. 7 gave approval to the **Nassau Trust Company, Glen Cove, N. Y.** to increase its Capital Stock from $621,000 consisting of 124,200 shares of the par value of $5 each, to $633,420 consisting of 126,684 shares of the same par value.

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The Comptroller of the Currency James J. Saxon on Dec. 12 approved the application to merge **The Trust Company of Fulton County, Gloversville, N. Y.,** and the **National Commercial Bank and Trust Company of Albany, Albany, N. Y.** on or after Dec. 19.

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The **National Shawmut Bank of Boston, Mass.** has promoted Nigel R. Godwin to Assistant Vice-President.

Donald C. Norton, James J. O'Brien and Raymond T. O'Keefe have been promoted to Senior Vice-Presidents of the **Chase**

Raymond T. O'Keefe James J. O'Brien

Donald C. Norton

Manhattan Bank, New York, it was announced Dec. 18.

Mr. Norton and Mr. O'Brien are in the trust department. Mr. Norton is in charge of the personal trust and estate group, while Mr. O'Brien heads the investment and custody group. Mr. O'Keefe is head of the bank's real estate and mortgage loan department.

Mr. Norton joined the bank in 1928. He was appointed an Assistant Personal Trust Officer in 1944, an Assistant Vice-President in 1953 and Vice-President in 1958.

Mr. O'Brien, who joined the bank in 1929, was appointed an Assistant Cashier in 1947, a Second Vice-President in 1952 and a Vice-President in 1956. Earlier this year he was appointed Chairman of the bank's trust investment committees.

Mr. O'Keefe joined the bank in 1929, and was appointed an Assistant Cashier in 1950, he was promoted to Assistant Vice-President in 1955 and to Vice-President in 1956.

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The **Chase Manhattan Bank, New York,** opened on Dec. 17 an office at 2 Knickerbocker Ave., Brooklyn. It is the bank's 119th office in the Metropolitan New York area and its 12th in Brooklyn.

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The **Central Trust Co., Rochester, N. Y.,** on Dec. 10, received approval from N. Y. State Banking Department to increase its Capital Stock from $3,765,180 consisting of 188,259 shares of the par value of $20 each, to $3,845,180 consisting of 192,259 shares of the same par value.

On the same day the Banking Department approved the merger of **Prattsburgh State Bank** into **Central Trust Company Rochester, N. Y.** under the title **Central Trust Company Rochester, N. Y.**

The Board of Governors of the Federal Reserve System had already given their approval.

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Oren Root, New York State Superintendent of Banks and Chairman of the Banking Board announced Dec. 12 that he had approved the mergers of the **First National Bank of Boliver** into **The First Trust Company of Allegany County in Wellsville,** and of the **Clymer State Bank** into the **Bank of Jamestown.**

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Free checking accounts for "senior citizens" of Connecticut will be offered by **The First New Haven National Bank, New Haven, Conn.** in 1963.

Starting with the new year, retired men and women over 65 may open and maintain a checking account at any of The First New Haven's 13 offices without being charged normal service costs under the new plan.

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The State National Bank of Connecticut, Stamford, Conn. elected George F. Barbour and Joseph F. Fahey, Jr., Senior Vice-Presidents. James M. MacKay and Frank R. Straub were elected Vice-Presidents. F. Richards Ford III was elected Vice-President and Secretary and Maureen M. Smith was elected Vice-President and Cashier.

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The **City Trust Co., Bridgeport, Conn.,** elected Hoyt O. Perry, Jr., a Vice-President and Trust Officer and Ralph B. Sperry a Vice-President.

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The National Newark & Essex Bank, Newark, N. J. elected John F. Ferguson, Anson M. Fischer, William C. Schenck, Jr., Frank E. Delfosse, Rudolph C. Hilsky, Barclay B. Baekey, S. Jervis Brinton, Jr., George Barker, Jr., Walter J. McLaren and F. Justin Weber, Vice-Presidents.

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The **Fidelity Union Trust Company, Newark, N. J.** announced Dec. 18 the election of Peter Cartmell, William L. Hoffmann and William J. O'Connor, as Senior Vice-Presidents. Mr. Davis, Pres., also announced the election of John T. Stickney, as Vice-President, the election of Ferdinand W. Krumholtz as Second Vice President, the election of John J. Furson and Carl G. Saal, as Assistant Treasurers.

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The Comptroller of the Currency has issued a certificate of authority to commence business to the **Franklin Lakes National Bank, Franklin Lakes, N. J.** The Bank was officially opened for business Dec. 17. The capital of the Bank is $180,000, and its surplus $120,000.

Officers of the Bank are: J. Nevins McBride, President; Carl H. Kielmann, Executive Vice-President and Cashier; Francis B. Brogan, Vice-President and Theodore V. Kruckel, Jr., Assistant Vice-President.

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The Comptroller of the Currency, James J. Saxon on Dec. 12 approved the application to merge **The Citizens National Bank of Front Royal, Front Royal, Va.** and **First National Bank of Flint Hill, Flint Hill, Va.** effective on or after Dec. 19.

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John R. Bullock was elected to the Board of Directors of **The First National Bank of Cincinnati, Ohio.**

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Robert J. Nolan has been appointed Manager of the newly enlarged Jefferson-Erie office of **The Ohio Citizens Trust Company, Toledo, Ohio.**

The **Ohio Citizens Trust Co., Toledo, Ohio,** shareholders, at a special meeting Dec. 10 authorized an increase in the bank's capital account from 132,500 to 140,000 outstanding $20 par value shares.

At their meeting which followed immediately, the bank's directors declared a stock dividend—one share for each 17⅔ shares presently held, or a 5.66% over-all increase. The dividend is payable Dec. 26 to shareholders of record Dec. 14.

This action will increase the bank's capital account from $2,650,000 to $2,800,000. At the time of the stock dividend, directors propose the transfer of $150,000 to surplus which will bring total of capital and surplus to a new high of $7,300,000.

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The American Fletcher National Bank & Trust Co., Indianapolis, Ind. elected J. Joseph Tuohy a Vice-President.

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The First National Bank, Elkhart, Ind. elected Edward B. Linsley an Executive Vice-President. Lloyd Z. Minnix and Russell L. Hoak were elected Senior Vice-Presidents.

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The First National Bank of Chicago, Ill. transferred $5,000,000 from undivided profits to the surplus account, raising the Bank's surplus account to $165,000,000 and capital stock to $150,000,000, or a total of $315,000,000.

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The Archer National Bank, Chicago, Ill., elected Peter Batsakis a Vice-President.

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The Drovers National Bank, Chicago, Ill. elected Falle M. Finnerup a Vice-President.

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The **Harris Trust and Savings Bank, Chicago, Ill.,** announced that the Board of Directors Dec. 12 authorized the transfer of $5,000,000 from undivided profits account to surplus. The transfer raises the surplus account to $37,700,000, and with $27,300,000 in capital brings combined capital and surplus to $65,000,000.

The Harris Trust and Savings Bank also announced Dec. 12 that Lambert W. Bredehoft, was named Vice-President and Manager of the Harris International banking department.

Promoted to Vice-Presidents are Norville A. AuBuchon, Ralph A. Heinsen, W. David Braddock, Albert T. Erickson, Robert H. Long, Hiram F. Bright, and William S. Morrison, Jr.

New Assistant Vice-Presidents include Edward K. Banker, Fredrick C. Ernst, William R. Hodgson, John A. Sivright, Roy C. Demmon, and Robert C. Hawley. Preston T. Luney was promoted to Manager, buying department in the investment department.

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The **National Bank of Detroit, Detroit, Mich.,** elected Tyrrell R. Miller, Jr., Vice-President; and McClellan Morford was elected Vice-President and Auditor.

Roland R. Bonamici, Stephen R. Farkas, Harry K. May, John J. L. Johnson, M. Robert Johnston, Frederick J. Murphy, Terence E. Renaud, Donald T. Riching, Herbert R. Strek, Clifford C. Van Dyke, and Edward Weall were promoted to Assistant Vice-Presidents.

Eight new Assistant Cashiers were elected: George A. Athos, Wire Transfer dept.; William M. Broucek, Michigan division; Samuel Cerbus, Purchasing dept.; D. Dean Kaylor, Bank Investment dept.; Rodney C. Linton, Marketing division; Noel L. Peterson, Credit dept.; Robert I. Simion, Operations division; and Robert W. Van Auken, City division.

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The Detroit Bank & Trust Co., Detroit, Mich. elected Roblee B. Martin, a Director.

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The **Citizens State Bank of Clare, Clare, Mich.,** has changed its title to **Citizens Bank and Trust Co.**

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The American National Bank, St. Paul, Minn. elected Owen H. Froehle and William T. Price, Vice-Presidents.

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The Comptroller of the Currency, James J. Saxon on Dec. 6 approved the application to merge **Farmers & Merchants Bank, Platte, South Dakota; Farmers & Merchants Bank, Presho, South Dakota;** and **Farmers & Merchants Bank, Wessington Springs, South Dakota** into **The National Bank of South Dakota, Sioux Falls, Sioux Falls, South Dakota.**

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The Mercantile National Bank, Dallas, Texas, elected Frank V. Wolfe a Senior Vice-President. John C. Sans was elected a Vice-President and Trust Officer and Charles F. Nowlin a Vice-President.

* * *

The Comptroller of the Currency James J. Saxon announced Dec. 13 that he has granted preliminary approval to organize the **Texas National Bank of Temple, Temple, Texas.**

The new bank, to be located at 217 North Main St., will have an initial capital structure of $750,000.

* * *

The Comptroller of the Currency James J. Saxon on Dec. 12, approved the application to consolidate **The First National Bank of Dona Ana County, Las Cruces, New Mexico,** and **The First National Bank of Anthony, Anthony, New Mexico,** effective on or after Dec. 19.

* * *

The **Bank of California, N. A., San Francisco, Calif.,** appointed Irving Johnson, Hubert I. McDaniel, Robert J. Payne and Edward L. Tebbetts, Assistant Vice-Presidents.

Arnold M. Miesner and G. William Sheldon were appointed Trust Officers.

Andrew Griffin, Robert W. Johnston and Thomas D. Walsh were named Assistant Cashiers.

Richard A. Hilkert and Eugene F. McKelligan became Assistant Comptrollers.

Donald D. Crawford, Robert G. Funston, Ward Ingersoll and Roger D. Newell are new Assistant Trust Officers.

* * *

The United California Bank, Los Angeles, Calif. elected Arthur S. Carruthers Vice-President and Senior Trust Officer. Philip W. Burge, Wallace E. Frazier, R. J. O'Donnell, John O. Pieksen, G. W. Post, I. C. Quildsland, R. S. Simmons and W. V. Taylor have been elected Vice-Presidents.

To Be Roney Partner

DETROIT, Mich.—William C. Roney & Co., Buhl Building, members of the New York and Detroit Stock Exchanges, on Jan. 1 will admit James S. Gilmore, Jr., to limited partnership.

As We See It

Continued from page 1

"do something" (that is something different from simply getting out of the way) to invigorate industry and trade and to direct it in the way it should go. That is the essence of the President's assertion that "we can not afford to do nothing." No one who is even half familiar with what the Administration spokesmen and even the President himself have been saying can for a moment doubt that nothing is further from White House plans than a withdrawal from the semi-socialistic programs now laying a heavy hand on all business enterprise — the over-extended regulations, the encouragement of monopolistic labor union activities, the subsidization of agriculture and the half-hundred other activities of a like sort. Even in the matter of taxation the Chief Executive seems to have his mind set primarily upon tax reduction rather than the tax reform which is the most urgent need of the day.

It is disheartening that so few of us here in this country today realize and fully understand that all this is wholly foreign to and, indeed, quite inconsistent with the basic philosophy upon which this nation was founded and in the pursuit of which we have grown to be the envy of the world, including the socialists and the communists who are devotees of just such doctrines as those the New Frontiersmen are so fond of preaching and as those the President himself now either implicitly or expressly avows. So far into the background of the popular mind have the rudiments of the teachings of our founding fathers receded that it appears well, even on pain of repetition, to lay out again and again the beliefs that we as a people held most sacred in our earlier days when both growth and employment were taken for granted and actually realized in full measure.

Direct From the Leader

No one, so far as we know, has ever been able to give expression to these ideas better than or even as well as the founder of the broad economic theory which constituted the basis of our program, economic and political, in the years when we were performing the "miracles" of growth and prosperity about which so much has been said throughout the world. Here are the words taken from Adam Smith's the "Wealth of Nations" published in the year of our Declaration of Independence:

"It is thus that every system which endeavors, either by extraordinary encouragements to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it, or, by extraordinary restraints, force from a particular species of industry some share of the capital which would otherwise be employed in it, is in reality subversive of the great purpose which it means to promote. It retards, instead of accelerating, the progress of the society towards real wealth and greatness; and diminishes instead of increasing, the real value of the annual produce of its land and labor.

"All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign (that is, the government) is completely discharged from a duty, in the attempting to perform which he (it) must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society."

And then: "According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than to repay it to a great society."

Not Worthy of Approval

Can anyone imagine the author of these sentences approving action by any government designed to stimulate growth or to increase employment — that is except by removing arbitrary obstacles or avoiding policies or programs which interfere with the economic activities of the people? To ask such a question is to answer it. No more easily can it be imagined that our founding fathers would for a moment condone such ideas as those now being given out by the political powers that be.

It is, of course, easy enough to say that conditions have changed mightily since the days of Adam Smith and that these changes must of necessity bring modification of his ideas. The obvious answer is that the changes are not such that they require complete abandonment of the time-tested system until recently cherished by the free world!

Becton, Dickinson Private Financing

Becton, Dickinson & Co. have announced that arrangements have been completed by F. Eberstadt & Co., New York, for the private placement with New York Life Insurance Co. of $9,000,000 of promissory notes, due in 1982. Proceeds from the sale will be used by the company as additional working capital, and to finance expansion of certain manufacturing facilities.

Becton, Dickinson, headquartered at East Rutherford, N. J., was incorporated in New Jersey in 1906 as successor to a partnership established in 1897. It is engaged primarily in the manufacture and sale of products for use by the medical profession. These include hypodermic syringes and needles, laboratory and diagnostic products and apparatus, products for blood collection and utilization, clinical thermometers, elastic bandages, surgeons and examination gloves, surgeon's knives, stethoscopes, and many other items used by doctors, hospitals, laboratories, pharmaceutical companies, dentists and veterinarians.

The company has four operating domestic subsidiaries and eight operating subsidiaries or divisions outside the United States, the latter being located in Canada, Puerto Rico, Panama, Brazil, France and Mexico.

John Kaplan to Admit

Effective Jan. 1, John H. Kaplan & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Sandra Rudel to general partnership and Carlyn R. Cohn to limited partnership in the firm.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

FIRST NATIONAL BANK OF MIAMI

Recent Price	Dividend	Est. Earns. (1962)	Yield	P/E Ratio
$77	$1.60	$4.10	2.06%	18.9x

One of the principal cities in the country is Miami, the population of the metropolitan area being in the vicinity of one million. The largest bank in the city is the First National Bank which is also the largest in the state of Florida. Florida laws now prohibit branching but there are affiliated banks throughout the state. It would follow that the First National, in spite of branch banking restrictions, has a well ordered group of affiliates.

Of importance to the growth of the bank is the growth in Florida. In the post World War II era Florida has had a population growth exceeding most of the other 49 states. Naturally the deposits of this bank have reflected this growth. On a percentage basis the growth of Florida in this decade should be among the greatest of any state, according to most estimates of population increase.

Although the current market for the bank's shares is full, they are selling somewhat in line with California banks in regard to yield and price/earnings ratios. Also, California has several major commercial banks and competition is strong. Fortunately, Florida has no other banks of size equal to that of the First National Bank of Miami; therefore, competition is not the problem it is on the West Coast. Due to the physical location of the bank, a substantial correspondent business is conducted with foreign banks—particularly Latin America.

As is shown in the accompanying table, the deposit growth of First National of Miami has been favorable. The capital account is low relative to deposits, but the low payout should allow for growth here. It is evident that the less spectacular growth in earnings per share is due to the dilution resulting from stock sales. [As of Dec. 13, 1962, the directors voted to declare a 20% stock dividend payable to stockholders of record on Jan. 22, 1963.]

This institution is bound to grow with Florida, which should continue its outstanding development. Although the trend in bank debits has been favorable over the past decade the slower increase is not indicative of a trend but seems to be more of a temporary delay in view of the spectacular growth over the preceding years.

Years Ended Dec. 31	(Millions) Assets	Depos.	Capital*	Per Share Book Value	Net Oper. Earnings	Divs. Paid	Price Range High	Low
1961	$402	$368	$26	$35.06	$4.02	$1.60	107	61
1960	374	341	25	33.35	3.41	1.60	68	58
1959	360	317	24	32.15	2.94	1.60	63	43
1958	331	307	19	31.24	3.39	1.55	46	38
1957	298	278	14	28.54	3.63	1.00	45½	38

*Excludes reserves.

POPULATION DATA

	Miami Population	—% Increase Over the Previous Decade— City	State	United States
1930	110,637	274.1	51.6	16.1
1940	172,172	55.6	29.2	7.2
1950	249,276	44.8	46.1	14.5
1960	291,688	17.0	78.7	18.5

TREND OF BANK DEBITS

	Miami (in Thousands)	% Increase Over Previous Year Miami	337 Cities
1953	$4,601,816	13.4	6.8
1954	5,187,480	12.7	2.4
1955	6,229,691	20.1	11.4
1956	7,393,014	18.7	9.1
1957	8,453,502	14.3	6.1
1958	9,140,857	8.1	1.7
1959	10,156,378	15.0	11.7
1960	10,698,080	1.7	4.3
1961	10,965,716	2.5	4.4

COMMENTARY...

BY *M. R. LEFKOE*

Did he or didn't he advocate "a Munich" during the recent Cuban crisis?

Originated only two weeks ago by the *Saturday Evening Post's* version of the behind-the-scenes discussions which preceded President Kennedy's decision to blockade Cuba, this guessing game already has engaged the attention of the whole country. Many participants have offered numerous tentative answers to the specific question: Exactly what was Adlai Stevenson's position during the top-level debates?

President Kennedy, one of the glittering array of participants, has said that Stevenson *eventually* supported his decision to quarantine Cuba by military force. However, the question still remains as to whether or not Stevenson *originally* preferred "political negotiation to the alternative of military action." Did he, as the *Post* article reported, want "to trade the Turkish, Italian and British missile bases for the Cuban bases"? Did he, in effect, enter the President's strategy council arguing for appeasement?

Still An Enigma

As of the moment, the mystery of L'affair Adlai still remains unsolved. But what is even more disturbing than the failure of anyone to answer the question conclusively is the fact that our Ambassador to the United Nations is not above the suspicion of appeasement. Neither the public nor the press in any large numbers has come to his defense by saying: Stevenson's record shows that he could never be soft on world communism. His approach to the issue in the past demonstrates that he could never favor compromise with Soviet Russia.

This, however, is eactly what the reaction would have been had the *Post* leveled its accusations at a man such as Barry Goldwater. In such a case, the magazine would have been laughed off the stands. But no one is laughing now.

Stevenson's Position

Stevenson's own defense only served to lend substance to the "peace at any price" attitude attributed to him by the *Post* story. On television last week, Stevenson stated: "What the article doesn't say is that I opposed . . . an invasion of Cuba at the risk of nuclear war until the peace-making machinery of the UN had been used."

Even the most zealous advocates of using the UN as a mediator of international disputes know that, at best, no agreement is ever reached without many weeks or months of debate. Furthermore, Stevenson was well aware when the President delivered his ultimatum to Russia on a Monday night via a television broadcast to the nation that the Cuban missile bases would be operational by the following Tuesday at the latest. Consequently, as the *Post* article pointed out, if Khrushchev could delay an armed showdown for just a few days, "we would be looking down the gun barrel of a fully operational Soviet missile complex 90 miles from our shores." Such a confrontation could easily have put America on the defensive forever in her dealings with Russia.

Apostle of Compromise

The fact of the matter is that the *Post's* description of Stevenson's stand on Cuba (a description, in effect, substantiated by Stevenson himself) is characteristic of his general attitude to the free world's struggle with international communism. He has long been a leading proponent of negotiation and compromise as the cornerstone of America's foreign policy. Thus, while we may never know authoritatively whether he originally wanted "a Munich" in Cuba, the idea that Stevenson made such a proposal is not only possible, but probable.

One of the most interesting aspects of this whole affair is that Stevenson's "soft" approach has long been followed as the essence of America's foreign policy. The best evidence of this, of course, was the failure to provide air cover, etc., for the hundreds of Cuban patriots during the abortive Bay of Pigs invasion only 18 months before President Kennedy's "get out—or else" speech on Oct. 22. If, while America was following its policy of—"let's see if the neutral nations approve of it first," an article had appeared similar to the current one in the *Post*, virtually nothing would have come of it.

At that point in time, Stevenson would have been in tune with official policy. His mistake during the most recent Cuban crisis was to continue playing "soft" music after the leader of the band had switched to a "hard" melody, due to an approaching Congressional election and a groundswell of popular opinion calling for positive action.

A "New Note"

On Oct. 22, President Kennedy's song book called for the "withdrawal of all offensive weapons in Cuba, *under the supervision of U.N. observers*, before the quarantine could be lifted." (Italics added.) Only a month later, at his Nov. 20 press conference, the President announced: "I have today been informed *by Chairman Khrushchev* that all of the IL28 bombers now in Cuba will be withdrawn in 30 days. . . . I have this afternoon instructed the Secretary of Defense to lift our naval quarantine." (Italics added.)

Consequently, before all the members of the band could find the musical score for the Oct. 22 performance, the tempo had switched abruptly to a new melody—one which supposedly wasn't even in the song book.

What made this most recent change in tune even more startling to those attempting to follow the score was their distinct recollection that, only a month before, the President publicly had branded Khrushchev's statements on Cuba as acts of "deliberate deception." Thus, President Kennedy's decision to change the tune by lifting the Cuban quarantine on nothing more than the word of a "liar" was more than even the most adept instrumentalists of foreign policy could follow.

The most ironic aspect of L'affaire Adlai is that the President's current tune is beginning to sound like the old, familiar one of compromise and appeasement. If Mr. Stevenson doesn't stop denying the *Post* article so violently, he could very well be forced into the position of having to deny all his current denials. By that time, however, most Americans will have answered the current riddle of "Did he or didn't he?" and won't really care what he says anymore.

* * *

Several words were inadvertently omitted from the concluding paragraph of last week's column. To clear up any misunderstanding that their absence may have created, the paragraph in question is being reproduced herewith as it should have appeared.

Road to Dictatorship

If Americans fail to understand the principles which differentiate a free society from a slave society, and *to* realize that principles allow no exceptions, collectivists will no longer need to pretend the existence of a distinction between government ownership of the means of production and private ownership *without* property rights. They will have achieved their ultimate goal for the United States —an absolute dictatorship!

New Service for Unlisted Stocks

A new information service for unlisted securities has been introduced to the financial community. The primary objective of the service to act as a "central clearing house of information" on stocks traded over the counter. Publicly owned corporations, securities brokers, and investors are expected to benefit from this information source.

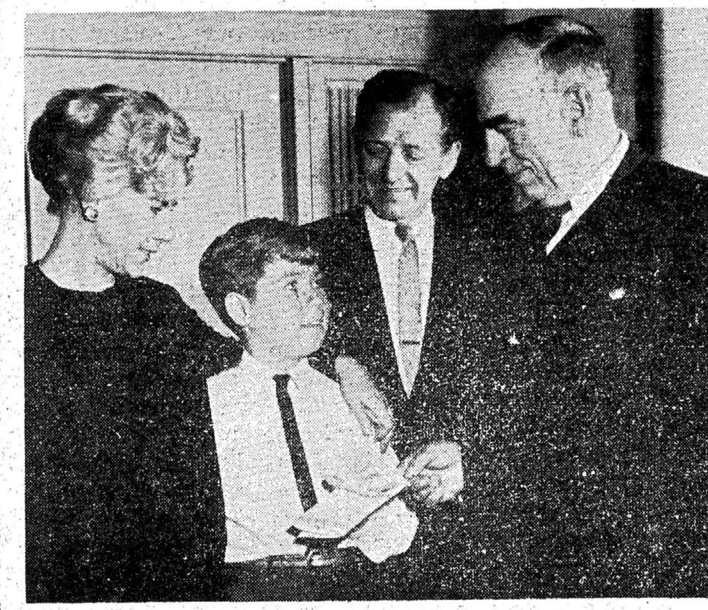
Financial Reporting Service, as the new organization is called, is a telephone service available to brokers that will give them up-to-the-minute data on any corporation listed with F. R. S. This late-breaking news will supplement a file of corporate data cards which will be issued to brokers on a quarterly basis. The cards will contain information essential to investment decisions, including earnings, capitalization, sales, price ranges, and recent events such as mergers, acquisitions, and other developments.

The information will be available to the investing public through brokers. The service is scheduled to begin operations on Feb. 4 of next year.

Financial Reporting Service corporate research specialists obtain data directly from F. R. S. participating corporations in any part of the nation by personal visit, mail, teletype, wire, and telephone. Information is updated with periodic checks and an "open wire" system that enables companies or their public relations representatives to file information with F. R. S. as it breaks. F. R. S. headquarters are located at 40 East 49th Street, New York. Branch offices will be established around the country as required.

The cost to a corporation for an F. R. S. listing is $386 annually. The F. R. S. service is being offered to brokers and financial editors at $69 annually.

Invests in Mutual Fund



STANLEY LIVINGSTON, I PRESUME? asks Charles F. Eaton, Jr., (right), President of the Boston-based investment management firm of Eaton & Howard, Inc., as he personally delivers shares of Eaton & Howard Stock Fund to the young actor on the set of the Fred MacMurray "My Three Sons" TV show at Desilu Studios.

Stanley, whose credits include many Hollywood movies and TV shows, in addition to four successive years as "Chip" in "My Three Sons," has his income protected—as do all child actors—by a California law which now prevents financial calamities that befell such child stars as Jackie Coogan.

The California "Law For The Protection Of Minor Actors," enacted in 1939, provides that all contracts for such actors must be court-approved and that the court may require that a portion of the child's income be set aside for his benefit in a prudent investment. In Stanley's case, the courts' decision being a regular investment in U. S. Savings Bonds—a fixed value security. Stanley's parents, (shown above), however, felt it wise to try to protect the balance of his estate against inflation by taking advantage of the growth, diversification, reduction of risk and professional management which mutual funds offer. They chose for this purpose an investment in Eaton & Howard Stock Fund, which they expect will not only produce capital growth for the young actor's earnings, but also provide Stanley, now 12, a future college education from funds whose growth will keep pace with the rise in the costs of education.

Keene Packaging Associates Common Offered

Hardy & Co., New York, and Kleiner, Bell & Co., Beverly Hills, Calif., have announced that they are making the initial public offering of 150,000 common shares of Keene Packaging Associates at $4 a share. Of the total, 75,000 shares are being sold for the company and 75,000 for the account of selling stockholders.

Net proceeds to be received by the company will be used for plant expansion, purchase of equipment, financing increased inventories and accounts receivable, for working capital and other corporate purposes.

Keene Packaging, of 947 Newark Ave., Elizabeth, N. J., is a designer and manufacturer of semi-rigid vinyl plastic cases and containers for packaging such consumer products as small home appliances, electric shavers and cosmetics. Many of the cases are re-usable for other purposes. Products also include plastic tool and implement kits, travel bags, checkholders and accessories such as hair dryer hoods and plastic aprons.

The company proposes to manufacture "premium" boxes for gifts by business concerns to employees and customers such as plastic attache cases, cosmetic cases, liquor boxes and golf ball kits, utilizing new box heat sealing techniques.

Net sales (unaudited) for the eight months ended Aug. 31, 1962, totaled $2,069,102 and net profit was $170,522, equal to 62 cents a share on the 275,000 shares then outstanding. Upon completion of present financing the sole capitalization of the company will consist of 350,000 shares of common stock.

Loeb, Rhoades To Admit Weil

Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Frank A. Weil to partnership.

Shad To Be V.-P. Of E. F. Hutton

Effective Jan. 1 John S. R. Shade will become a Vice-President of E. F. Hutton & Company Incorporated, 1 Chase Manhattan Plaza, New York City, members of the New York Stock Exchange.

Merrill Lynch to Name V.-Ps.

As of Dec. 27, William R. Lilliott, Richard B. Meyer, and Neil S. See will be elected Vice-Presidents of Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York City.

Impending Changes Facing Present Banking Operations

Continued from page 1

vironment and vigorous support of the business by its regulatory agencies. The estimates also assume ambitious but continued careful management of existing savings and loan associations.

"One of the best ways for the estimates to be too high would be for managing officers and their boards of directors to assume that such growth is inevitable, then sit back and wait for it to happen. The growth estimated assumes a far different attitude on the part of management, and a 10-year struggle to make the estimates come true.

"What commercial banks will do about the indicated strong demand for home mortgage funds in the '60s is difficult to estimate. Many banks undoubtedly could greatly increase their savings volume and their mortgage holdings if they so desired and if laws and regulations were amended to encourage this growth."

Actually my quoting from this report serves a double purpose, and suggests to us one of the very significant "impending" changes in commercial banks. This is the growing importance of time and savings deposits as sources of funds for commercial banks. Unless forces and events not now foreseen alter the strength and direction of this development, we may expect that commercial banks will eventually become savings banks, at least on the liability side of their balance sheet.

What Is A Commercial Bank?

This impending change disturbs many commercial bankers for a reason that may have no real validity. Many commercial bankers believe they are commercial banks because they accept demand deposits. They conclude that unless demand deposits constitute the bulk of their funds, they will not be commercial banks. It may be, however, that a commercial bank is a commercial bank because of the way it loans and invests its funds rather than the way it obtains them. I would prefer personally to decide whether a bank is a commercial bank on the basis of its total service to commerce and industry. If it is a bank that businessmen turn to more or less instinctively when they have a financial problem, I would say it is a commercial bank, without regard to the component parts of its balance sheet.

Just in case there is some doubt as to the declining importance of demand deposits, let's remember four things. First, the total volume of demand deposits will always be limited to that amount the monetary authorities believe is an appropriate money supply. Second, what is an appropriate money supply depends primarily on how much wealth people—including business firms—are willing and able to hold in the form of cash. Third, most people—including corporate treasurers—do not want any more cash (i.e., checking account balances) than necessary to serve as means of payment for their business transactions. Fourth, technology is rapidly reducing the amount of cash needed to serve as means of payment, as clearly evident by the increasing velocity of money.

Putting the four together, the inescapable conclusion must be that demand deposits will steadily represent a declining and not a constant or rising proportion of our total wealth. Only in war or depression, when either the objectives of monetary policy or people's desires to hold cash, or both, are radically changed can we expect much rise in demand deposits.

Promoting Time-Savings Accounts

Of course, if banks could pay interest on demand deposits, people — again including corporate treasurers—might have a higher regard for cash, and hence carry larger cash balances, which in turn would force the monetary authorities to expand the money supply. I doubt that this change is an impending one, however, and my estimate would be that if bankers want their customers to have more money in the bank, they must promote, and promote vigorously their time and savings business. And I am confident that if they do promote time and savings, they will have considerable success, and they will achieve an overall growth rate at least equal to, probably higher than, that of the economy.

Bankers who recognize people's desires to minimize their cash balances should not fight the inevitable, but should seek out ways to help them accomplish their objectives. Analysis of accounts thus should have as its purpose not the determination of the minimum balances necessary to pay for service rendered, but rather the excess amount that should, in the customers own best interest, be invested in a savings account or a time certificate. The way some banks now treat their checking account customers is strangely like the merchant who would not give his customers back the correct change unless they asked for it. Just as a successful store cannot be built on that type of conduct, neither can a bank hope to grow and prosper on the idle, unnecessary cash balances of its customers, who can in today's many markets meet their liquidity needs and earn some return at the same time.

Thus I believe one of the impending changes in commercial banking is a completely changed attitude on the part of bankers toward their checking account customers. And if I were a corporate treasurer or a wealthy individual I would want to be doing business with a bank that could show me how to expedite my money transactions, hence how to get along on less cash; a bank that could show me how to earn some interest on my liquid assets; and most of all, a bank that was competing so successfully for time and savings deposits that it had all the funds it needed to meet loan demands, including my own.

When Large Balances Favor Depositors

Of course, a large balance is not idle if it in fact does purchase a needed service from the bank, whether directly in the form of a used or unused credit line, reconcilement of the payroll account, rapid clearing of checks, and the like, or indirectly in the form of financial service to the community. To the extent banks can convince checking account customers that large balances are in their customer's own best interests, they likely will have success in holding such balances. I suspect that large depositors will be studying the benefits more and more carefully, and on this basis I would predict that the key to successful deposit building in the future will be genuine service to the depositor and to the community in which he is interested.

We use a formula at Indiana to emphasize this point to our students of banking. The formula goes like this:

X=ABCD

where X=the total demand deposits of any given bank

A=the population of the area served by the bank

B=the per capita wealth, hence

AB=the total wealth of the area served

C=the % of their wealth people want in demand deposits

hence ABC=total deposits of the area

D=the particular bank's portion of this total

Quite obviously a bank can increase its chances by working hard to increase the total wealth in its area, but it still must convince people that it is in their best interest to hold a part of their wealth in their checking accounts.

Decline of Unit Banking

Let's look now to an altogether different type of change that seems to be impending. We see on the horizon a possible end to unit banking, perhaps even to our dual banking system. The pressure for more liberalized branching grows each year, so much so in recent yars that bills seem certain to be introduced in the next session of Congress to authorize branching by national banks even in states that do not permit branching for state chartered banks. In a state like Arizona this change may not seem to be of much significance, but bankers will nevertheless be interested in it. After all, many of the proponents of branch banking think in terms of nation-wide, or at least Federal Reserve District-wide, branching. Such a major change in banking structure does not seem likely to occur in the foreseeable future, but we might think for a moment as to why it isn't likely.

Changes in the basic laws affecting banking will not be made just because some bankers want them, and I say this without any intention to criticize banking's legislative efforts or to belittle banker's influence. Significant changes will not be made unless the people of this country believe they are necessary. As long as the public is well served, or believes it is well served, by the present structure of banking, bankers who advocate new legislation will have difficulty in getting the necessary votes.

This of course suggests that bankers who want the structure changed must do such an outstanding job in the area they serve that people in neighboring areas will want that same kind of service. This in turn suggests that bankers who do not want the structure changed will also do their best to provide the service the public wants, and thus to convince their public that no change is necessary. Because of this dual effort to provide the best possible service, we have before us a major change in bankers' attitudes towards their banks, their customers, and their community.

I have always believed that the only worthy objective of a business firm—including banks—in a capitalistic, free enterprise society is to make a profit, and as much profit as possible. To be worthy, this objective must be a long run one, in which the most profitable result of all is survival. For the past two or three decades, however, too many bankers have put too high a value on survival, and have neglected both long run growth and day to day opportunities to risk their capital intelligently for current gain. We can now see that survival alone is not enough; that survival without growth does not maximize the profit objective, hence does not demand the best of our talents or efforts; that growth cannot be achieved without profit; and that profit cannot be earned without service on the one hand and risk taking on the other.

Why S & L Assns. Grew

Looking back, we see how the savings and loan business grew so rapidly. Commercial bankers were unwilling to meet home mortgage loan demand because they thought mortgages were too risky, or they were unable to meet home mortgage loan demands because of such legal restrictions as wholly unreasonable loan to value ratios and loan maturities. As a result, demands moved over to the savings and loan business, which had a higher regard for mortgages and which had much more freedom in meeting borrower needs as to down payment and maturity. Meeting the demand in turn enabled savings and loan associations to outbid the banks for savings.

Much the same story can be told in the consumer credit field. But in both of these important areas of lending, we are now facing an impending change. More and more banks are fighting back—as some of them always have—and the free ride, so to speak, for what we economists call the "non-banking intermediaries" may soon be over.

In the more traditional areas of lending, commercial banks have done much better. In fact, many of them have accepted risks that would have scared their predecessors. They have used their ingenuity to figure out how they could accept these risks. Term loans to under-capitalized firms in brand new industries, loans on assigned accounts, and loans secured by warehouse receipts but no warehouse, are but three examples. This willingness to serve the credit needs of business will not change, in my opinion, but I do believe that one significant change will grow out of this service.

Banks as Fee-Charging Financial Consultants

Commercial bankers continue service to business, and especially to business firms that have real financial problems, is making, and will continue to make, commercial bankers the most competent financial advisors in their community. The role previously played in this area by the investment bankers will continue to decline, relatively. The time will come, very likely, when commercial banks can readily charge a consultant's fee for their service, and when business firms will gladly pay for such consultation.

I would have somewhat more confidence in this impending change if more banks made fuller use of the talents in their own organization. Here I refer to the increasing number of increasingly talented security analysts and investment research people in trust departments. More and more, as all of us know but sometimes do not fully realize, trust investments are equity investments or else creditor obligations purchased because the investment officers believed these were more appropriate at the time than available equities. In either case the equities had to be studied. Since the analysis of equities requires review of markets, management, competition and other factors than credit rating, trust departments are accumulating knowledge, experience, and judgment that not only will help the loan officers, but will be marketable to business firms.

But this is just another illustration of the one big impending change in commercial banking—namely, the trend toward better and more complete and more profitable service to the business community.

As checking accounts provide less and less funds, because people abhor idle cash, and as traditional banking operations require fewer and fewer people, because of automation and improved communications, the very character and appearance of banks will change. Loan officers, credit men, financial counsellors, security analysts, economists, savings and investment officers, business development specialists—there are the possibilities that will come to outnumber messengers, proof and transit clerks, bookkeepers and tellers. No longer can a successful banker say, as one did not too many years ago, that "there will always be plenty of dumb-bell jobs in a bank — and plenty of dumb-bells to fill them."

Yes, the big impending change in commercial banking is that commercial banks are about to enter an era of maximum service to American business, abandoning their traditional role as providers of checking account services, and accepting fully their opportunities to provide complete financial service. This requires people of the highest ability, and quite obviously financial resources of great magnitude, which bankers can obtain by competing effectively for them. While basic changes in the structure of banking are talked of, they are not really impending, and certainly not inevitable or imminent. Improved management and improved service to the business community are not inevitable, either, but they are imminent.

*An address by Professor Edwards at the Annual Convention of the Arizona Bankers Association.

R. W. Pressprich To Admit W. W. Friend Jr.

On Jan. 1, Walter W. Friend, Jr., will become a partner in R. W. Pressprich & Co., 80 Pine Street, New York City, members of the New York Stock Exchange. Mr. Friend is in the firm's research department specializing in municipals.

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.

Accounting Corp. of America
Dec. 5, 1962 ("Reg. A") 300,000 common. **Price**—$1. **Business**—Operation of an electronic data processing service. **Proceeds**—For expansion, equipment and working capital. **Office** — 37 Brighton Ave., Boston. **Underwriter**—Walker, Wachtel & Co., Inc., Boston.

Aerosystems Technology Corp. (12/26-28)
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. **Offering**—Indefinite.

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. (1/2-4)**
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 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.
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. **Offering**—Jan.

• **American Gas Co. (1/14-18)**
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.
March 30, 1962 filed $3,100,000 convertible debentures due 1982, and 155,000 common (of which 120,000 will be sold by company and 35,000 by a stockholder). The securities will be offered in units of one $20 debenture and one share. **Price**—By amendment. **Business**—Production and servicing of physical damage insurance on automobiles, trucks and mobile homes. **Proceeds**—To finance the purchase of American Fidelity Fire Insurance Co. **Address**—American Plan Bldg., Westbury, L. I., New York. **Underwriter** — Bear, Stearns & Co., New York. **Offering**—Expected in January.

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**—Indefinite.

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.

Ampeg Co., Inc.
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., New York. **Offering**—Expected in January.

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 49,993 shares of $3 cumulative preferred stock and 205,105 common shares being offered for subscription by stockholders of the respective classes on the basis of one new share for each 10 held. Record date for both offerings is Nov. 21 and the rights expiration date Feb. 15. **Price**—For preferred $52; for common $13. **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.

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.

Aquariums Inc.
Dec. 5, 1962 filed 51,200 common. **Price**—By amendment (max. $6). **Business**—Manufacture of home aquariums, and supplies. **Proceeds**—For moving expenses, equipment, debt repayment and working capital. **Address**—Route 46, Pine Brook, N. J. **Underwriter**—Divine & Fishman, Inc., N. Y.

Automatic Controls, Inc.
Dec. 28, 1961 filed 50,000 common. **Price**—$4. **Business**—Design, manufacture and installation of electrical, pneumatic, hydraulic and mechanical systems, controls and devices to control and automatically operate industrial machinery and processes. **Proceeds** — For general corporate purposes. **Office**—3601 Merrick Rd., Seaford, N. Y. **Underwriter**—S. Schramm & Co., Inc., N. Y.

Automatic Merchandising, Inc.
May 24, 1962 filed 225,000 common, of which 125,000 are to be offered by company and 100,000 by stockholders. **Price**—By amendment (max. $6). **Business**—Company operates, owns, services and leases coin-operated automatic vending machines. **Proceeds**—For debt repayment, inventories, equipment and working capital. **Office**—217 N. Willow Ave., Tampa. **Underwriter**—A. C. Allyn & Co., Chicago.

Bank "Adanim" Mortgages & Loan Ltd.
Dec. 29, 1961 filed $556,000 of 6% cumulative preference dividend participating dollar-linked shares. **Price**—By amendment. **Business** — A mortgage lending company. **Proceeds**—For general corporate purposes. **Address**—108 Achad Haam St., Tel-Aviv, Israel. **Underwriter**—Adanim American Israel Investment Co., Inc.

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.

Belock Instrument Corp.
Nov. 23, 1962 filed $1,400,000 of 6% conv. subord. debentures, due 1975 (series A). **Price**—By amendment. **Business**—Design, development, and manufacture of mechanical, electromechanical and electronic precision equipment for U. S. armed forces. **Proceeds**—For prepayment of loans. **Office**—112-03 14th Ave., College Point, N. Y. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

Belock Instrument Corp.
Nov. 23, 1962 filed $752,400 of 6% conv. subord. debentures, due 1975 (series B) and an unspecified number of common shares to be offered by subscription in units (7,524) consisting of $100 of debentures and an unspecified number of shares, on the basis of one unit for each 130 common held. **Price**—By amendment (max. $210). **Business**—Design, development, and manufacture of mechanical, electromechanical and electronic precision equipment for U. S. armed forces. **Proceeds**—For prepayment of loans. **Office**—112-03 14th Ave., College Point, N. Y. **Underwriter**—None.

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.

Big Top Stores, Inc.
Nov. 26, 1962 filed 86,000 common. **Price**—$3.50. **Business**—Operation of five retail toy, stationery and variety stores, and the servicing of franchised dealers. **Proceeds**—For expansion, additional inventory, and working capital. **Office**—832 Scarsdale Ave., Scarsdale, N. Y. **Underwriter**—P. J. Gruber & Co., Inc., N. Y.

Blue Magic Co. of Ohio, Inc.
July 16, 1962 filed 100,000 common. **Price**—$4. **Business**—Manufacture of liquid starch, a rinse, and spray starch for household use. **Proceeds**—For equipment, plant expansion and working capital. **Office**—901 Florence Ave., Lima, Ohio. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia. **Offering**—Indefinite.

Brewer (J. W.) Co., Inc.
Nov. 29, 1962 ("Reg. A") 120,000 common. **Price**—$2. **Business**—Distribution of automatic dispensing, cooling and ice-making equipment through a lease service program. **Proceeds**—For debt repayment and working capital. **Office**—3650—51st Ave., Sacramento, Calif. **Underwriter**—Mason Brothers, Oakland.

Brinkmann Instruments, Inc.
March 26, 1962 filed 100,000 common, of which 77,420 shares are to be offered by the company and 22,580 shares by stockholders. **Price** — By amendment (max. $7.75). **Business** — Importing and distribution of scientific instruments. **Proceeds**—For research and development, equipment, debt repayment and other corporate purposes. **Office**—115 Cutter Mill Rd., Great Neck, N. Y. **Underwriter**—D. B. Marron & Co., N. Y.

Buddy L. Corp.
April 2, 1962 filed 225,000 common. **Price** — By amendment (max. $10). **Business** — Design, manufacture and sale of various type toys. **Proceeds**—For a proposed acquisition of another toy company. **Office**—200 Fifth Ave., N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., N. Y. **Offering**—Temporarily postponed.

Cable Carriers, Inc.
June 22, 1962 filed 1,015,564 capital shares to be offered for subscription by stockholders on the basis of four new shares for each share held on Feb. 14, 1962. **Price**—25 cents. **Business**—Manufacture and sale of overhead trolley conveyers, vertical tray lift systems, floor and overhead tow systems, etc. **Proceeds**—For working capital. **Office** — Kirk Blvd., Greenville, S. C. **Underwriter**—None.

Caldwell Publishing Corp.
June 13, 1962 filed 100,000 common. **Price**—$3.50. **Business**—Company plans to publish classics. **Proceeds**—For general corporate purposes. **Office**—339 W. 51st St., N. Y. **Underwriter**—S. B. Cantor Co., N. Y.

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.
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. **Offering**—Temporarily postponed.

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, New York. **Note** — This registration may be withdrawn and then refiled.

Canaveral Hills Enterprises, Inc.
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., New York. **Offering**—Expected in early Jan.

Career Academy, Inc.
June 29, 1962 filed 100,000 common. **Price**—By amendment (max. $3.25). **Business** — Operation of technical schools. **Proceeds**—For debt repayment, expansion and general corporate purposes. **Office**—135 W. Wells St., Milwaukee. **Underwriter**—Divine & Fishman, Chicago. **Offering**—Expected in January.

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.

Center Star Gold Mines, Inc.
April 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. (1/2-4)**
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**—$5. **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. **Offering**—Indefinite.

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.

Circle K Food Stores, Inc. (1/14-18)
Nov. 28, 1962 filed 96,000 common, of which 64,000 are to be offered by company and 32,000 by stockholders. **Price**—By amendment (max. $6.25). **Business**—Operation of retail drive-in grocery stores. **Proceeds**—For expansion and other corporate purposes. **Office**—904 Magoffin Ave., El Paso. **Underwriter**—Eppler, Guerin & Turner, Inc., Dallas.

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. (1/9)**
Sept. 21, 1962 filed $12,500,000 conv. subordinated debentures, due Jan. 1, 1963. **Price**—By amendment. **Business**—Design, development, and manufacture of specialized radio communications equipment, and aircraft and flight control devices. **Proceeds**—For repayment of bank loans. **Office**—5225 "C" Ave., N. E., Cedar Rapids, Iowa. **Underwriters**—Kidder, Peabody & Co., Inc., and White, Weld & Co., Inc., New York.

Colonial Board Co.
March 28, 1962 filed 164,000 common, of which 115,000 are to be offered by the company and 49,000 by stockholders. **Price**—By amendment (max. $15). **Business**—Manufacture of shoeboard and boxboard. **Proceeds**—For expansion, equipment and debt repayment. **Office**—615 Parker St., Manchester, Conn. **Underwriter**—Putnam & Co., Hartford, Conn.

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 Gas System, Inc. (1/3/63)
Nov. 27, 1962 filed $25,000,000 of debentures, due 1988. **Proceeds**—To redeem outstanding 5⅜% debentures, due 1984, and increase working capital. **Office**—120 East 41st St., New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Morgan Stanley & Co.-First Boston Corp. (jointly). **Bids**—Expected Jan. 3, 1963 (11 a.m. EST).

Commercial Life Insurance Co. of Missouri
Nov. 26, 1962 ("Reg. A") 46,000 common to be offered for subscription by stockholders on the basis of one share for each 3.36 common shares held. **Price**—At-the-market. **Business**—Sale of health, accident, life and hospital insurance. **Proceeds**—For working capital. **Office**—3570 Lindell Blvd., St. Louis. **Underwriter**—Edward D. Jones & Co., St. Louis.

● **Computer Concepts Inc. (12/24-28)**
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.

Conso Products, Inc.
Sept. 27, 1962 filed 125,000 common. **Price**—By amendment (max. $10). **Business**—Manufacture of home furnishing trimmings and accessories. **Proceeds**—For machinery and working capital. **Office**—27 W. 23d St., N. Y. **Underwriter**—H. Hentz & Co., N. Y. **Offering**—Jan.

Consolidated Leasing Corp. of America
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. **Offering**—Expected in January.

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.

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.
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. **Offering**—Indefinitely postponed.

Cotter & Co.
Nov. 21, 1962 filed $3,000,000 of 6% subordinated notes, series I. **Price**—At par. **Business**—A cooperative wholesaler of hardware and related items. **Proceeds**—For working capital. **Office**—2740 N. Clybourn Ave., Chicago. **Underwriter**—None.

Creative Ventures Corp.
May 28, 1962 filed 150,000 common and warrants to purchase 30,000 additional shares, to be offered in units of one share and one warrant. **Price**—$2.25 per unit. **Business**—A corporate guidance and interim financing concern. Company may also act as a broker-dealer and underwriter. **Proceeds**—For investment. **Office**—733 Third Ave., N. Y. **Underwriter**—Hampstead Investing Corp., New York.

Credit Department, Inc.
Jan. 26, 1962 filed $1,200,320 of 7% conv. subord. debentures due 1974 and 54,560 common shares to be offered in 2,728 units, each consisting of $440 of debentures and 20 common shares. **Price**—$550 per unit. **Business**—A consumer sales finance company. **Proceeds**—For debt repayment. **Office**—1775 Broadway, N. Y. **Underwriter** — Bernard M Kahn & Co., Inc., N. Y. **Offering**—Expected in January.

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. **Offering**—In early January.

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 deben-

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tures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, 2 units for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction, equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

Diamond Dust Co., Inc.
Feb. 27, 1962 filed 102,000 common. **Price**—$3. **Business**—Production of graded diamond powder and compound. **Proceeds**—For debt repayment, additional personnel, advertising and working caiptal. **Office**—77 Searing Ave., Mineola, N. Y. **Underwriter**—Magnus & Co., N. Y. **Offering**—Indefinitely postponed.

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

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

Diversified Real Estate Trust
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., New York. **Offering**—Expected in January.

● **Duro-Test Corp.**
Dec 6, 1962 filed 150,000 common. **Price**—By amendment (max. $9). **Business** — Manufacture of various types of lights for industrial and commercial use. **Proceeds**—For the selling stockholder. **Office** — 2321 Hudson Blvd., North Bergen, N. J. **Underwriter**—Auchincloss, Parker & Redpath, New York. **Offering**—Expected in January.

Dynamic L. P. Industries, Inc.
June 21, 1962 filed 75,000 common. **Price**—$4. **Business**—manufacturing, labeling and packaging of long playing stereophonic and monaural phonograph records for label record companies. **Proceeds**—For equipment and working capital. **Office** — 900 Passaic Ave., East Newark, N. J. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York.

Dynapower Systems Corp.
Sept. 28, 1962 filed 750,000 common. **Price**—$1. **Business**—Manufacture of electro-mechanical vehicles and electronic devices for medical and marine purposes. **Proceeds**—For working capital, equipment and debt repayment. **Office**—2222 S. Centinela Ave., Los Angeles. **Underwriter**—None.

Eastern Camera & Photo Corp.
March 28 1962 filed $500,000 of 6% conv. subord. debentures due 1972 and 50,000 common shares (of which 25,000 will be sold by the company and 25,000 by stockholders). The securities are to be offered in units of one $100 debenture and 10 shares. **Price**—By amendment. **Business**—Operation of retail camera stores and department store concessions. Company also processes black and white film and repairs photographic equipment. **Proceeds**—For debt repayment and working capital. **Office**—68 W. Columbia St., Hempstead, N. Y. **Underwriters**—Edwards & Hanley, Hempstead, L. I., and Street & Co., Inc., New York. **Note**—This registration is expected to be withdrawn.

Eastern Pennsylvania Investment Co.
March 16, 1962 filed 450,000 common. **Price**—By amendment (max. $16). **Business**—A small business investment company. **Proceeds**—For general corporate purposes. **Office** — 3 Penn Center Plaza, Philadelhia. **Underwriters**—Drexel & Co., Philadelphia and Kidder, Peabody & Co., N. Y.

Electro-Nucleonics, Inc.
Sept. 24, 1962 ("Reg. A") 29,525 common. **Price**—$5. **Business**—Research and development toward improvement of gas centrifuge technology for separation of isotope and gaseous materials. **Proceeds**—For equipment, expansion, research and working capital. **Office**—368 Passaic Ave., Caldwell, N. J. **Underwriter** — Richard Bruce & Co. Inc., N. Y. **Offering**—Expected in January.

Electro-Temp Systems, Inc.
Oct. 18, 1962 ("Reg. A") 160,000 common. **Price** — $1. **Business**—Sale of commercial and industrial refrigeration machinery and equipment. **Proceeds**—For debt repayment, equipment, inventory and working capital. **Office**—150-49 Hillside Ave., Jamaica, N. Y. **Underwriter**—S. C. Burns & Co., Inc., N. Y. **Offering**—In late Dec.

Equity Annuity Life Insurance Co.
Aug. 21, 1962 filed 150,000 common being offered for subscription by stockholders on the basis of 1½ new shares for each share held of record Dec. 11, with rights to expire Dec. 29. **Price**—$7. **Business**—Sale of individual life insurance, pension trust and group variable annuity contracts. **Proceeds** — For expansion and capital funds. **Office**—2480 16th St., N. W., Washington, D. C. **Underwriter**—None.

Equity Funding Corp. of America
March 29, 1962 filed 240,000 common. **Price**—By amendment (max. $6.50). **Business**—A holding company for firms selling life insurance and mutual funds. **Proceeds**—For new sales offices, advances to subsidiaries and working capital. **Office**—5150 Wilshire Blvd., Los Angeles. **Underwriter**—Wisconsin-Continental, Inc., Milwaukee.

Everbest Engineering Corp.
April 2, 1962 filed 100,000 class A shares. **Price**—$2.40. **Business**—Manufacture and sale of long-lived electric lamps. **Proceeds**—New product development, inventories and working capital. **Office**—41 E. Twelfth St., N. Y. **Underwriter**—Planned Investing Corp., N. Y.

● **Fabco, Inc.**
July 20, 1962 ("Reg. A") 200,000 common. **Price**—$1.50. **Business**—Manufacture of insulated water closet tanks, fiberglass gravel stop and laundry tubs. **Proceeds**—For debt repayment, equipment, and working capital. **Address**—Stillwater, Minn. **Underwriter**—Pewters, Donnelly & Jansen, Inc., St. Paul. **Note**—This letter was withdrawn.

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
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. **Offering**—Expected in February or March.

First New York Capital Fund, Inc.
Oct. 27, 1961 filed 2,770,000 capital shares. **Price**—$1. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—1295 Northern Blvd., Manhasset, N. Y. **Underwriter**—None.

First Union Realty
Nov. 29, 1962 filed 880,000 shares of beneficial interest. **Price**—By amendment (max. $14). **Business**—A real estate investment trust. **Proceeds** — To acquire the 55 Public Square Bldg., in downtown Cleveland. **Office**—Room 1840, Union Commerce Bldg., Cleveland. **Underwriters**—Harriman Ripley & Co., Inc., New York and Hayden, Miller & Co., Cleveland.

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.

Forst (Alex) & Sons, Inc.
March 23, 1962 filed 125,000 common. **Price**—By amendment (max. $15). **Business**—Wholesale distribution of toys and games. **Proceeds**—For selling stockholders. **Office**—2885 Jerome Ave., Bronx, N. Y. **Underwriter**—McDonnell & Co., New York. **Offering**—Indefinite.

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.

● **Geigher Pipe Supply Inc.**
Sept. 28, 1962 filed 60,000 class A common, of which 50,000 are to be offered by company and 10,000 by stockholders. **Price**—$9.50. **Business**—Sale of steel pipes, valves and fittings. **Proceeds**—For inventory. **Office**—4124 N. Broadway, St. Louis. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo. **Offering**—Indefinite.

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.

Genesco Inc. (1/9/63)
Dec. 7, 1962 filed 185,000 shares of cumulative convertible preferred (no par). **Price** — By amendment (max. $100). **Business**—Manufacture of various types of footwear and apparel. **Proceeds** — For debt repayment and working capital. **Address**—111 7th Ave., North, Nashville, Tenn. **Underwriter**—Blyth & Co., Inc., New York.

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.

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.

● **Gotham Educational Equipment Co. Inc.**
Dec. 4, 1962 filed 75,000 common. **Price**—By amendment (max. $6). **Business**—Design, manufacture, and marketing of items used in educational institutions such as chalk boards, exhibit cases, etc. **Proceeds**—For general corporate purposes. **Office** — 91 Weyman Ave., New Rochelle, N. Y. **Underwriter**—Federman, Stonehill & Co., New York. **Offering**—Expected in mid-February.

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, New York. **Offering**—Indefinite.

Gulf Atlantic Utilities, Inc.
July 30, 1962 filed 90,000 common. **Price**—By amendment (max. $10). **Business** — A management and operating company for subsidiaries which own water treatment and sewerage disposal plants, and water distribution and sewage collections systems. **Proceeds**—For debt repayment, expansion and working capital. **Office**—2738 Malinda Blvd., Jacksonville, Fla. **Underwriter**—Pierce, Carrison, Wulbern, Inc., Jacksonville. **Offering**—Indefinite.

Hallandale Rock & Sand Co.
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**—To be named.

● **Hallicrafters Co. (12/24-28)**
Nov. 27, 1962 filed 108,144 capital shares. **Price**—By amendment (max. $15). **Business**—Manufacture of short-wave radio transmitting and receiving equipment, company also engages in long-range engineering projects for U. S. armed forces. **Proceeds**—For selling stockholders. **Office**—4401 W. Fifth Ave., Chicago. **Underwriter**—Paine, Webber, Jackson & Curtis, Chicago.

Harley Products, Inc.
March 28, 1962 filed 75,000 common. **Price**—$4. **Business**—Design, production and distribution of belts and related products. **Proceeds**—For sales promotion, expansion, inventory, and debt repayment. **Office**—476 Broadway, N. Y. **Underwriter**—To be named.

Harwyn Publishing Corp.
Jan. 29, 1962 filed 300,000 class A common. **Price** — By amendment. **Business** — Publishes illustrated encyclopedic works for children and operates an advertising agency for sale of TV and radio spot time. **Proceeds**—For working capital. **Office**—170 Varick St., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Offering**—Indefinite.

Hawaii Real Estate Investment Trust
May 18, 1962 filed 1,000,000 shares of beneficial interest and eight-year stock purchase warrants to be offered in units consisting of one share and one warrant. **Price**—$10 per unit. **Business**—A real estate investment trust. **Proceeds**—For working capital. **Address**—Honolulu, Hawaii. **Underwriter**—White, Weld & Co., Inc., N. Y.

Heartland Development Corp.
March 28, 1962 filed 23,300 shares of 5% convertible preference stock to be offered for subscription by stockholders on basis of one preferred share for each 10 common held. **Price**—$12. **Business**—Real estate. **Proceeds**—For general corporate purposes and debt repayment. **Office**—40 Beaver St., Albany, N. Y. **Underwriter**—None.

Heck's Discount Centers, Inc.
June 7, 1962 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Operation of discount stores. **Proceeds**—For inventory, expansion, debt repayment and working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va. **Underwriter**—Willard Securities, Inc., New York.

Hek Manufacturing Co., Inc.
Aug. 7, 1962 ("Reg. A") 75,000 common, of which 69,000 shares are to be offered for the account of the company and 6,000 shares for the underwriter. **Price**—$2. **Business**—Manufacture of dental equipment. **Proceeds**—For debt repayment, advetrising, research and development and working capital. **Office**—2176 Palou, San Francisco. **Underwriter**—L. H. Wright Co., Inc., N. Y.

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.

Hillsboro Associates, Inc.
Nov. 27, 1962 filed $1,000,000 of 4% cum. income debentures due 1982 and 15,000 capital shares to be offered in units consisting of 10 shares or one $500 debenture and five shares. **Price**—$1,000 per unit. **Business**—Company plans to purchase the Hillsboro Club, a social and recreational organization. **Proceeds**—For working capital, debt repayment, and property improvement. **Office**—1776 E. Sunrise Blvd., Fort Lauderdale, Fla. **Underwriter**—None.

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.

● **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**—To be named. **Offering**—Indefinite.

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

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.

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.

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**—Tucker, Anthony & R. L. Day. **Offering**—Imminent.

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.

Intelectron Corp.
Dec. 10, 1962 filed 100,000 common. **Price**—$3. **Business**—Company plans to engage in the research and development of devices for the hard of hearing and equipment applicable to certain specialized and affiliated areas of communication. **Proceeds**—For general corporate purposes. **Office**—171 E. 77th St., New York. **Underwriter**—None.

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**—Leib, Skloot & Co., Inc., Clifton, N. J. **Offering**—Indefinite.

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 E. 62nd St., Brooklyn, N. Y. **Underwriter**—Jay Gould & Co., Inc., 111 W. 57th St., New York.

Interstate Equity
March 30, 1962 filed 1,605,100 shares of beneficial interest. **Price**—(max. $10). **Business**—A real estate investment

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NEW ISSUE CALENDAR

December 24 (Monday)
Computer Concepts Inc.________Class A
(Doft & Co.) $500,000
Hallicrafters Co.________Capital Stock
(Paine, Webber, Jackson & Curtis) 108,144 shares
Kaiser-Nelson Corp.________Units
(Robert L. Ferman & Co., Inc.) $855,000

December 26 (Wednesday)
Aerosystems Technology Corp.________Common
(Chase Securities Corp.) $495,000

January 2, 1963 (Wednesday)
American Bolt & Screw Mfg. Corp.________Units
(S. D. Fuller & Co.) $900,000
Chestnut Hill Industries, Inc.________Common
(Clayton Securities Corp.) $1,500,000
Jamoco Air Conditioning Corp.________Common
(Martin-Warren Co., Ltd.) $120,000

January 3, 1963 (Thursday)
Columbia Gas System, Inc.________Debentures
(Bids 11 a.m. EST) $25,000,000

Janurary 7, 1963 (Monday)
Litton Industries, Inc.________Common
(Lehman Brothers; Clark, Dodge & Co., and Goldman, Sachs & Co.) 215,444 shares

January 8, 1963 (Tuesday)
General American Transportation Corp.________Equip. Trust Ctfs.
(Kuhn, Loeb & Co., Inc.) $35,000,000
New York Telephone Co.________Bonds
(Bids to be received) $70,000,000

January 9, 1963 (Wednesday)
Collins Radio Co.________Debentures
(Kidder, Peabody & Co., Inc., and White, Weld & Co., Inc.) $12,500,000
Denver & Rio Grande Western RR.________Eq. Tr. Ctfs.
(Bids 12 noon MT) $4,500,000
Genesco, Inc.________Preferred
(Blyth & Co., Inc.) 185,000 shares

January 10, 1963 (Thursday)
Servotronics, Inc.________Cap. Shs.
(General Securities Co., Inc.) $375,000

January 11, 1963 (Friday)
Natural Gas & Oil Producing Co.________Class A
(Peter Morgan & Co.) $900,000

January 14, 1963 (Monday)
American Gas Co.________Common
(Cruttenden, Podesta & Miller) 275,000 shares
American Gas Co.________Debentures
(Cruttenden, Podesta & Miller) $1,685,000
Circle K Food Stores, Inc.________Common
(Eppler, Guerin & Turner, Inc.) 96,000 shares
Lewis (Tillie) Foods, Inc.________Debentures
(Van Alstyne, Noel & Co.) $2,250,000
Logos Options, Ltd.________Capital Stock
(Filor, Bullard & Smyth) 250,000 shares

January 15, 1963 (Tuesday)
Illinois Power Co.________Bonds
(Bids 10 a.m. CST) $35,000,000
Tabach Industries, Inc.________Common
(Costello, Russotto & Co.) $250,000

January 22, 1963 (Tuesday)
Chesapeake & Potomac Telephone Co. of Md.__Debs.
(Bids to be received) $50,000,000

January 23, 1963 (Wednesday)
Texas Eastern Transmission Corp.________Debentures
(Dillon, Read & Co., Inc.) $25,000,000

January 28, 1963 (Monday)
Nippon Electric Co., Ltd.________American Shs.
(First Boston Corp. and Daiwa Securities Co., Ltd.) 400,000 A. D. S.

January 29, 1963 (Tuesday)
Dallas Power & Light Co.________Bonds
(Bids 12 noon EST) $25,000,000

February 4, 1963 (Monday)
Putnam Management Co., Inc.________Common
(Paine, Webber, Jackson & Curtis and Kidder, Peabody & Co., Inc.) 150,000 shares

February 5, 1963 (Tuesday)
Bell Telephone Co. of Pennsylvania________Debentures
(Bids to be received) $50,000,000

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

March 5, 1963 (Tuesday)
Northwestern Bell Telephone Co.________Debentures
(Bids to be received) $40,000,000

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company. **Proceeds**—For investment. **Office**—450 Seventh Ave., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Offering**—Indefinite.

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

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.

● **Jamoco Air Conditioning Corp. (1/2-4)**
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., New York.

● **Kaiser-Nelson Corp. (12/24-28)**
March 29, 1962 filed $750,000 of 6¾% convertible subordinated debentures due Nov. 30, 1974 and 26,250 common to be offered in units of one $200 debenture and seven shares. **Price**—$228. **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.

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.

Kenner Products Co.
March 30, 1962 filed 542,000 common, of which 205,000 are to be offered by company and 317,000 by stockholders. **Price**—By amendment (max. $24). **Business**—Manufacture, design, and distribution of plastic toys. **Proceeds**—For general corporate purposes. **Office**—912 Sycamore St., Cincinnati, Ohio. **Underwriter**—Kuhn, Loeb & Co., New York.

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.

King-Stevenson Gas & Oil Co.
Nov. 26, 1962 filed $1,526,200 of 6½% conv. subord. debentures, due 1977, to be offered by subscription by common stockholders at the rate of $100 of debentures for each 30 shares held of record Nov. 15. **Price**—At par. **Business**—Company is engaged in operating gas and oil properties, supervising drilling on its leases and managing exploration programs for investors. **Proceeds**—For general corporate purposes. **Office**—2200 First National Bank Bldg, Denver, Colo. **Underwriter**—None.

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. (1/14-18)**
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.
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. **Offering**—Indefinite.

● **Logos Options, Ltd. (1/14-18)**
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.

Luck's, Inc.
Dec. 5, 1962 filed 145,500 common, of which 72,750 are to be offered by company and 72,500 by stockholders. **Price**—By amendment (max. $9). **Business**—Canning and marketing of processed foods. **Proceeds** — For general corporate purposes. **Address** — Seagrove, N. C. **Underwriters**—J. C. Wheat & Co., Richmond, Va., and Allied Securities Corp., Greensboro, N. C.

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**—To be named. **Offering**—Indefinitely postponed.

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.

Manchester Insurance Management & Investment Corp.
Nov. 28, 1962 filed 272,941 common. **Price**—$3.50. **Business**—Writing of casualty insurance, adjustment of claims, financing of insurance premiums, and the making of investments. **Proceeds**—For expansion, loan repayment and other corporate purposes. **Office**—9929 Manchester Rd., St. Louis. **Underwriter**—Troster, Singer & Co., N. Y.

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.

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.

Master Artists Corp.
Nov. 26, 1962 ("Reg. A") 65,000 capital shares. **Price**—$1. **Business**—Production and distribution of recorded radio shows. **Proceeds**—For debt repayment, inventory, working capital and other corporate purposes. **Office**—9641 Heather Rd., Beverly Hills, Calif. **Underwriter**—Keon & Co., Los Angeles.

● **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 was withdrawn.

McGrath (John W.) Corp.
June 28, 1962 filed 253,875 common. **Price**—By amendment (max. $15). **Business**—Contract stevedoring and related operations. **Proceeds**—For selling stockholders. **Office**—39 Broadway, N. Y. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

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.

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. **Offering**—Indefinite.

Met Food Corp.
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. **Offering**—Indefinite.

Metropolitan Acceptance Corp.
Oct. 2, 1961 filed $300,000 of 6% subordinated convertibles due 1967 and 60,000 common shares to be offered in units consisting of $100 of debentures and 20 common shares. **Price**—$150 per unit. **Business**—Financing of retail sales. **Proceeds**—For working capital. **Office**—5422 Western Ave., Chevy Chase, Md. **Underwriter**—To be named.

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.

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. **Note**—This letter was withdrawn.

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. **Offering**—Indefinite.

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 Central Life Insurance Co.
Dec. 7 filed 125,000 common. **Price** — By amendment (max. $15). **Business**—Writing of health and accident insurance. **Proceeds**—For general corporate purposes. **Address**—2632 McGee St., Kansas City, Mo. **Underwriter**—To be named.

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 Fence Manufacturing Co., Inc.
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business** — Manufacture of galvanized chain link fence, welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ireland, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co., Inc., N. Y. **Offering**—Expected in February.

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 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).

National Security Life Insurance Co., Inc.
Nov. 28, 1962 filed 590,075 common to be offered for subscription by common stockholders of record Oct. 15, on a share-for-share basis. **Price**—By amendment (max. $2). **Business**—Writing of participating and non-participating ordinary life insurance. **Proceeds** — To expand operations. **Office**—6225 University Ave., Madison, Wis. **Underwriter**—None.

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.

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.

● **Natural Gas & Oil Producing Co. (1/11)**
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.

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.

Nippon Electric Co. Ltd. (1/28-31/63)
Dec. 7, 1962 filed 400,000 American Depositary Shares, representing 10,000,000 common. **Price**—By amendment (max. $22.50). **Business**—Manufacture of telecommunications and electronic equipment. **Proceeds**—For expansion. **Address**—Tokyo, Japan. **Underwriters**—First Boston Corp., and Daiwa Securities Co., Ltd., New York.

● **Norda Essential Oil & Chemical Co., Inc.**
March 20, 1962 filed 200,000 class A shares. **Price**—By amendment (max. $15). **Business**—Manufacture, processing and distribution of natural and synthetic essential oils, flavor, essences, etc., to food and drug industries. **Proceeds** — For debt repayment, working capital and other corporate purposes. **Office**—601 W. 26th St., N. Y. **Underwriter**—S. D. Fuller & Co., N. Y. **Offering**—Expected in early April.

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.

Northwest Securities Investors, Inc.
June 25, 1962 ("Reg. A") 80,000 common. **Price**—$3.75. **Business**—Acquisition of second-trust notes secured by real estate property. **Proceeds**—For general corporate purposes. **Office**—922 You St., N. W., Washington, D. C. **Underwriter**—Clarence E. Shaw & Co., Washington, D.C.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radiation 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.

● **Optech, Inc.**
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. **Note** — This registration was withdrawn.

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.

Pak-Well Paper Industries, Inc.
March 30, 1962 filed 150,000 class A common. **Price**—By amendment (max. $13). **Business**—Manufacture of envelopes, packaging materials of various kinds, wrapping paper, stationery, and school supplies. **Proceeds**—For selling stockholders. **Office**—198 W. Alameda, Denver. **Underwriter**—Francis I. du Pont & Co., N. Y. **Offering**—Expected in January.

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.

Pellegrino Aggregate Technico, Inc.
Aug. 10, 1961 filed 130,000 class A common shares. **Price**—$5. **Business**—The manufacture of building materials. **Proceeds**—For payment of income taxes and loans and for working capital. **Office**—Woodbridge-Carteret Road, Port Reading, N. J. **Underwriter**—Mortimer B. Burnside & Co., Inc., N. Y. **Offering**—Temporarily postponed.

● **Perma-Bilt Enterprises, Inc.**
May 28, 1962 filed 230,000 common. **Price**—By amendment (max. $8). **Business**—Merchandising, sale and construction of homes. **Proceeds**—For acquisition and development of land, and other corporate purposes. **Office**—319 MacArthur Blvd., San Leandro, Calif. **Underwriter**—Robert A. Martin Associates, Inc., N. Y. **Note**—This registration was withdrawn.

● **Permeator Corp.**
May 18, 1962 filed 300,000 common being offered for subscription by stockholders of National Petroleum Corp., Ltd., parent, on the basis of one share for each 15 National shares held. Record date for the offering is Dec. 14, and the rights expiration date Jan. 3, 1963. **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. **Offering**—Indefinite.

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. **Offering**—Indefinite.

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

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 registration was withdrawn.

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.

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. (2/4-8)**
Aug. 22, 1962 filed 150,000 common (non-voting). **Price**—By amendment (max. $14). **Business**—An investment adviser and distributor of mutual funds. **Proceeds**—For selling stockholders. **Office**—60 Congress St., Boston. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston, and Kidder, Peabody & Co., Inc., N. Y.

Quick-N-Clean Corp. of Minnesota, Inc.
Oct. 1, 1962 ("Reg. A") 205,000 common. **Price**—$1.15. **Business**—Company plans to open a chain of coin operated dry cleaning stores. **Proceeds**—Advertising, expansion and working capital. **Office**—712 Fir St., Brainerd, Minn. **Underwriter**—Northwest Securities, Inc., Detroit Lakes, Minn.

R. E. D. M. Corp.
June 29, 1962 filed 125,000 common, of which 50,000 will be offered for the company and 75,000 for certain stockholders. **Price**—By amendment (max. $6). **Business**—Engaged in manufacturing, engineering and research under Defense Department contracts; also manufactures ball point pens, points, mechanical pencils and desk sets. **Proceeds**—For equipment and working capital. **Office**—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.

Recreation Industries, Inc.
Nov. 23, 1962 ("Reg. A") 75,000 common. **Price** — $2. **Business**—Sale of travel and entertainment. **Proceeds**—For capital investment, and working capital. **Office**—411 W. 7th St., Los Angeles. **Underwriter** — Costello, Russotto & Co., Beverly Hills, Calif.

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● Red-O-Lier Corp.
Aug. 27, 1962 filed 50,000 class A common. **Price**—$6.50. **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.

Remitco, Inc.
Nov. 19, 1962 filed 952,000 common. **Price**—$10. **Business**—Company is engaged in selling "puts" and "calls." **Proceeds**—For working capital. **Office**—130 N. Virginia St., Reno, Nev. **Underwriter**—None.

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.

Resort Corp. of Missouri
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. **Price** — $32 per unit. **Business** — Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. **Proceeds**—For construction. **Office**—3615 Olive St., St. Louis. **Underwriter**—R. L. Warren Co., St. Louis.

Richard Gray & Co., Inc.
June 21, 1962 ("Reg. A") 60,000 common. **Price**—$5. **Business** — A securities broker-dealer. **Proceeds** — For working capital and other corporate purposes. **Office**—237 W. 51st St., N. Y. **Underwriter**—Richard Gray Co., New York. **Offering**—Imminent.

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.

Rona Lee Corp.
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. **Offering**—Indefinite.

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.

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.

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.

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

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

Servotronics, Inc. (1/10/63)
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.

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.

Sovereign Life Insurance of California
Nov. 28, 1962 filed 800 capital shares. **Price**—$2,500. **Business**—Company plans to engage in writing life and disability insurance in California. **Proceeds**—For capital and surplus. **Office**—510 S. Spring St., Los Angeles. **Underwriter**—McDonnell & Co., Inc., New York. **Offering**—Expected in January.

Sperti Products, Inc.
Nov. 29, 1961 filed 230,000 common of which 200,000 are to be offered by the company and 30,000 by stockholders. **Price**—By amendment. **Business**—Manufacture of drug and food products, electrical and electronic devices and precision machinery. **Proceeds**—For the purchase of certain patents, repayment of debt, and working capital. **Office**—730 Grand St., Hoboken, N. J. **Underwriter**—Blair & Co., New York. **Offering**—Expected in January.

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. **Offering**—Indefinite.

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. **Offering**—Indefinite.

Tabach Industries, Inc. (1/15/63)
March 29, 1962 ("Reg. A") 125,000 common. **Price**—$2. **Business**—Manufacture and sale of women's wear. **Proceeds**—For debt repayment, leasehold improvements and expansion. **Office**—217 E. Eight St., Los Angeles, Calif. **Underwriter** — Costello, Russotto & Co., 9301 Wilshire Blvd., Beverly Hills, Calif.

Tactair Fluid Controls, Corp.
March 29, 1962 filed 90,000 common. **Price**—By amendment (max. $7.50). **Business**—Manufacture of fluid control equipment used in missiles, helicopters and aircraft. **Proceeds**—For selling stockholders **Address**—Bridgeport, Conn. **Underwriters**—Stroud & Co., Inc. and Penington, Colket & Co., Philadelphia.

Teaching Systems, Inc.
June 1, 1962 ("Reg. A") 50,000 common. **Price**—$2. **Business**—Production and sale of educational audio-visual teaching aids. **Proceeds**—For equipment, promotion and advertising and working capital. **Office**—1650 Broadway, N. Y. **Underwriter**—Creative Ventures Corp., 733 Third Ave., N. Y.

Tenna Corp.
Sept. 28, 1962 filed 122,000 common. **Price**—By amendment (max. $11). **Business**—Manufacture of automobile antennas and radios. **Proceeds**—For repayment of bank loans and working capital. **Office**—19201 Cranwood Parkway, Warrensville Heights, Ohio. **Underwriters**—Westheimer & Co., Cincinnati, and Hartzmark & Co., Inc., Cleveland.

Tennessee Gas Transmission Co.
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.

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.

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.

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.

Ultrasonic Laboratories, Inc.
Nov. 29, 1962 filed 67,200 common. **Price**—$3.50. **Business**—Design, engineering and manufacture of specialized products primarily in the field of contamination control. Company also acts as sales agents and distributors of allied equipment in the fields of contamination control and ultrasonics. **Proceeds**—For debt repayment, equipment, advertising and other corporate purposes. **Office**—1695 Elizabeth Ave., Rahway, N. J. **Underwriter**—None.

United Camera Exchange, Inc.
Nov. 29, 1962 ("Reg. A") 100,000 common. **Price**—$3. **Business**—Operation of retail stores selling and trading cameras, films and other photographic equipment. Company also sells radios, tape recorders, dictating and photocopying machines, and provides a film developing and printing service. **Proceeds**—For new stores and camera concessions. **Office**—25 W. 43rd St., N. Y. **Underwriter**—Ingram, Lambert & Stephen, Inc., N. Y.

U. S. Cold Storage of Hawaii, Inc.
Nov. 20, 1962 ("Reg. A") 20,000 common. **Price** — $10. **Business** — Operation of a cold storage warehouse for frozen foods and other commodities. **Proceeds** — For a new warehouse, and working capital. **Office** — 3140 Ualena St., Honolulu. **Underwriter**—Loyalty Enterprises, Ltd., 32 Merchant St., Honolulu.

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.

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.

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.

Wade, Wenger ServiceMaster Co.
Nov. 23, 1962 filed $250,000 of 7% conv. subord. debentures due 1973. **Price**—95% of principal amount. **Business**—Sale of franchises for on-location cleaning of carpets, furniture, floors, etc., and the manufacture and sale of cleaning equipment and materials. **Proceeds**—For debt repayment and other corporate purposes. **Office**—2117 N. Wayne, Chicago. **Underwriter**—None.

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. **Offering**—Indefinitely postponed.

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., New York. **Offering**—Indefinite.

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.
July 13, 1962 filed 100,000 common. **Price**—$3.50. **Business**—Photo-offset printing. **Proceeds** — For debt repayment, equipment and working capital. **Office**—142 W. 26th St., N. Y. **Underwriter** — K-Pac Securities Corp., New York. **Offering**—Expected in January.

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**—To be named.

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.
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. **Offering**—Expected sometime in January.

Issues Filed With SEC This Week

★ **C-Thru Products, Inc.**
Dec. 13, 1962 ("Reg. A") 90,000 common. **Price**—$1.50. **Business**—Design and manufacture of flexible re-usable vinyl packages. **Proceeds**—For debt repayment; sale promotion; equipment; research and development, and working capital. **Office** — 2401 Pacific St., Brooklyn, N. Y. **Underwriter**—Broadwall Securities, Inc., N. Y.

★ **Castle Hospitality Services, Inc.**
Dec. 14, 1962 filed $500,000 of 8% debentures due 1969. **Price**—At par ($1,000). **Business**—Company plans to offer management and consultant services to motels and furnish them with equipment. **Proceeds**—For general corporate purposes. **Office**—1068 S. Ocean Blvd., Pompano Beach, Fla. **Underwriter**—None.

★ **Del-Ex Terminals**
Dec. 7, 1962 ("Reg. A") $150,000 of 7% subordinated debentures due Dec. 31, 1972 and 150 preferred shares to be offered in units of one $1,000 debenture and one share. **Price**—$1,100 per unit. **Business**—Operation of a truck service center. **Proceeds**—For equipment, and working capital. **Office**—232 Produce Bldg., Philadelphia. **Underwriter**—None.

★ **Emery Air Freight Corp.**
Dec. 6, 1962 ("Reg. A") 7,900 common. **Price**—At-the-market. **Business**—A nationwide and international air freight forwarder. **Proceeds**—To reimburse treasury, and increase working capital. **Address**—Wilton, Conn. **Underwriter**—None.

★ **General American Transportation Corp. (1/8)**
Dec. 14, 1962 filed $35,000,000 of equipment trust certificates due Jan. 15, 1983 (series 60). **Price**—By amendment. **Business**—Supplying of railroad freight cars to railroads and shippers for their use. **Proceeds**—To reimburse company's treasury for freight car construction. **Office**—135 St. La Salle St., Chicago. **Underwriter**—Kuhn, Loeb & Co., Inc., N. Y.

★ **K. M. P. Inc.**
Dec. 5, 1962 ("Reg. A") 200 common. **Price**—$200. **Business**—For construction of a building on Southlawn Lane, Rockville, Md. **Proceeds**—For debt repayment. **Office**—2422 Darrow St., Silver Spring, Md. **Underwriter**—None.

★ **Kabeyun, Inc.**
Dec. 7, 1962 ("Reg. A") 900 common. **Price**—$100. **Businses**—Operation of a boys' summer camp. **Proceeds**—For debt repayment. **Address**—Alton Bay, N. H. **Underwriter**—None.

★ **Litton Industries, Inc. (1/7-11)**
Dec. 18, 1962 filed 215,444 common. **Price**—By amendment (max. $70.) **Business**—Manufacture of electronic systems, business machines, nuclear powered submarines, and ships. **Proceeds**—For selling stockholders. **Office**—336 N. Foothill Rd., Beverly Hills, Calif. **Undewriters**—Lehman Brothers; Clark, Dodge & Co., and Goldman, Sachs & Co., New York.

★ **Petrolane Gas Service, Inc.**
Dec. 18, 1962 filed 100,000 common. **Price**—By amendment (max. $30.) **Business**—Sale and distribution of liquified petroleum gas. **Proceeds**—To reimburse treasury for the acquisition of other companies, debt repayment, and working capital. **Office**—1696 E. Hill St., Signal Hill, Calif. **Underwriter**—Dean Witter & Co., Los Angeles.

★ **Thompson Manufacturing Co., Inc.**
Dec. 1, 1962 ("Reg. A") 80,000 common. **Price**—$2.25. **Business**—Metal working and machinery; wookworking and bowling alley installation, maintenance and repair. **Proceeds**—For equipment, inventories, debt repayment and working capital. **Office**—Canal St., Lancaster, N. H. **Underwriter**—None.

★ **Tungsten Mountain Operating Corp.**
Dec. 3, 1962 ("Reg. A") 300,000 common. **Price**—$1. **Business**—For acquisition of property and plant of Tungsten Mountain Mining Co. **Proceeds**—For debt repayment, working capital and other corporate purposes. **Office**—511 Securities Bldg., Seattle. **Underwriter**—None.

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

American Educational Life Insurance Co.
60,000 class A common offered at $7.50 per share by Standard American Securities, Inc., Nashville.

Econo-Car International, Inc.
66,667 common offered at $6 per share by Crosse & Co., Inc., and Street & Co., Inc., New York.

Grace Line Inc.
$28,000,000 of 4.20% U. S. Government Insured Merchant Marine Bonds, due Dec. 1, 1987, offered at par and accrued interest, by Merrill Lynch, Pierce, Fenner & Smith Inc., and Paine, Webber, Jackson & Curtis, New York. (Issue was not registered with SEC.)

Kay Foods Corp.
88,000 class A common offered at $7 a share by Auchincloss, Parker & Redpath, New York.

Keene Packaging Associates
150,000 common offered at $4 per share by Hardy & Co., New York, and Kleiner, Bell & Co., Beverly Hills, Calif.

Permeator Corp.
300,000 common being offered for subscription by stockholders of National Petroleum Corp. Ltd., parent, at $5 a share, on the basis of one new share for each 15 National shares held of record Dec. 14, with rights to expire Jan. 3, 1963. Irving Weis & Co., New York, is the principal underwriter.

Prospective Offerings

Bell Telephone Co. of Pennsylvania (2/5/63)
Dec. 3, 1962 it was reported that this A. T. & T., subsidiary plans to sell $50,000,000 of debentures in February. **Office**—1835 Arch St., Philadelphia. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co.-Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected Feb. 5, 1963 at 195 Broadway, New York.

Bethlehem Steel Co.
Dec. 3, 1962, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed over the next three years. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required in the immediate future. **Office**—25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

Biologics International Inc.
Aug. 15, 1962 it was reported that this company plans to file a registration statement covering 125,000 common shares. **Price**—$3. **Business**—Company plans to breed and supply animals for biological research purposes. **Proceeds**—For general corporate purposes. **Office**—7520 Bergenline Ave., North Bergen, N. J. **Underwriter**—To be named.

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

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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).

Chesapeake & Potomac Telephone Co. of Md. (1/22/63)
Nov. 28, 1962 this A. T. & T. subsidiary announced plans to sell $50,000,000 of debentures due Jan. 1, 2002. **Proceeds** — To refund $25,000,000 of 5¼% debentures due Jan. 1, 1996, repay loans, and expand facilities. **Office**—320 St. Paul Place, Baltimore, Md. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. **Bids**—Expected Jan. 22, 1963 at 195 Broadway, New York.

Chicago Union Station Co.
Nov. 28, 1962 it was reported that this company will issue $48-$50 million of first mortgage bonds in May 1963. **Proceeds**—To refund outstanding 3⅛% and 2⅞% bonds maturing July 1, 1963. **Office**—210 S. Canal St., Chicago. **Underwriters** — (Competitive). Probable bidders: Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.

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.

Connecticut Light & Power Co.
Dec. 10, 1962 it was reported that the company is considering the issuance of about $22,500,000 of bonds in 1963 or 1964. **Proceeds**—For construction. **Address**—Selden St., Berlin, Conn. **Underwriters**—To be named. The last public offering of bonds on Jan. 20, 1960 was handled by Morgan Stanley & Co.-Putnam & Co.-Chas. W. Scranton & Co.-Estabrook & Co. (jointly).

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.

Dallas Power & Light Co. (1/29/63)
Dec. 10, 1962 it was reported that this subsidiary of Texas Utilities Co., plans to sell $25,000,000 of first mortgage bonds due 1993. **Proceeds**—To redeem $20,000,000 of 5¼% bonds due 1989, and for other corporate purposes. **Office**—1506 Commerce St., Dallas. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler-Equitable Securities Corp. (jointly); Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.-Blyth & Co., Inc.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Lehman Brothers. **Bids**—Jan. 29, 1963 (12 noon EST).

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).

Denver & Rio Grande Western RR. (1/9/63)
Dec. 10, 1962 it was reported that this road plans to sell $4,500,000 of equipment trust certificates in January. **Office**—1531 Stout St., Denver. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Jan. 9 (12 noon MT) at company's office.

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. **Offering**—Indefinitely postponed.

General Aniline & Film Corp.
On Oct. 22, 1962, President Kennedy signed a bill authorizing the Government to sell its holdings of 540,894 class A and 2,050,000 class B shares, representing 98% of the voting control of the company. The stock, now held by the Attorney General, was seized in 1942 as a German asset. No date has been set for the offering which need not be registered with the SEC. Proceeds from the sale will be used to reimburse American citizens for losses of life and property during World War II. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Bache & Co.; Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly).

Gulf States Utilities Co.
Oct. 5, 1962 it was reported that this company plans to sell $16,000,000 of first mortgage bonds due 1992. **Proceeds**—To retire a like amount of 5¼% bonds due 1989. **Office**—285 Liberty Ave., Beaumont, Tex. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler-Eastman Dillon, Union Securities & Co. (jointly); Stone & Webster Securities Corp.; Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Lehman Brothers. **Offering**—Temporarily postponed.

Highway Trailer Industries, Inc.
Sept. 10, 1962 it was reported that this company plans to raise some $2,500,000 by a rights offering to stockholders. Authorized stock now consists of 2,000,000 $1.25 par common shares of which 714,086 shares are outstanding. **Business**—Manufacture of truck trailers, cargo containers, telephone and power line construction equipment, etc. **Proceeds**—To help form a new finance company subsidiary. **Office**—250 Park Ave., N. Y. **Underwriters**—To be named. The last financing by the company was underwritten by Allen & Co., and Van Alstyne, Noel & Co., New York City.

Illinois Power Co. (1/15/62)
Nov. 28, 1962 it was reported that this utility expects to sell $35,000,000 of first mortgage bonds in January. **Office** — 500 South 27th Street, 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). **Bids**—Jan. 15 (10 a.m. CST) in Room 2075, 231 So. La Salle St., Chicago. **Information Meeting**—Jan. 10, 1963 (2:15 p.m. CST) at Morgan Guaranty Trust Co., 60 Liberty St., New York.

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. **Information Meeting**—Jan. 31, 1963 (11 a.m.) at 16 Wall St., New York.

Laguna Niguel Corp.
Dec. 11, 1962, Gerald W. Blakeley, President, stated that the company is "seriously considering" the issuance of about $10,000,000 of debentures to redeem its 60-cent cumulative class A stock. Mr. Blakeley said class A dividends must be paid from after-tax earnings, meaning the company has to earn 12% of gross revenue, whereas interest on debentures is an expense item, so the company would have to earn only 6% to provide the same return. **Business**—Acquisition, development and management of real properties. **Office** — 32802 Pacific Coast Hwy., So., Laguna, Calif. **Underwriter**—To be named. The last financing for the company was handled by Paine, Webber, Jackson & Curtis, Boston.

Michigan Consolidated Gas Co.
On Oct. 24, 1962 it was reported that this company plans to sell about $22,000,000 of first mortgage bonds in the third quarter of 1963. **Proceeds**—For construction. **Office**—415 Clifford St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.-Lehman Brothers (jointly).

Michigan Wisconsin Pipe Line Co.
Oct. 24, 1962 it was reported that this company plans to sell about $22,000,000 of first mortgage bonds in the third quarter of 1963. **Proceeds**—For construction. **Office**—500 Griswold St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.

Mitsubishi Electric Mfg. Co.
Oct. 24, 1962 it was reported that the Japanese Finance Ministry had authorized the company to sell $10,000,000 of convertible bonds in the U. S. by March 31, 1963. 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.

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.

★ **Nippon Telegraph & Telephone Public Corp.**
Dec. 19, 1962, it was reported that the company plans to sell $20,000,000 of bonds in the United States in the fiscal year April 1, 1963 to March 31, 1964. The financing program is subject to approval by the Japanese Diet. **Business** — Nippon Telegraph, wholly-owned by the Japanese Government, furnishes domestic telephone and telegraph services, without competition, in Japan. **Proceeds**—For expansion. **Office**—Tokyo, Japan. **Underwriters**—Dillon, Read & Co.; First Boston Corp., and Smith, Barney & Co., New York.

● **Northern Illinois Gas Co.**
Dec. 17, 1962 it was reported that the company plans to sell $40,000,000 of first mortgage bonds sometime in 1963. **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.

Northwestern Bell Telephone Co. (3/5/63)
Dec. 3, 1962 it was reported that this A. T. & T., subsidiary plans to sell $40,000,000 of debentures to mature not later than 40 years after date of issuance. **Office**—100 So. 19th St., Omaha, Neb. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp.-Eastman Dillon, Union Securities & Co. **Bids**—Expected March 5, 1963 at 195 Broadway, New York.

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 Bos-

ton Corp.; Harriman Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.

Pacific Power & Light Co.
Nov. 28, 1962 it was reported that the company plans to issue $30,000,000 of first mortgage bonds in June 1963. **Proceeds**—To repay outstanding loans. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Lehman Brothers-Bear, Stearns & Co.-Salomon Brothers & Hutzler (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly).

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).

★ **Public Service Co. of Oklahoma**
Dec. 17, 1963 it was reported that this subsidiary of Central & South West Corp., plans to sell $10,000,000 of bonds due 1993. **Proceeds**—To refund outstanding 5% bonds, series H. due Feb. 1, 1990. **Office**—600 S. Main, Tulsa, Okla. **Underwriters** — (Competitive). Probable bidders: Glore, Forgan & Co.; White, Weld & Co.-Shields & Co. (jointly); Blyth & Co. Inc.; Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Halsey, Stuart & Co., Inc. **Bids** — Expected in late January.

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.

Southern Railway Co.
Nov. 28, 1962 it was reported that stockholders are to vote Jan. 15 on authorizing the company to issue $50,000,000 of general mortgage bonds. **Proceeds**—To acquire stock of Central of Georgia Ry.; retire first mortgage 3¾% bonds of Atlanta & Charlotte Air Line RR.; reimburse the treasury for capital expenditures and provide for additional capital expenditures. **Offices**—14th and Canal St., Richmond, Va., and 70 Pine St., New York. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; 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.

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.

Southwestern Public Service Co.
Nov. 28, 1962 it was reported that the company plans to raise $14,000,000 by sale of first mortgage bonds in Feb. or March, 1963. **Proceeds**—For construction. **Office**—720 Mercantile Dallas Bldg., Dallas. **Underwriter**—Dillon, Read & Co., Inc., New York.

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.

Texas Eastern Transmission Corp. (1/23/63)
Dec. 4, 1962 it was reported that this firm plans to sell $25,000,000 of debentures in January. **Business**—Company owns and operates pipeline systems for the transportation of natural gas and clean petroleum products. It is also active in exploration for and production of oil and natural gas and, through a subsidiary, operates a refinery and natural gas processing plants. **Proceeds**—For construction. **Address**—Texas Eastern Bldg., Houston 1, Texas. **Underwriter** — Dillon, Read & Co., Inc., New York.

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.

LETTER TO THE EDITOR:

Contends Rise in Stock Prices Would Cut Gold Drain

Dr. Genovese of Babson Institute takes issue with Dr. Ritter's paper on the foreign exchange value of the dollar. He points out gold does not determine the value of our dollar; investors will forego investing in stocks so long as interest rates are high; deplores tampering with free interest rate-determination; and predicts a rise in stocks will induce an in-flow of Europe capital here.

Editor, Commercial and Financial Chronicle:

A statement by Professor Ritter published in the *Commercial and Financial Chronicle* on Thursday, Aug. 23, stressed the need for examining the thesis, now widely accepted, that the situation of the dollar in foreign exchange markets must be the prime, or at least a prime consideration of economic policy. This view has the endorsement of such respected authorities as Professor Raymond J. Saulnier late of the President's Council of Economic Advisors.

Frank C. Genovese

Professor Ritter's appeal is an earnest and worthwhile one. His concern for economic growth in America is appropriate. The basis for the value of the dollar through time is not its gold backing, but what it will buy. Although domestic inflation or foreign inflation can in short periods of time increase the purchasing power of the dollar, its basic long term strength is not dependent on this, but on rising American productivity.

Secularly, American productivity depends on increased capital plant and the replacement of old plant with new. These results come with rising consumption and not with domestic deflation and unemployment.

While Professor Ritter properly asks how sure we can be that interest rates, both short and long, very directly influence investmentment decisions and growth, he and most other economists lean to the conclusion that they do. While his appeal for more research into these matters is appropriate, it seems that he would prefer that we use our present best judgment before we go off and abondon it to the thesis that the exchange value of the dollar must control domestic policies.

It seems most clear that high interest rates on savings deposits have clearly cut our tendency to hold stocks and made us wait for higher yields. In the circumstance of drastically lower stock prices than the economy has been attuned to, there should be little wonder that company after company has decided to hold off on security issues and so postpone real investment spending. We need increased corporate earnings in order to justify rising stock prices in the future.

Our present situation reveals an all too clear pattern of rising interest rates, declining stock values, declines in new issues and decreased investment and growth of the economy.

When Europe Will Invest Here

Another part of the argument about the foreign exchange value of the dollar is tied to the thesis that domestic inflation causes a country to lose gold. Quite the opposite appears to be the case in the short run. If foreigners thought they could foresee a runup in American stock prices, they would hasten to buy American funds to invest in the market with the expectation of cashing in and taking home a capital gain. The hot money flows we have heard so much about from the Fed are not funds seeking the best interest rate market, but really speculative money which looks for bull markets and exchange revaluations. It is extremely doubtful that tampering with interest rates — a process so dangerous to our financial structure and economic growth—will help much with this type of problem.

FRANK C. GENOVESE

Professor of Economics,
Babson Institute of
Business Administration

L. Flomenhaft Forms Firm

Leonard Flomenhaft has formed L. Flomenhaft & Co., Incorporated, with offices at 63 Wall St., New York City, to engage in a securities business. Mr. Flomenhaft was formerly Vice-President of Flomenhaft, Seidler & Co., Inc.

Stern Kennedy To Admit

Stern & Kennedy, 39 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1, will admit Katherine S. Watson to limited partnership.

Blyth Names Ponting Chairman; Shurtleff Retiring

A. E. Ponting, Senior Vice-President in San Francisco of Blyth & Co., Inc., underwriters and distributors of securities nationwide,

A. E. Ponting

Roy Shurtleff

has been elected chairman of the executive committee, according to an announcement following the meeting of the board of directors of the company. He succeeds Roy L. Shurtleff, one of the founders of the firm, who is retiring. Mr. Shurtleff, who celebrated his 75th birthday earlier this year, has been named Honorary Chairman of the Executive Committee.

Mr. Ponting, who joined Blyth in 1921 after graduating from the University of California in Berkeley, is head of the company's underwriting activities on the Pacific Coast. He became sales manager of the San Francisco office in 1927 and was elected Vice-President in charge of that office in 1936, a member of the Executive Committee in 1950, and Senior Vice-President in 1958.

Mr. Ponting has been a Director of Rheem Manufacturing Company since 1938, Northrop Corporation since 1954, and Ampex Corporation since 1960, and is a Regent of the University of San Francisco. He was a Chairman of the Investment Bankers' Association of California Group in 1941 and a Governor of the Investment Bankers' Association of America for three years beginning in 1942.

Mr. Shurtleff's investment banking career commenced over 50 years ago when upon graduation from the University of California in Berkeley he joined Louis Sloss & Co. in San Francisco in 1912. In April, 1914, Mr. Shurtleff, together with the late Charles R. Blyth, Dean G. Witter, George E. Leib and John D. Hartigan, formed the small company which later became the nationwide investment banking firm of Blyth & Co., Inc. He started his career with Blyth as a salesman and later became sales manager of the San Francisco office. He joined the New York office of Blyth & Co., Inc. in 1935 to establish a national sales department and returned to San Francisco in 1938 as a member of the buying department.

Mr. Shurtleff was named a Vice-President and Director in 1926, a Vice-Chairman in 1957, and in 1959 upon the death of Charles R. Blyth was elected Chairman of the Executive Committee. Until his retirement, he supervised activities of the company's 16 Pacific Coast offices.

Blyth's San Francisco office is located in the Russ Building. The main office in New York is at 14 Wall Street.

Form Southwood And Young

As of Jan. 1, Southwood & Young will be formed with offices at 48 Wall Street, New York City, to engage in a securities business as members of the New York Stock Exchange. Partners will be Clarence Southwood and Leonard Young, general partners, and Marjory C. Southwood and Joan S. Young, limited partners.

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)	Dec. 15	1,832,000	1,858,000	1,782,000	2,200,000
Index of production based on average weekly production for 1957-1959	Dec. 15	98.3	99.7	95.7	118.1
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Dec. 7	7,334,860	7,313,460	7,339,810	7,252,660
Crude runs to stills—daily average (bbls.)	Dec. 7	8,401,000	8,479,000	8,364,000	8,291,000
Gasoline output (bbls.)	Dec. 7	30,894,000	30,733,000	30,065,000	29,766,000
Kerosene output (bbls.)	Dec. 7	3,244,000	3,375,000	3,285,000	3,031,000
Distillate fuel oil output (bbls.)	Dec. 7	14,202,000	13,793,000	13,181,000	14,735,000
Residual fuel oil output (bbls.)	Dec. 7	5,407,000	5,553,000	5,147,000	6,265,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Dec. 7	181,747,000	178,883,000	177,008,000	175,062,000
Kerosene (bbls.) at	Dec. 7	35,094,000	35,550,000	37,433,000	35,084,000
Distillate fuel oil (bbls.) at	Dec. 7	166,401,000	169,257,000	178,750,000	169,118,000
Residual fuel oil (bbls.) at	Dec. 7	51,919,000	51,772,000	53,993,000	47,524,000
Unfinished Oils (bbls.) at	Dec. 7	86,632,000	85,503,000	85,967,000	83,119,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Dec. 8	537,392	562,254	586,286	563,031
Revenue freight received from connections (no. of cars)	Dec. 8	508,847	471,119	518,523	512,939
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Dec. 13	$406,400,000	$437,700,000	$446,300,000	$393,000,000
Private construction	Dec. 13	204,500,000	168,100,000	240,300,000	206,000,000
Public construction	Dec. 13	201,900,000	269,600,000	206,000,000	187,000,000
State and municipal	Dec. 13	166,800,000	203,800,000	177,900,000	145,000,000
Federal	Dec. 13	35,100,000	65,800,000	28,100,000	42,000,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Dec. 8	7,690,000	*8,895,000	8,750,000	8,614,000
Pennsylvania anthracite (tons)	Dec. 8	405,000	414,000	390,000	356,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Dec. 8	212	168	125	216
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Dec. 15	18,009,000	17,005,000	16,469,000	16,695,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 13	252	294	291	306
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Dec. 10	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Dec. 10	$63.43	$63.43	$63.43	$66.44
Scrap steel (per gross ton)	Dec. 10	$25.50	$25.50	$23.50	$34.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 12	30.600c	30.600c	30.600c	30.600c
Export refinery at	Dec. 12	28.500c	28.525c	28.450c	28.250c
Lead (New York) at	Dec. 12	10.000c	10.000c	10.000c	10.250c
Lead (St. Louis) at	Dec. 12	9.800c	9.800c	9.800c	10.050c
‡Zinc (delivered) at	Dec. 12	12.000c	12.000c	12.000c	12.500c
Zinc (East St. Louis) at	Dec. 12	11.500c	11.500c	11.500c	12.000c
Aluminum (primary pig, 99.5%) at	Dec. 12	22.500c	22.500c	24.000c	24.000c
Straits tin (New York) at	Dec. 12	109.750c	110.250c	110.375c	121.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Dec. 18	90.31	89.98	89.96	85.65
Average corporate	Dec. 18	88.54	88.40	88.13	85.85
Aaa	Dec. 18	92.50	92.35	92.50	89.78
Aa	Dec. 18	90.48	90.34	90.20	87.86
A	Dec. 18	88.27	88.13	87.59	85.46
Baa	Dec. 18	83.28	83.28	82.90	80.93
Railroad Group	Dec. 18	85.33	85.20	84.30	83.28
Public Utilities Group	Dec. 18	90.20	89.92	89.92	87.18
Industrials Group	Dec. 18	90.20	90.34	90.34	87.32
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Dec. 18	3.69	3.72	3.72	4.17
Average corporate	Dec. 18	4.52	4.53	4.55	4.72
Aaa	Dec. 18	4.24	4.25	4.24	4.43
Aa	Dec. 18	4.38	4.39	4.40	4.57
A	Dec. 18	4.54	4.55	4.59	4.75
Baa	Dec. 18	4.92	4.92	4.95	5.11
Railroad Group	Dec. 18	4.76	4.77	4.84	4.92
Public Utilities Group	Dec. 18	4.40	4.42	4.42	4.62
Industrials Group	Dec. 18	4.40	4.39	4.39	4.61
MOODY'S COMMODITY INDEX	Dec. 18	370.3	368.8	364.0	373.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Dec. 8	362,148	344,456	320,004	351,763
Production (tons)	Dec. 8	354,714	324,169	355,229	338,958
Percentage of activity	Dec. 8	96	87	96	95
Unfilled orders (tons) at end of period	Dec. 8	456,670	452,005	454,490	497,784
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Dec. 14	122.82	118.83	119.60	114.04
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Nov. 23	2,570,100	3,379,250	3,945,970	2,622,090
Short sales	Nov. 23	573,760	768,100	833,030	555,020
Other sales	Nov. 23	1,878,670	2,599,530	3,054,090	1,994,330
Total sales	Nov. 23	2,452,430	3,367,630	3,887,120	2,549,350
Other transactions initiated off the floor—					
Total purchases	Nov. 23	573,980	835,910	820,640	393,700
Short sales	Nov. 23	106,600	100,520	169,100	70,200
Other sales	Nov. 13	440,160	673,850	602,120	296,040
Total sales	Nov. 23	546,760	774,370	771,220	366,240
Other transactions initiated on the floor—					
Total purchases	Nov. 23	1,080,355	1,300,570	1,137,106	993,702
Short sales	Nov. 13	129,615	223,600	222,940	141,300
Other sales	Nov. 23	809,834	1,070,219	1,048,016	813,439
Total sales	Nov. 23	939,449	1,293,819	1,270,956	954,739
Total round-lot transactions for account of members—					
Total purchases	Nov. 23	4,224,435	5,515,730	5,903,716	4,009,492
Short sales	Nov. 23	809,975	1,092,220	1,225,070	766,520
Other sales	Nov. 23	3,128,664	4,343,599	4,704,226	3,103,809
Total sales	Nov. 23	3,938,639	5,435,819	5,929,296	3,870,329
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	Nov. 23	1,240,210	1,614,777	1,901,957	1,788,886
Dollar value	Nov. 23	$58,445,650	$72,450,606	$86,925,232	$100,161,226
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Nov. 23	1,564,527	1,873,813	2,106,910	1,886,869
Customers' short sales	Nov. 23	24,599	41,217	125,392	10,222
Customers' other sales	Nov. 23	1,539,928	1,832,596	1,981,518	1,876,647
Dollar value	Nov. 23	$69,581,830	$83,555,086	$94,652,304	$95,968,582
Round-lot sales by dealers—					
Number of shares—Total sales	Nov. 23	591,270	684,880	769,300	591,230
Short sales	Nov. 23	------	------	------	------
Other sales	Nov. 23	591,270	684,880	769,300	591,230
Round-lot purchases by dealers—Number of shares	Nov. 23	285,250	418,450	552,180	474,540
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	Nov. 23	1,215,700	1,718,130	2,590,340	909,970
Other sales	Nov. 23	18,072,590	23,091,070	23,372,230	17,292,430
Total sales	Nov. 23	19,288,290	24,809,200	25,962,570	18,202,400
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Dec. 11	100.4	*100.4	100.6	a
Farm products	Dec. 11	97.6	*97.4	98.8	a
Processed foods	Dec. 11	101.0	*100.7	101.4	a
Meats	Dec. 11	98.5	*98.3	99.5	a
All commodities other than farm and foods	Dec. 11	100.7	100.7	100.7	a

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

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES)—			
Production of primary aluminum in the U. S. (in short tons)—Month of October	185,190	176,185	167,293
Stocks of aluminum (short tons) end of Oct.	148,120	148,268	255,650
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of November (in millions):			
Total new construction	5,266	*5,715	5,190
Private construction	3,721	*3,861	3,603
Residential buildings (nonfarm)	2,067	*2,158	2,063
New housing units	1,589	*1,681	1,563
Additions and alterations	367	*366	388
Nonhousekeeping	111	111	102
Nonresidential buildings	1,010	1,021	948
Industrial	244	245	221
Commercial	454	454	424
Office buildings and warehouses	242	237	196
Stores, restaurants, and garages	212	217	228
Other nonresidential buildings	312	322	303
Religious	90	91	89
Educational	54	56	54
Hospital and institutional	82	82	72
Social and recreational	63	69	62
Miscellaneous	23	24	26
Farm construction	124	*134	112
Public utilities	494	*520	472
Telephone and telegraph	86	*91	87
Other public utilities	408	429	385
All other private	26	28	18
Public construction	1,545	*1,854	1,587
Residential buildings	72	*73	80
Nonresidential buildings	412	*457	418
Industrial	Not Avail.	*32	40
Educational	241	269	244
Hospital and institutional	32	35	32
Administrative and service	54	62	57
Other nonresidential buildings	52	*59	45
Military facilities	Not Avail.	Not Avail.	165
Highways	Not Avail.	*800	603
Sewer and water systems	146	*156	130
Sewer	88	*95	76
Water	58	61	54
Public service enterprises	39	*46	40
Conservation and development	Not Avail.	*159	119
All other public	30	34	32
COAL EXPORTS (BUREAU OF MINES)—			
Month of October:			
U. S. exports of Pennsylvania anthracite (net tons)	227,768	173,370	141,112
To North and Central America (net tons)	91,613	81,587	101,046
To Europe (net tons)	124,637	89,889	38,218
To South America (net tons)	33	157	433
To Asia (net tons)	11,485	1,737	1,415
COPPER INSTITUTE—For Month of November:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	114,663	*121,078	120,068
Refined (tons of 2,000 pounds)	137,975	154,470	141,201
Delivered to fabricators—			
In U. S. A. (tons of 2,000 pounds)	129,071	126,950	122,446
Refined copper stocks at end of period (tons of 2,000 pounds)	116,465	121,224	77,646
COTTON GINNING (DEPT. OF COMMERCE):			
December 1, running bales	12,062,828	------	11,686,710
COTTON PRODUCTION (DEPT. OF COMMERCE) (500-lb. gross bales) as of Dec. 1	14,723,000	14,524,000	14,317,954
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of October:			
Cotton Seed—			
Received at mills (tons)	1,656,100	*1,053,200	2,098,200
Crushed (tons)	746,300	*513,100	753,000
Stocks (tons) October 31	1,909,700	*999,900	1,824,500
Cake and Meal—			
Stocks (tons) October 31	101,000	*99,500	96,700
Produced (tons)	348,200	*237,900	341,200
Shipped (tons)	346,800	*232,600	317,800
Hulls—			
Stocks (tons) October 31	60,900	*67,700	97,100
Produced (tons)	163,200	*115,400	169,000
Shipped (tons)	170,000	*115,200	158,000
Linters—			
Stocks (bales) October 31	123,500	*106,900	150,000
Produced (bales)	222,800	*157,000	222,100
Shipped (bales)	206,400	*141,900	181,400
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1957-59 Average=100—			
Month of November:			
Adjusted for seasonal variation	116	110	112
Without seasonal adjustment	139	*113	134
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of November:			
Industrials (125)	3.45	3.61	2.96
Railroads (25)	5.03	5.78	4.80
Utilities (not incl. Amer. Tel. & Tel.) (24)	3.29	3.49	2.74
Banks (15)	3.36	3.62	2.83
Insurance (10)	2.44	2.78	1.98
Average (200)	3.41	3.60	2.93
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Sept. (000's omitted):			
Savings and loan associations	$1,284,739	$1,500,557	$1,248,103
Insurance companies	104,219	123,255	101,364
Banks and trust companies	475,863	563,143	441,200
Mutual savings banks	182,916	201,310	173,561
Individuals	273,207	327,685	302,558
Miscellaneous lending institutions	540,000	616,899	509,768
Total	$2,860,944	$3,332,849	$2,776,554
RUBBER MANUFACTURING ASSOCIATION, INC.—Month of October:			
Passenger & Motorcycle Tires (Number of)—			
Shipments	11,333,418	9,874,626	9,598,216
Production	11,298,512	9,425,559	9,818,648
Inventory	22,707,929	22,616,647	21,025,501
Tractor Implement Tires (Number of)—			
Shipments	308,959	277,648	277,660
Production	327,678	275,690	267,513
Inventory	1,012,975	978,667	921,961
Passenger, Motorcycle, Truck and Bus Inner Tubes (Number of)—			
Shipments	3,534,267	2,973,849	3,434,559
Production	3,881,367	3,107,962	3,560,134
Inventory	9,289,787	8,963,366	9,095,955
Tread Rubber (Camelback)—			
Shipments (pounds)	52,703,000	44,436,000	49,907,000
Production (pounds)	50,667,000	44,537,000	46,713,000
Inventory (pounds)	13,692,000	16,002,000	14,508,000
Truck and Bus Tires (Number of)—			
Shipments (pounds)	1,709,652	1,333,372	1,510,152
Production	1,557,447	1,225,748	1,331,338
Inventory	3,342,564	3,462,797	3,169,947

Economists See Vigorous 1963 if Taxes Are Reduced

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viding the balance on the demand side.

Comments

"Higher vacancy ratios, indications of overbuilding of apartments in some areas, weakness in prices of single homes point to lower level of residential construction in 1963."

"Single unit residential housing construction will probably decline, particularly as a result of the "overbuilt" situation in many areas of the country."

"Less starts but higher dollars per start in 1963."

"I am one of the observers who feels the importance of the fact that we have depleted our stock of construction stimulators."

"Increases in family formation will begin to stabilize residential construction but it will take time to overcome excesses in this sector."

(8) *Unemployment:* More to come.

A question was added this year on unemployment, and the replies say that unemployment will continue to be a major problem throughout the year ahead. Actual figures show that unemployment as a per cent of the civilian labor force averaged 5.6% during the third quarter of 1962. The median estimate rises steadily to reach a peak of 6.0 during the second quarter of 1963 and then tapers off to 5.8% in the final quarter. For this period, the 50% range extends from 5.5 to 6.0%. Respondents point to general manufacturing sluggishness, cost cutting, and automation as factors holding up the unemployment rate.

In relation to the composite forecast of Gross National Product, the unemployment forecast implies that economic growth in 1962, at 2%, will be too modest to provide enough new jobs to absorb the normal growth in our labor force. The concensus is that unemployment in 1963 will average a *higher* percentage of the labor force than in 1962. Many respondents emphasized, however, that a tax cut early in 1963 could improve the outlook significantly.

Comments

"The unemployment rate will be held up over the year ahead by the rising number of young people in the labor force, by the expected decline in the production of durable goods, by the necessity to hold down production costs, and by the continuing squeeze on profits."

"Unemployment expected to continue at present level because of increases in labor force, until tax reform and greater profit incentives create larger employment potentials."

"Unemployment will not be brought to 'frictional' level because of increases in labor force, until tax reform and greater profit incentives create larger employment potentials."

(9) *Prices:* CPI up slightly; wholesale steady.

Almost all the economists polled expect a steady rise in the consumer price index next year. The median forecast for the second quarter of 1963 is 106.2, an increase of 1.0% over the 105.2 reported for mid-1962. In the final quarter of 1963 the median CPI is put at 106.8. This would represent a four quarter rise of 0.9% over the median forecast for the fourth quarter of 1962. The 50% range of the forecasts is fairly small, running from 106.3 to 107.5 for the fourth quarter of 1963.

Although some respondents expressed some fears of renewed inflationary pressures arising from continued government deficits, most looked to small quarterly advances.

The economists are agreed that wholesale prices are likely to remain steady at current levels through most of 1963. During the third quarter of 1962 the WPI stood at 100.3, and the median estimate is put at 100.6 for the final quarter. No change from that level is expected until late in 1963 when, in the closing three months wholesale prices will edge up to 101.0. The year-to-year gain, whether by a comparison of annual averages or of final quarters, is less than a half of 1%.

Several respondents commented that rising costs will continue the upward pressure on prices but that severe competition and excess capacity in most industries will limit the ability to pass these costs on as higher prices.

Comments

"Wholesale prices will drift along near current levels. Consumer prices will creep upward due to higher costs of services."

"In the face of declining profits, wholesale prices will be under upward pressure while overcapacity in many areas will tend to hold them down. A very small rise may result."

"Do not believe there can be strength in wholesale prices under the forecast implicit in figure stated. The consumer price index will probably continue its customary climb."

(10) *Interest Rates:* More of the same.

The survey questionnaire asked the economists to compare the level of interest rates in 1963 with that of 1962. Only 12% of the respondents think that interest rates will be higher next year; 44% answered "about the same" and another 43% said "slightly lower" interest rates next year.

Continued stability in the money markets was seen by many of the economists as one factor buoying up business capital outlays generally, and construction in particular.

Comments

"Easy money policy will prevail during 1963. Discipline of balance of payments will play some part. No major change in interest rates."

"Conflicting forces about imbalance. More courageous debt management policy and need to keep short-term rates firm because of the balance of payments problem about offset monetary ease and sluggish demand for funds. In the average, rates are likely to be lower during the first half of the year and firming during the last six months."

Tax-Exempt Bond Market

Continued from page 6

from 1.55% to 3.10% for various coupons, a balance of $2,390,000 presently remains in syndicate.

Last Friday was a very unusual day in that there were no issues, small or large, offered for sale. This is a very strange circumstance and memory fails us as to the last time we experienced an issueless weekday.

On Monday of the current week the sale of $5,000,000 Tucson, Arizona Water System revenue (1976-1992) bonds was made to the group headed by *Merrill Lynch, Pierce, Fenner & Smith* at a net interest cost of 3.3349%. The account headed by Smith, Barney & Co. was the runner-up on its bid of a 3.344% net interest cost.

Other members of the winning group include Salomon Brothers & Hutzler, Ladenberg, Thalmann & Co., Carl M. Loeb, Rhoades & Co., Paribas Corp., A. C. Allyn & Co., Inc., First Southwest Co., American Securities Corp., Shelby Cullom Davis & Co and Park, Ryan, Inc. Scaled to yield from 2.85% to 3.40% for various coupons, today's balance is $4,545,000.

Monday's other important sale involved $2,000,000 Tulsa County, Oklahoma general obligation (1965-1988) bonds. This issue was bought by the *First National Bank and Trust Co. of Oklahoma City* bidding alone, at a net interest cost of 2.8969%. The second bid, a 2.907% net interest cost, came from Phelps, Fenn & Co. and associates. Reoffered to yield from 2.00% to 3.15%, the present balance is $1,210,000.

A Big Day

On Tuesday there were numerous issues offered for public bidding. The largest general obligation flotation of the week, $21,820,000 New York, New York (Limited Profit Housing Companies, due 1964-2012) bonds was purchased by the group headed by the *First National City Bank* at a net interest cost of 3.481% The runner-up bid, designating a net interest cost of 3.5861%, was made by the Chase Manhattan Bank account.

Other major members of the winning group include Bankers Trust Co., Morgan Guaranty Trust Co., Smith, Barney & Co., Halsey, Stuart, & Co., Inc., Continental Illinois National Bank and Trust Co. Mellon National Bank and Trust Co., C. J. Devine & Co., Salomon Brothers & Hutzler, Kidder, Peabody & Co., Phelps, Fenn & Co., White, Weld & Co., W. H. Morton & Co., Inc., Shields & Co., Mercantile Trust Co., St. Louis, Stone & Webster Securities Corp., First National Bank of Oregon, Roosevelt & Cross, Ira Haupt & Co., Kean, Taylor & Co., First of Michigan Corp., Clark, Dodge & Co., Inc., Estabrook & Co., George B. Gibbons & Co., Inc., Hayden, Stone & Co., Shearson, Hammill & Co., Francis I. duPont & Co. and F. S. Smithers & Co.

Scaled to yield from 1.60% in 1964 to a dollar price of 99½ for a 3½% coupon in 2012, initial orders for the bonds amounted to $12,000,000. One dealer-bank order took all of the $10,000,000 bonds maturing from 1998 to 2012. As we go to press, a balance of $7,590,000 remains in account.

The *Bank of America N.T. & S.A.* and associates submitted the best bid, a 2.9874% net interest cost, for $9,000,000 Honolulu, Hawaii general improvement (1966-1983) bonds. Second best bid, setting a 2.992% net interest cost, came from the First Boston Corp. and associates.

Other members of the winning syndicate are The Northern Trust Co, First National Bank, St. Louis, Walston & Co., Inc., Wells & Christensen, Inc., Fidelity Union Trust Co., Newark, Allan Blair & Co., and Stockyards National Bank, Wichita. The securities are offered at prices to yield from 2% to 3.20%, with the present balance in account about $5,000,000.

Intense Bidding

The syndicate headed by Equitable Securities Corporation was the successful bidder for $5,000,000 Davidson County (Nashville), Tennessee School and Road (1964-1988) bonds, designating a net interest cost of 2.891%. This bid compared favorably with the runner-up bid, a 2.8939% net interest cost, which was made by the Halsey, Stuart & Company, Inc. account. In addition, there were six other bids, ranging in interest cost from 2.897% to 2.968%, for this well regarded issue.

Other members of the successful group include First National Bank of Memphis, The Northern Trust Company, Harris Trust and Savings Bank, J. C. Bradford & Company, First American National Bank of Nashville, The Robinson-Humphrey Company, Cumberland Securities Corporation, Citizens & Southern National Bank of Atlanta and the Mid-South Securities Company. Scaled to yield from 1.70% to 3.10% for various coupons, the present balance is $2,400,000.

The syndicate headed jointly by *Blyth & Company* and *Harriman Ripley & Company, Inc.* submitted the better bid, a 3.473% net interest cost, for $25,000,000 Port of New York Authority Consolidated Term (1993) bonds Wednesday morning. The competing bid, a 3.48% net interest cost, came from the group headed by Halsey, Stuart & Company, Inc., Drexel & Company, Glore, Forgan & Company and Ladenberg, Thalmann & Company.

Major members of the winning syndicate include Smith, Barney & Company, Lehman Brothers, Goldman, Sachs & Company, Salomon Brothers & Hutzler, R. W. Pressprich & Company, L. F. Rothschild & Company, Paribas Corporation, A. G. Becker & Company, Inc., W. E. Hutton & Company, W. H. Morton & Company, Inc., Shearson, Hammill & Company, Dominick & Dominick, J. C. Bradford & Company, Eldredge & Company, Inc., Geo. B. Gibbons & Company, Inc. and Bacon, Stevenson & Company. Reoffered at a dollar price of 98¾ with a 3⅜% coupon and yielding approximately 3.44+%, the reception for these bonds by investors is presently difficult a gauge since members control 70% of their bonds while 30% are withheld for group sales. This 30% has been sold.

Visit From St. Nick

The City of Richmond, Virginia, an infrequent borrower and a city which carries the highest credit rating, made its annual Christmas visit to the market on Wednesday. This offering drew numerous bids with the account headed jointly by *Bankers Trust Company* and *Blyth & Company* the successful bidder at a 2.595% net interest cost. The second bid of a 2.61% net interest cost came from the Chase Manhattan Bank and associates.

Other major members include Harris Trust and Savings Bank, Lehman Brothers, Kidder, Peabody & Company. C. J. Devine & Company and White, Weld & Company. Scaled to yield form 1.50% to 2.80% for 2½% and 2¾% coupons, investor demand has been moderate with the present balance $2,160,000.

Rising in Unison

The toll road, toll bridge and tunnel, and public utility revenue issues have been in particular demand during the past week. Gains were made up to 1½ points as the following exemplifies: Chelan County, Washington PUD 5s at 116 bid, up ¾s; Chesapeake Bay Bridge and Tunnel District, Virginia 5¾s at 107 bid, up 1¼; Florida State Turnpike 4¾s at 107½ bid, up ¾s; Grant County, Washington PUD 3⅞s at 104¾s up 1½; Illinois Toll Highway 3¾s at 97⅜s up ⅝s; Illinois Toll Highway 4¾s at 111¼ up 1¼; Indiana Toll Road 3½s at 89¼ up ½; Kansas Turnpike 3⅜s at 85¼ up ½; Pennsylvania Turnpike 3.10s at 97½ bid, up ½; Texas Turnpike 2⅞s at 93 bid, up 1; Tri-Dam Project 3.05s at 95 bid up 1; Kentucky Turnpike 4.80s at 108½ bid up 1; Maryland Expressway 4⅛s at 107¼ bid up ½ and Oklahoma Turnpike 4¾s at 107 bid up ¾s. Most of the other dollar quoted issues were up ¼ of a point or more.

The Composite Gain

The *Commercial and Financial Chronicle* Revenue Bond Yield Index averages out at 3.52% as of Dec. 19. A week ago it averaged a 3.578% yield. This gain of ¾s of a point graphically indicates the unusual demand for the long-term closed-end tax exempt issues. The Index represents the composite yield from 23 active long-term revenue bonds at the market's offered side.

Private Placement Planned

The Atlantic City Expressway Commission plans to issue $46,800,000 for constructing a toll road between Camden and Atlantic City. It is reported that *Lehman Brothers* is expected to handle a direct placement with investors.

Chicago Analysts Forecast Forum

CHICAGO—The Investment Analysts Society of Chicago is holding its annual forecast forum today at the La Salle Hotel. Subject of the forum will be "Factors Affecting the Stock Market in the Year Ahead." Robert P. Mayo, Vice-President of the Continental Illinois National Bank and Trust Company of Chicago will be moderator.

Ernest T. Baughman, Vice-President of the Federal Reserve Bank of Chicago, will address the group on "The Economy in 1963." Donald C. Miller, Vice-President of the Continental Bank, will speak on "Federal Financial Policies and Interest Rates"; and William W. Tongue, economist for Jewel Tea Co., will speak on "Profits and the Sock Market."

The State of TRADE and INDUSTRY

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types of sheets and bars. Orders reflect immediate needs and are mainly of a rush character. That situation will prevail until there's a stiffening in mill promises, not likely before March.

Bright January Prospects

Prospects for January are bright *Steel* reported. Shipments will probably be 10% higher than December's.

Automakers say they'll want substantial tonnages and indicate that they'll start building inventories in March against the possibility of an August steel strike. They started building earlier last year—in December for a strike they feared might come at the end of June.

Regardless of the trend in labor negotiations—which may begin as early as January on an informal basis—many mills expect first quarter shipments to be 10 to 15% higher than this quarter's. Reason: More users will be back in the market, buying steel on the basis of current consumption and boosting inventories moderately to meet expanding needs.

The big push will come in March, when automakers start hedging and steel consuming industries that are dormant during the winter start ordering.

Steelmakers expect no improvement next year in the import-export balance. If antidumping laws are invoked, imports of some products may be curtailed, but chances are we'll still import about 2 million tons more than we export.

The latest dumping complaint involves welded standard pipe from West Germany, Great Britain, and Belgium-Luxembourg. In the first nine months of this year, imports of welded pipe and tubing were equivalent to 27.5% of domestic mill shipments of those products. During the same period, wire rod imports equaled 62% of domestic mill shipments.

Steel Output Dips Fractionally for Two Weeks in a Row and is Down 16.7% From Last Year

According to data compiled by the American Iron and Steel Institute, production for the week ended Dec. 15, 1962, was 1,832,000 tons (*98.3%), as against 1,858,000 tons (*99.7%) in the week ending Dec. 8. The week to week output had dipped 1.0% two weeks ago.

Data for the latest week ended Dec. 15, 1962 shows a production decline of 16.7% compared to last year's week output of 2,220,000 tons (*118.1%).

Production this year through Dec. 15 amounted to 94,555,000 tons (*101.5%), or 1.3% above the Jan. 1-Dec. 16, 1961 period.

The Institute compares the Index of Ingot Production by Districts for the last two weeks as follows:

District—	*Index of Ingot Production for Week Ending Dec. 15 1962	Dec. 8 1962
North East Coast	88	86
Buffalo	96	95
Pittsburgh	86	87
Youngstown	83	88
Cleveland	102	110
Detroit	143	158
Chicago	112	113
Cincinnati	111	113
St. Louis	105	109
Southern	86	84
Western	101	96
Total industry	98.3	99.7

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

Weekly Steel Production Keeps Steady Pace

U. S. steel ingot production this week is expected to be about the same as the 1,858,000 tons that *Steel* estimated the industry poured last week. Mills are attempting to hold down inventories of semifinished material to minimize taxes on yearend holdings.

Steel's price composite on No. 1 heavy melting was up 33 cents to $26 a gross ton last week. A month ago the composite was at $24; a year ago, at $34.33.

Sees Year's Auto-Truck Output 22.7% Ahead of 1961

Ward's Automotive Reports said that production of passenger cars and trucks in the U. S. during 1962 is certain to exceed 8,150,000 units, reflecting a 22.7% gain over 1961 and standing as second-best year on record.

The statistical agency said passenger car output last week was scheduled at 175,766 units, a peak for any week this year and not exceeded since 1955. This will also be a rise of 4.0% from 169,008 cars made last week and 6.4% above 165,219 cars made in the corresponding week a year ago—the peak 1961 week.

Bad weather, the strain of heavy overtime work and the imminence of the Christmas holiday may prove factors in the industry's output, however.

Ward's said that output of passenger cars for December will range above 640,000 units, booming fourth-quarter car making above 2,000,000 units for the first time in history. In the period last year, 1,830,216 cars were made. The previous peak in fourth-quarter output was in 1955, when 1,949,131 cars were produced.

For entire 1962, passenger car production is expected to reach above 6,925,000, highest for any year except 1955. Truck production is expected to total at about 1,250,000 units, or highest since war-time 1951.

Freight Car Loadings Drop 4.5% Below Year Ago

Loading of revenue freight in the week ended December 8 totaled 537,392 cars, the Association of American Railroads announced. This was a decrease of 24,862 cars or 4.4% below the preceding week.

The loadings represented a decrease of 25,639 cars or 4.5% below the corresponding week in 1961, but an increase of 19,774 cars or 3.8% above the corresponding week in 1960.

Loadings by commodity groups for the week ended Dec. 8, as compared with the corresponding week of last year and the preceding week of this year, follow:

There were 14,315 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Dec. 1, 1962 (which were included in that week's over-all total). This was an increase of 1,761 cars or 14.0% above the corresponding week of 1961 and 3,355 cars or 30.6% above the 1960 week.

Cumulative piggyback loadings for the first 48 weeks of 1962 totaled 655,666 cars or an increase of 109,195 cars or 20.0% above the corresponding period of 1961, and 139,735 cars or 27.1% above the corresponding period in 1960. There were 61 Class I U. S. railroad systems originating this type traffic in this year's week compared with 58 one year ago and 53 in the corresponding week in 1960.

Truck Tonnage Drops 3.6% Below Last Year's Level

Intercity truck tonnage in the week ended Dec. 8 was 3.6% below the volume in the corresponding week of 1961, the American Trucking Associations announced. Truck tonnage was 2.0% less than that of the previous week of this year.

In recent weeks, the weekly survey has shown truck tonnage trailing volume of a year earlier. However, the year-to-year decrease is colored by the unusually strong upturn in traffic during the fourth quarter of 1961. The current report also reflects depressed volume due to the snow belt in the eastern Great Lakes region. Particularly hard hit were terminals in the Cleveland area, which showed decreases of about 25% on both a year-to-year and week-to-week basis.

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 14 localities, with 20 points reflecting decreases from the 1961 level. Truck terminals at three centers reflected tonnage gains in excess of 10%, while six points registered decreases of more than 10% from that of a year ago.

Compared with the immediately preceding week 11 metropolitan areas registered increased tonnage, while 23 areas reported decreases. While snow storms depressed traffic in many areas, the week-to-week findings follow the pattern of generally declining tonnage which has been found at this season in previous years.

Editor's Note:

The weekly changes in lumber production, shipments and new orders are not available this week.

More Optimism in Steel Outlook

The steel industry has raised its sights for 1963, *The Iron Age* reported. Recent gains in the economy have changed the outlook for next year from dim to comparatively bright.

Output for the year is likely to match this year's slightly over 98 million ingot tons. Until the recent upturn, forecasts for 1963 were in the range of 93 to 97 million tons. There is an outside chance the total will top 100 million tons. This would require greater momentum than can be seen at this time. But it is not entirely out of the question.

A production total of 98 to 100 million tons would be considered a normal year; the fifth in a row where production varied between 93 million and 100 million tons. This also represents a change in steel industry thinking. More and more the figure of around 100 million tons is considered a realistic requirement of the economy.

1963 is also likely to parallel 1962 in pattern of production. Because of impending labor negotiations, an inventory buildup and a resulting period of liquidation are inevitable, *The Iron Age* said.

On the basis of an inventory buildup of from five to six million tons, production is likely to run from 52 to 54 million tons in the first half, followed by a second half output of from 43 to 47 million tons. The second half of the year will be the critical period and could make or break the year, *The Iron Age* said.

The labor outlook is extremely cloudy, *The Iron Age* stated. The pattern of union demands is not clear this far in advance of the May 1 date when either party may submit a notice that it wants to negotiate.

However, these points are clear: The industry will resist any increase in labor costs. It will also oppose strongly any attempt to tie wages to productivity such as has been discussed by Kaiser Steel and the United Steelworkers of America.

The biggest single factor arguing against a steel strike is not any softening of attitude by either the industry or the USWA. Instead, it's a growing feeling by both sides that differences can best be settled without a strike and a resulting unsettling of both the industry and the economy.

Even if the industry reacts violently against a Kaiser-type contract, should it tie wages to productivity, one settlement nevertheless creates its own pressure for further peaceful agreements. This applies even though the terms under dispute and the atmosphere of negotiation may differ vastly.

Another factor in the steel labor picture is the human relations program. This provides a vehicle for informal discussions on a more-or-less continuing basis. This was discounted in assessing the 1962 labor situation, although it later proved to be important in reaching an early settlement.

On steel prices, *The Iron Age* stated general prices increases appear to be out of the question under current market conditions. However, selective increases are a possibility. In fact, some steel users are planning their inventory buildup with this in mind. In other words, the buildup will be heavier in products most likely to be increased. These are flat-rolled, principally galvanized and cold-rolled sheets.

The steel industry is likely to spend heavily on capital improvements through 1963. New depreciation guidelines and the need to cut costs and improve products make heavy capital programs inevitable.

Electric Output Up 7.9% Over Last Year

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Dec. 15 was estimated at 18,009,000,000 kwh., according to the Edison Electric Institute. Output was 1,004,000,000 kwh above that of the previous week's total of 17,005,000,000 kwh., and 1,314,000,000 kwh., or 7.9% above the total output of the comparable 1961 week.

Drop in Business Failures For Second Week

Commercial and industrial failures, declining considerably for the second consecutive week, dropped to 252 in the week ended Dec. 13 from 294 a week earlier, reported Dun & Bradstreet, Inc. Casualties were appreciably lower than the 306 in the similar week last year and were off even more sharply from the 351 in 1960. Some 7% fewer businesses failed than in 1939 when the pre-war toll stood at 270.

Both large and small casualties dipped during the week. Those with liabilities in excess of $100,000 fell to 26 from 45 in the preceding week but were relatively close to their last year's level of 31. Casualties with losses under $100,000 declined to 226 from 249 last week and 275 a year ago.

The toll among retailers continued down to 107 from 129 a week earlier, and the toll among construction contractors fell to 48 from 62. On the other hand, there was little change in manufacturing mortality, at 47 as against 49, or in wholesaling at 26 as against 29, or in commercial service with 24 as against 25. While considerably fewer manufacturers and retailers succumbed than in the similar week last year, other lines held close to their 1961 levels.

Geographically, most of the week's downturn was concentrated in three regions—the South Atlantic States where casualties dropped to 21 from 48, the East North Central, down to 43 from 53, and the Pacific where there was a dip to 58 from 64. Tolls changed only fractionally in other areas. Year-to-year trends were also mixed. Four regions had fewer failures; three had more; and two had about the same number as in 1961.

Forty-eight Canadian failures were reported, advancing from 41 a week ago and registering a steep climb from 25 in the comparable week last year.

Wholesale Commodity Price Index Dips in Latest Week

Following a two-week rise, the general wholesale commodity price index slipped to 270.08 this Monday, reported Dun & Bradstreet, Inc. An appreciable decline in the price for steers was largely responsible for the week's downturn. In other commodity quotations at wholesale markets, about as many items moved higher as moved lower. Although the index continued above its comparable month-ago level, it remained far short of last year's level.

The Daily Wholesale Commodity Price Index dipped to 270.08 (1930-32=100) on Monday, Dec. 17, from 270.19 a week earlier but exceeded the 267.92 on the similar day of November. It compared favorably, however, with the 273.62 recorded a year ago.

Wholesale Food Price Index Fractionally Lower This Week

For the second consecutive week, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., edged down on Dec. 18 to $5.92. Inching 0.3% below the $5.94 in the preceding week, the index remained fractionally lower than on the comparable day a year ago when it stood at $5.97.

Hams and eggs were down considerably in wholesale cost this week and declines also were chalked up for corn, barley, beef, cottonseed oil and steers. An equal number of foodstuffs were quoted higher — wheat, rye, oats, bellies, sugar, cocoa and hogs — but their price rises were too slight to offset the declines.

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.

Lagging Pace in Yule Purchases

Consumer buying, battered by blizzards, freezing temperatures, and big newspaper strikes, failed to get into high gear in the week ended Wednesday, Dec. 12. After a strong burst of activity two Saturdays ago, retailers lost a round early last week to the weather, and their volume slipped below last year's level. In the deep freeze, interest in outerwear and furs perked up, but accessory buying did not live up to the high expectations for the Christmas season. Although home goods moved unevenly, some good gains were registered for home entertainment items and small electricwares. Toys, cosmetics, and the long front-running automobiles led in the push past 1961 volume.

The total dollar volume of retail trade in the reported week ranged from 3% below to 1% above a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1961 levels by the following percentages: Mountain —8 to —4; Middle Atlantic —7 to —3; Pacific —6 to —2; New England —4 to 0; East North Central —3 to +1; East South Central —1 to +3; West North Central 0 to +4; South Atlantic +1 to +5; West South Central +4 to +8.

Nationwide Department Store Sales Remain 2% Below Last Year's Level for Second Week in a Row

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index reported an overall decline of 2% for the week ended Dec. 8, compared with the like period in 1961. The year-to-year figure two weeks ago had registered the same drop. In the four-week period ended Dec. 1, 1962, sales stayed unchanged over the corresponding period in 1961.

According to the Federal Reserve System, department store sales in New York City for the week ended Dec. 8, were 5% less than the same period in 1961. This is the same percentage decline recorded for the prior week ending Dec. 1. The New York City newspapers strike by the printers Big Six commenced 2 a.m. Saturday, Dec. 8, 1962, and undoubtedly contributed to the sales letdown for the latest reported week.

Chicago Trade Bd. Receives Slate

CHICAGO, Ill.—The members of the Chicago Board of Trade have received the following slate to be voted upon at the annual election to be held Jan. 21: Chairman of the Board: Bernard P. Carey; Vice-Chairman: Gardiner B. Van Ness, Jr.; Second Vice-Chairman: James J. Couglin; Directors: (to serve for three years—five to be elected): Ralph H. Brown, John L. Georgas, Alfred H. Gruetzmacher, Joseph J. Kane, Clarence W. Schultz, Jr. and William Silverstein; (to serve for two years), Merrill D. Guild.

Nominating Committee: William Enke, Jr. and James P. Reichmann.

Committee of Appeals: Earle M. Combs, III, Joseph J, Drowinski, Ralph E. Holzman, Martin H. Milek and Richard W. Rose.

Committee of Arbitration: (to serve for two years) Iver M. Brook, Richard J. Sennott, Thomas J. Spencer, Lee B. Stern, and William E. Westerbec; (to serve for one year) Donald R. Ryan.

NSTA NOTES

BOND CLUB OF LOUISVILLE

The Bond Club of Louisville has installed the following new officers for 1963:


Jack A. Moss


Tyrus R. Davis

President: Jack A. Moss, The Kentucky Co., succeeding A. J. Warner, Stein Bros. & Boyce.

Vice-President: Tyrus R. Davis, The Bankers Bond Co.

Secretary: John S. Rankin, Almstedt Brothers.

Treasurer: Gilbert L. Pamplin, J. J. B. Hilliard & Son.

NASD Elects Officers for 1963

WASHINGTON, D. C.—Merrill M. Cohen, President of the Minneapolis securities firm of J. M. Dain & Co., Inc., will be the 1963 Chairman of the Board of Governors of the National Association of Securities Dealers, Inc., the association announced.


Merrill M. Cohen


Hudson B. Lemkau


Merl McHenry


Robert W. Fleming


Wallace H. Fulton

Mr. Cohen succeeds Avery Rockefeller, Jr., partner, Dominick & Dominick, New York, as head of the self-regulatory association of 4,800 securities dealers.

Mr. Cohen has been a member of the NASD's Board since January, 1961, and this year served as Chairman of the national business conduct committee. He joined the Dain firm in 1935, is married and has one son, a practicing attorney in Minneapolis. He will assume his new post at a meeting to be held in mid-January.

Other officers named by the NASD Board were: Vice-Chairmen, Hudson B. Lemkau, partner, Morgan Stanley & Co., New York, and Merl McHenry, partner, J. Barth & Co., San Francisco; Treasurer, Robert W. Fleming, Executive Vice-President, Folger, Nolan, Fleming & Co., Incorporated, Washington, D. C. Wallace H. Fulton, Washington, was named to his 25th term as Executive Director.

NEW COMMITTEEMEN APPOINTED

Forty-one new district committeemen of the National Association of Securities Dealers have been elected, succeeding an equal number whose terms of office are expiring. Chosen from the 13 NASD districts embracing the U. S., Alaska and Hawaii, the new committeemen will begin serving three-year terms in January. Those elected, by districts:

No. 1 (Alaska, Idaho, Montana, North Dakota, Oregon, South Dakota and Washington) Robert A. Nathane of Merrill Lynch, Pierce, Fenner & Smith Inc., Seattle; and Preston E. Macy of Murphey Favre, Inc., Spokane.

No. 2 (California, Nevada and Hawaii) John G. Hodge of Walston & Co., San Francisco; Robert M. Fomon of E. F. Hutton & Co., Inc., and George W. Weedon of Crowell, Weedon & Co., both of Los Angeles; and Richard F. Guard of Schwabacher & Co., Honolulu.

No. 3 (Arizona, Colorado, New Mexico, Utah and Wyoming) Alexander W. Forsyth of Calvin Bullock, Ltd., George Writer of Peters, Writer & Christensen, Inc., and Orville C. Neely of Merrill Lynch, Pierce, Fenner & Smith Inc., all of Denver; and Harvey Glade of J. A. Hogle & Co., Albuquerque.

No. 4 (Kansas, Missouri, Nebraska and Oklahoma) Norman E. Heitner of Yates, Heitner & Woods, St. Louis; Anthony L. O'Brien of Bache & Co., Kansas City, Mo.; and Dale C. Tinstman of First Nebraska Securities Corp., Lincoln.

No. 5 (Alabama, Arkansas, Louisiana, Mississippi and a part of Tennessee) Arthur J. Keenan of St. Denis J. Villere & Co., New Orleans; and Arthur Stansel of Courts & Co., Birmingham.

No. 6 (Texas) Robert R. Gilbert, Jr., of Sanders & Co., Albert E. Bernet, Jr., of Schneider, Bernet & Hickman, Inc., and C. Rader McCulley of First Southwest Co., all of Dallas.

No. 7 (Florida, Georgia, South Carolina and a part of Tennessee) Phil E. Pearce of G. H. Crawford Co., Inc., Columbia; and Zoltan Salkay of Merrill Lynch, Pierce, Fenner and Smith Inc., Jacksonville.

No. 8 (Illinois, Indiana, Iowa, Michigan, Minnesota and Wisconsin) Eddie K. Hays of Dean Witter & Co., Gordon Teach of A. C. Allyn & Co., and Donald T. Fletcher of William Blair & Co., all of Chicago; and Kenneth J. Brown, Jr., of K. J. Brown & Co., Inc., Muncie.

No. 9 (Ohio and Kentucky) Gilbert A. Davis of Harrison & Co., Cincinnati; Thomas P. Dupree & Co., Harlan, Ky.; and Ned K. Barthelmas of First Columbus Corp., Columbus.

No. 10 (District of Columbia, Maryland, North Carolina and Virginia) G. Powell Davis of Investment Corp., of Virginia, Norfolk; and Joseph W. Sener, Jr., of John C. Legg & Co., Baltimore.

No. 11 (Delaware, Pennsylvania, West Virginia and a part of New Jersey) Richard O. Smith of Stroud & Co., Inc., Thomas W. L. Cameron of Hopper, Soliday & Co., and John Gribbel, II, of Elkins, Morris, Stokes & Co., all of Philadelphia; Thomas Lynch, III, of Moore, Leonard & Lynch, Pittsburgh.

No. 12 (Connecticut, New York and a part of New Jersey) Herbert R. Anderson of Distributors Group, Inc., William M. Cahn, Jr., of Schwabacher & Co., Ira B. MacCulley of Equitable Securities Corp., Sidney G. Duffy of Blyth & Co., Inc., and Stuart M. Beringer of P. W. Brooks & Co., all of New York; and Wesley M. Bishop of Smith, Bishop & Co., Syracuse.

No. 13 (Maine, Massachusetts, New Hampshire, Rhode Island and Vermont) Thomas C. Eayrs, Jr., of Stone & Webster Corp.; S. Whitney Bradley of Eaton & Howard, Inc.; and Edward N. McMillan, Jr., of Merrill Lynch, Pierce Fenner & Smith Inc.

Rothschild to Admit Wolfer

L. F. Rothschild & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, have announced that Herbert W. Wolfer, the firm's European representative at Geneva, Switzerland, has been proposed for admission as a general partner effective Jan. 1, 1963.


Herbert W. Wolfer

Mr. Wolfer, who is well known in financial circles, will continue in charge of L. F. Rothschild & Co's European business with headquarters at Geneva.

Mr. Wolfer was born and educated in Switzerland and has been with the Rothschild firm since 1957, when he became its Swiss representative. Previously he had spent eight years in the banking field and was associated with the Union Bank of Switzerland, the Swiss Bank Corporation Agency in New York, and later with J. Henry Schroder Banking Corporation. Before his present association he was Geneva representative for Bache & Co.

The investment banking firm of L. F. Rothschild & Co., established in 1899, has its main New York office at 120 Broadway, with branch offices in Chicago, Boston, Rochester, N. Y., Montreal, Canada, and Geneva, Switzerland.

Exchange Open Dec. 24 & 31

The New York Stock Exchange has issued the following statement in answer to questions concerning its plans for Dec. 24:

The Board of Governors, after considering the possibility of closing the Exchange for a special holiday on Monday, Dec. 24, has decided it is desirable to keep Exchange facilities available to the investing public on that day.

Although the pace of business activity may be considerably lessened on Monday, the 24th, this will be the final day to make "regular way" round-lot transactions for delivery by Monday, Dec. 31, when the Exchange will be open. The Exchange's rules require settlement on the fourth business day after the trade day in a "regular way" transaction.

"Next day" transactions, however, will also be possible on Wednesday, Thursday and Friday, Dec. 26, 27 and 28, to effect deliveries on the following business days; "cash sales," with delivery on the same day, are possible on any day of the year, including Dec. 31. Gains are established for income tax purposes according to the calendar year when the proceeds become available.

Losses, on the other hand, are established for tax purposes in the calendar year in which sales take place. Dec. 31, therefore, would be the final day for sales to establish 1962 tax losses.

Creatively Tapping a New Market for Stocks

Continued from page 3

like number of forty-foot twin engine cruisers, obviously would result in an extravagant waste of effort and resources. Such cars and boats, however much hungrily desired by countless people, simply cost too much in terms of the present level of per capita income.

In a free economy, therefore, all markets may sooner or later run out of effective demand. They become glutted in the sense that financial capability to satisfy desire is diminished to the point where it is no longer possible to take the product or the service off the market at the then prevailing cost prices. The market for stocks is no exception. Such a trend is accentuated in the case of those markets which in a few years may be called upon to meet not only the normal current demand but also what may have been deferred for one reason or another for a considerable period of years.

It is this latter influence which also may well be aggravating the current situation in the market for stocks. Consequently there can be little doubt that there is much validity to the attempt to determine if the market for stocks during 1962 may not have reached almost a saturation point and that the advertising and merchandising approach of the securities industry between 1951 and 1961 on the theme "Own Your Share Of American Business" may not have been almost too successful.

People's Capitalism

The 1962 Fact Book published by the New York Stock Exchange, in calling attention to some historical dates in the record of that Exchange, mentions that on Jan. 15, 1951 the major public educational program was announced—including the use of TV and Radio, that a new theatre and exhibit room were opened and that a national census of stockholders was begun. This is a most significant date as it marks the beginning of a nationwide effort to carry the message to the American people that under our people's capitalism "Owning Your Share of American Business" was not only desirable but could be possibly personally profitable. This appeal fell on the ears and eyes of a fertile market effectively ready in terms of both desire and financial ability. What was the size of that potential market for stocks and how thoroughly has it been penetrated?

What were some of the essential characteristics of the market for stocks at the start of 1951? In 1930 the population of the nation was 123 million; by 1940 it had risen to 132 million (or some 7.3%); by 1950 the total was 151 million, some 28 million, or 23%, over 1930, and 19 million, or 14%, higher than in 1940. In other words, by 1951 the country had grown in population some 23% in twenty years to a new record total of over 151,000,000 persons.

While the figures are not too authoritative and represent only estimates, the New York Stock Exchange has stated that, "In 1952 an estimated 6.5 million Americans owned shares in the nation's publicly-held companies." Specifically this was about 1 out of every 16 adults. This would suggest that despite a 25% gain in the total population between 1930 and 1950, it was still true that early in 1952 no more than one out of every 23 Americans owned shares.

Untapped Market

Numerically, then, there had been built up, through population growth, a very large untapped market for stocks which was ready to be exploited due to the phenomenal increases in the capability factor from the period of the Great Depression of the "Thirties," the years of shortages during World War II, and the enormous expansion of production, employment and earning power of the post-war years through 1950.

The extent to which the power to satisfy the demand for almost everything was present in 1951 can be seen from the National Income figures as reported by the U. S. Department of Commerce. In 1933, for example, the total national income was $40.1 billion—by 1948 it had reached $223.5 billion and in 1951 the figure was $279.3 billion. The further analysis of these figures by the relative share going to different groups, supports the point of the extent of huge untapped resources.

To illustrate: compensation of employees which aggregated $29.5 billion in 1933, rose to $141 billion in 1948 and to over $180 billion in 1951. The share going to unincorporated business and professional enterprises advanced from $3.2 billion in 1933 to $22.4 billion in 1948 and to $26.0 billion by 1951. Farm income jumped from $2.4 billion (1933), to $17.8 billion in 1948 and still held at over $16.0 billion in 1951, notwithstanding the effect of post-war adjustments taking place in agriculture.

Interesting, too, is the further fact that all through the years of the "Fifties" additional giant strides were witnessed in the yearly totals of Natonal Income and in almost all of its component parts. The totals for 1960, as an illustration, show national income of $417.5 billion, that part going to employees as compensation being $294.4 billion, and the amount to the unincorporated business and professional category totalling $35.9 billion. It might be said, in retrospect, that the well publicized possibilities of the "Fabulous Sixties" actually may have taken place in the "Fifties".

In any event, the point is self-evident that the market for stocks, beginning in 1951, was certainly ready and able. The question of whether it was willing was quickly answered by the response given to the advertising and promotion efforts of the various Exchanges and the securities industry generally.

Stock Turnover

Before examining in detail the techniques used by the securities industry in reaching this eagerly awaiting market for stocks, it will be profitable to examine further the extent to which a deferred demand had been built up for stocks in the twenty years from 1931 through 1950, keeping in mind that these were years of constantly expanding population. According to the New York Stock Exchange 1962 Fact Book, the total volume of trading on that Exchange in 1929 was 1,124,800,410 shares and in 1930 it was 810,632,546 shares. The next year, 1931, it was 576,765,412 shares. From then on, through the Depression and into the first year of World War II, the figuer dropped to a low of 125,685,298 shares in 1942. Throughout the period from 1942 through 1949, the peak volume of trading was reached in 1945 when 377,563,575 shares were turned over.

Here then from 1930 through 1949, a period of some twenty years, the volume of trading in stocks listed on the New York Stock Exchange, on the average, was about one-third of the total for 1929 (1,124,800,410), and there were nine years of the twenty in which less than 300 million shares changed hands. Not only did average volume continue at a below average rate during these years, relative to population and national income gains, but the expansion in the number of issues and shares listed on the New York Stock Exchange proceeded at a slow pace. This can be shown by the fact that in 1931 there were a total of 1,278 issues, aggregating 1,318,729,621 shares, listed on the New York Stock Exchange and by 1949 the comparable figures were 1,457 issues and 2,165,670,128 shares. Here again, then, there is some evidence that the normal annual increment of demand for securities that was in existence was not being satisfied for a number of very good reasons.

In the first place, the Depression years with long term mass unemployment and psychological shock following the 1929 collapse in the economy and in stock prices, removed a basic element in the demand equation for stocks, namely, the desire to own them. The advent of World War II brought on a period where with some 12 million persons in the armed forces, and great dislocations in family life taking place everywhere, the market for stocks was largely ignored by the majority of people who had many other things on their minds in those days. Finally, the early post-war years (1946-1949) were devoted to the business of re-establishing families, setting up new homes and satisfying first the pent up demand for all types of consumer goods which were either in extreme short supply or non-existent during the war years.

Deferred Demand

It probably can be said, therefore, that the securities industry durng the 1950-1951 period enjoyed the unprecedented prospect of having a market for stocks in which some of the total demand had been deferred for 20 years and where other demand elements were due to the accelerated rate at which the population was expanding and the buying power of masses of people was rapidly increasing. In other words, at the start of the "Fifties" the market for stocks was abnormally large and the securities industry found itself in the position of having to satisfy not only the current normal demand, but also to fill the backlog of deferred demand which had been accruing for many years. How this was accomplished and what it foreshadowed for the future explains now what happened to the market for stocks in 1962.

The extent to which the message, "Own Your Share of American Business" was carried over the length and breadth of the land during the 1951-1961 period can be seen from the examination of a few facts. In 1931 member firms of the New York Stock Exchange operated a total of 1,968 offices. In 1950 these offices totalled only 1,661 — but in 1961 there were 3,372 such offices, or a gain of 103% over 1950. Registered Representatives, the salesmen of the New York Stock Exchange member firms, in 1950 totalled 11,409 and in 1961 there were employed 30,628 such persons, a 170% advance. Finally, in 1950, there was a total of 2.4 billion shares listed on the New York Stock Exchange. At the end of 1961, the total of such listed shares was 7.1 billion —for an increase of almost 200%!

If these phenomenal increases in the internal composition of the securities industry in the years 1951-1961 are related to the figures on population growth and changes in national income in the same period, it will be seen at once how markedly successful were the efforts of the securities community in exploiting the then existing market for stocks. For example, between 1950 and 1960 the populaton of the country rose 28,000,000, or approximately 18%, to a level of 179,320,000 people, but shares listed on the Stock Exchange rose about 200%. National income from 1951 to 1960 advanced some $138 billion, or about 49%, whereas the number of Registered Representatives climbed 170% and New York Stock Exchange offices increased about 103%.

Shareholders Rose Faster Than Population

The conclusion seems inescapable that starting in 1951, and continuing through 1961, the market for stocks was decisively penetrated and exploited. These years saw an increase in share ownership in America from a total of about 6,500,000 (in 1952) to over 17 million at the present time. This is a gain of about 160%, or a rate almost nine times as great as the percentage increase shown in the nation's population in the years from 1950 to 1960.

A recent statement of the New York Stock Exchange points out that "17 million Americans are now direct shareowners in public corporations. This represents a growth of 4.5 million since the last Census in 1959, or 1.5 million a year." These figures suggest that about one out of every six adult Americans now owns his share of American business. Two questions immediately come to mind. First, how was this market for stocks exploited so thoroughly and, second, what are the chances that the saturation point, in terms of present circumstances and merchandising techniques, may have been reached?

Shareholder-Selling Campaign

The answer to the first of these is relatively simple. In the 11 years from 1951-1961 the securities industry generally, in cooperation with the New York Stock Exchange, carried on an aggressive and far reaching campaign of investor education involving the use of greatly expanded mass media advertising, courses in adult education centers, branch office community meetings, a lecture bureau to provide speakers for meetings of all kinds of groups, and the development of explanatory leaflets and bulletins used in nationwide direct mail compaigns of one type or another. This entire program was, of course, built around the desirability of all Americans having a direct stake in American business through the ownership of common stocks.

Wall Street truly became Main Street. Brokers' offices in local areas became as community minded as the old type general store and brokers themselves in such offices, being part of the local scene, had to become as folksy as the fellow who ran the local gas station.

Brokers, under such circumstances, literally became salesmen for the "good life" now and in retirement, by stressing the importance of long-term investment in common stocks. Emphasis, in the promotional and merchandising techniques, was placed almost exclusively on the merits of common stocks for investment and invariably the approach stressed such things as investing for the future, building an estate, planning for children's education, providing for retirement and obtaining a second income from sound dividend paying stocks.

There can be no question regarding the merits of the long term investment approach for many institutional investors, such as pension funds, trusts, foundations, endowment funds, and even for a large body of individuals seeking maximum continuity and safety of income who are not at all concerned with interim price fluctuations. However, long-term investment, like all generalities, is not now and never was the answer for everyone, nor in practice has the principle itself proved to be an unmixed blessing especially where it was used by individuals whose objectives were not clearly defined at the outset.

Certainly so-called long-term investors from 1956 on were not an especially contented group after the May-June 1962 decline in prices, which saw many issues lose the gains of five years in a very short space of time. This performance only repeated the experience of other eras and indicated once more the truth of the observation that any stock can become overpriced. The idea of buying stocks for investment for the long-term on the expectation that they were bound to be satisfactory indefinitely was once again proven to be invalid.

If the entire educational program might be capsuled, it could be said that it preached the doctrine of the validity and applicability to everybody of the potentialities of long-term investment in common stocks. Time and events have shown that such a principle, however useful in many instances was not suitable for everyone, nor of course did it assure, even for those individuals and institutions where it was applicable, that substantial losses in value would not be experienced.

That it produced the desired results can hardly be denied when now one out of every six adults is a shareholder and countless more are indirect holders of equities through such things as savings accounts, pension funds and insurance policies. Of more immediate concern, however, is the second problem — has the saturation point been reached and, if so, what can be done about it?

Whether the market for stocks has been totally exploited is, of course, impossible to answer with finality. The whole approach must be understood within the context of the basic meaning of the market for stocks, which is essentially a market measured largely in terms of persons who hitherto have not been shareholders and who constitute a group possessing effective demand, that is with both the desire to own stocks and the financial means to satisfy that desire.

On the 1962 figures it appears that there are 106,715,000 adult males and females in the country of whom some 16,256,000, or 15.2%, now are direct shareholders in American corporations. The bulk of these people (60.1%) had household incomes of over $7,500 annually and interestingly enough these were the people where the greatest increases in share ownership were shown between 1959 and 1962. In the lower income brackets there was a marked decline in the percentage of total shareowners represented by individuals with less than $7,500 a year in income.

Decline of Lower Income Shareholders

For example, in 1959, 25.6% of total shareowners had household incomes between $5,000 and $7,500, whereas in 1962 this group constituted only 21.5% of all shareowners. The same pattern was in evidence in the income brackets of from $3,000 to $5,000 and under $3,000. The 1962 gains over 1959 were largely seen, as far as household incomes are concerned, in the income categories of $10,000 to $15,000, and $15,000 to $25,000. It seems evident, therefore, that the interest in shareownership between 1959 and 1962, among persons having incomes of less than $7,500 had already undergone a sizable decline.

Another yardstick that may be of interest in evaluating the possible answers to the question of potential saturation of the market for stocks is that showing shareowners by age. In 1959 the Census showed that of total shareowners those in the age bracket 21 to 34 years of age accounted for 19.9%, but in 1962 they were only 14.3% of the total. During this period (1959 - 1962) shareownership increased in the group 35 to 44 years, and 45 to 54 years, but the percentages declined (relative to the total) in the age brackets 55 to 64 years, as well as for those 65 years of age and older. Here, then, the conclusion seems inescapable that from 1959 to 1962 the younger citizens and the older ones were certainly not, in terms of total shareowners, increasing their commitments. Again, therefore, it seems probable that among certain age groups (as well as income categories as outlined above), the market for stocks had been rather fully exploited by 1959 for one reason or another.

Doubts Gains Will Be Repeated In Next Decade

There has been some attempt made in the securities industry to justify the conclusion that the potential market for stocks right now is such that during the next 10 years comparable, if not greater, gains in shareownership, as those in the previous decade, will be witnessed, allowing, of course, for the rate of population growth. This thesis seems impossible to justify in the light of certain clear cut evidences of already existing overexploitation and saturation of the new investor market for stocks which have been presented. Consequently the market for stocks in terms of demand by new investors, as it existed from 1951 through perhaps 1961, is not the same market today. That a potentially large new market for stocks, *per se*, does exist now is not denied, but it very well may be a demand quite different than hitherto and hence call for a marked readjustment in advertising and merchandising techniques and a very considerable shift in emphasis as to objectives for investor commitment and changes even in some phases of the mechanics of executing transactions in the securities business. Finally, it may also require corporate managements to take a second look at capital structures in relation to the number of present and prospective stockholders.

New Advertising-Merchandising Techniques Needed

Along these lines, and supporting the contention that old methods and procedures which worked so well in the last ten years may have become outmoded, and recognizing that some kind of a market for stocks does exist today (and potentially it may be much bigger than the one which was available starting in 1951) the following program is outlined as a guide to steps that might be taken to exploit today's market for stocks:

(1) **By The Exchange Community**—While continuing to emphasize the long range goals of common stock ownership, it would be desirable to start to tell the story of the Exchange as an auction trading market where people can buy and sell securities seeking short term profits (and perhaps experiencing short term losses which hurt no more and cost no less than long term investment losses). Promotional and merchandising efforts might call attention to the historical, present and future, importance of trading to the nation's economy and the health of business, commerce and industry, as well as the stabilizing influences exerted on the market by such trading activities. Some emphasis on this phase and function of the market place will strike a responsive chord among millions of Americans who do not know or appreciate the possibilities inherent in the trading aspects of the market.

(2) **By The Securities Industry Generally** — The brokerage business and the financial community at large will have to take a positive step in bringing the trading message to the market for stocks. Realistically the community will have to recognize the fact that "Own Your Share of American Business" does not mean either that you should own a particular stock forever, or that every person potentially interested in stocks is seeking, or should have, a long term position.

New Breed of Investors

There may be countless numbers of potential new shareowners who are not really interested at all in becoming financial experts, economists, or security analysts, but only seek help in trying to capitalize on the swings that take place for one reason or another in the prices of stocks traded on an auction market. Trading is neither illegal nor immoral, nor does it imply churning accounts to collect commissions.

The securities industry, however, has an obligation to realize that the future effective demand in the market for stocks may exist in large part in such an activity, and as a consequence some educational efforts in this direction seem to be in order. This calls for a somewhat different approach by the securities industry than what was followed during the past 10 years and will certainly require considerable care in making sure that this type of activity is not assumed to be suitable for everyone anymore than the long-term investment approach of the last decade was entirely the answer for all concerned. The Exchange itself has gone on record many times as being opposed, and rightly so, to the six months holding period provisions of the tax laws. It is evident, therefore, that the shorter term trading approach is one already receiving considerable support in the community.

In addition, a completely new approach to the whole procedure in trading in odd lots and another look at the entire commission charge structure may be in order.

(3) **By the Government and Regulatory Agencies** — Here the emphasis has got to be on broad scale and more equitable tax policies which do not regard profits as undesirable and which do not penalize persons obtaining short-term profits by frequently trading in securities. Also the various regulatory agencies, in exerting legitimate control and supervision over the securities industry, will have to begin to understand that part of their job involves attitudes, policies and rules which are not solely designed to restrict the growth of the industry, but which of even greater economic significance will assure an expanding industry and a greater participation by the American public in the fruits of our peoples capitalism as they become available through the securities markets.

Pricing Stocks at Lower Level

(4) **By the Business and Industrial Community** — There can be little doubt that corporate managements can do much to bring the prices of stocks, through capitalization control, down to levels where the shares of America's largest and best managed companies would encounter unprecedented demand if they normally were priced at a fraction of their current values. Many stocks are simply too high in value (exclusive of the factors which influence changes in prices) to enable a large part of the present market for stocks to be satisfied. The product must be priced to the market if it is to meet effective demand.

No one can intelligently deny that the market for stocks does exist, nor can it be argued that the demand may not be very large. But today it is a different demand, composed of different elements, than in the past and hence to meet it and satisfy it calls for imagination, effort, a willingness to realistically face the challenge in adopting new procedures and methods, and a determination to do the job. Its success on this basis is as assured as that of the program which was adopted in 1951 and which proved so successful for 10 years. Changing times require changed techniques — the fruits of the next 10 years in tapping the new market for stocks can be as rewarding as those of the last decade.

Current News in the Field

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

PERSONNEL

BANGOR, Maine — Samuel G. Smith is now associated with **David G. Means,** 6 State St., He was formerly with Harding Tulloch & Co., Inc.

DENVER COLO. — Milford A. Erickson, Herbert G. Godbey, Keith M. Johnson and William G. Vierling have been added to the staff of **Peters, Writer & Christensen, Inc.,** 724 Seventeenth St.

NEWARK, N. J. — Frank Miceli has become associated as a customers representative with **Richard E. Kohn & Co.,** members of the New York Stock Exchange, 20 Clinton St. He was with the Kohn firm as a broker-trainee before a recent tour of army service at Fort Dix.

PHILADELPHIA, Pa.—**Bioren & Co.,** Philadelphia and New York, members New York Stock Exchange, announced the association of the following as registered representatives: Robert T. Clark, Henry W. de Luca, Jr., Bernhard A. Scally III, and James Donald Watson.

PORTLAND, Oregon — John S. Kadderly has become connected with **E. I. Hagen & Co., Inc.,** American Bank Building. He was formerly with Black & Co., Inc.

PORTLAND, Oregon — Philip F. Wax has joined the staff of **May & Co., Inc.,** 618 Southwest Yamhill St. He was previously with Walston & Co., Inc.

SPARTANBURG, S. C. — Samuel D. Helfrich is now affiliated with **Hayden, Stone & Co., Inc.** Mr. Helfrich was formerly a local representative of Alex. Brown & Sons.

NEW FIRMS

CHICAGO, Ill.—**Norville & Co.,** 105 West Adams St. Allan J. Norville is principal.

FT. WALTON BEACH, Fla. — **Robert K. Neal,** 221 North Eglin Parkway. Mr. Neal has succeeded to the business of Griffith & Neal.

PHOENIX, Ariz.—**F N Planning Corp.,** 1230 East Camelback Road. Officers are Melvin C. Reese, Jr., President; Donald C. Reese, Vice-President and Treasurer; and Peter A. Weisrick, Secretary.

ST. PAUL, Minn .— **Capitol Diversified Investments, Inc.,** 1457 University Ave.

SPOKANE, Wash. — **Ros L. Reiman Securities,** Radio Central Building. Roscoe L. Reiman is sole proprietor.

WASHINGTON, D. C.—**Gerard T. Corkery & Associates,** 4706 Wisconsin Ave., N. W. Gerard T. Corkery is sole proprietor.

NEW BRANCHES

BEVERLY HILLS, Calif. — **Carl Hanauer & Co.,** Bank of America Building. Milford L. Stern is Resident Manager.

FT. WAYNE, Ind.—**J. B. Coburn Associates, Inc.,** 134 East Berry. Robert Meister is Manager.

NEENAH, Wis.—**Bell & Farrell, Inc.,** 310 North Commercial St. Bernard S. Samuels is Manager.

SAN FRANCISCO, Calif. — **Carl Hanauer & Co.,** Russ Building. James J. Peach is in charge.

Tucker, Anthony To Admit

Tucker, Anthony & R. L. Day, members of the New York Stock Exchange, on Jan. 1, will admit William O. Apthorp to general partnership, and Anthony D. Marshall to limited partnership in the firm. Mr. Marshall will make his headquarters at the New York office, 120 Broadway. Mr. Apthorp will be located in Boston at 74 State Street.

Honda Motor Co. Shares Offered

An underwriting group managed by Goldman, Sachs & Co. and The Nikko Securities Co., Ltd., New York, has announced the public offering of 9,000,000 common shares (50 Yen par value) of Honda Motor Co., Ltd. represented by 450,000 American shares.

The American shares represented by American Depositary Receipts, are priced at $15⅝ per share. American Depositary Receipts, may be exchanged for European Depositary Receipts, marking what is believed to be the first such arrangement for the international exchange of depositary receipts and the first European Receipt for shares of a Japanese company. Cash dividends paid on the shares offered may be converted into U. S. dollars with respect to American Shares and into sterling currency of the United Kingdom with respect to European Shares.

Each American share will represent 20 shares; and each European share 5 shares, of common stock deposited in Tokyo with The Mitsubishi Bank, Ltd. as agent of Morgan Guaranty Trust Co. of New York, the depositary.

Net proceeds from the financing will be added to the general funds of the company and will be available for financing capital expenditures, for additional investments in subsidiaries and to provide additional working capital. Capital expenditures for the year ending Aug. 31, 1963 are estimated at $15,000,000, and the company plans to invest $1,967,000 in its subsidiaries in the same period.

Honda Motor Co., of Tokyo, Japan, the successor to a business established in 1946, is now the largest manufacturer of two-wheeled motor vehicles in the world. The company makes a number of motorcycles with cylinder displacements of 50 c.c. to 305 c.c. Manufacturing operations are presently conducted at three modern plants in Japan. A wholly owned subsidiary is now constructing a plant in Belgium, scheduled for completion early in 1963, for the assembly of two-wheeled motor vehicles to be sold in Europe. Plans were recently announced for entry of the company into the four-wheeled vehicle field for the first time. It intends to produce and market a small four-wheeled truck and models of a sports car with production scheduled for the spring of 1963.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—More and more it becomes apparent that one of the biggest issues facing the new Congress is the Kennedy Administration's proposal for a substantial cut in personal and corporation income taxes in 1963, plus a major tax reform.

The 88th Congress, with a life of two years, will be banged to order on Jan. 9, but it will take a few weeks for it to get organized fully.

No one knows at this time what the fate of the proposals concerning taxes will be, but it can be said flatly the ultimate decision will not be decided soon. Our Congress, particularly the Senate, is a deliberative body.

However, in all probability, fate of the far reaching proposals will be decided by the House Ways and Means Committee where, under the constitution, all tax legislation must originate. Thus the taxpayers of the Nation will have their eyes focused on this important committee early next year.

There are many questions to be answered before there is a reduction in taxes. The tax situation in some phases is complicated, but it is not as complex as some members of Congress and other students of government have indicated.

The Big Question

There is every indication that President Kennedy and his entire Administration is going to push for a tax cut. The average man no doubt will applaud him for it because he readily understands his take home pay will be a little more each pay day.

If there is going to be a substantial tax cut, the simple question is: Where are we going to get the money to pay the bills of our government as they fall due? It is that simple.

Therefore, with the cold war continuing and inevitable new crises ahead, and billions for foreign assistance, another paramount question is: Can we afford to reduce taxes in 1963?

We are not only faced with a deficit of close to $8 billion in the 1963 fiscal year, but possibly a larger one in fiscal 1964.

There could readily be a reduction if the Pentagon would be willing to pull in its belt a little tighter. However, that is unlikely. The military in the United States probably wields a far greater influence in this country than is realized by many people.

Many Unneeded Military Facilities

The Army, Navy and Air Force have enough projects scattered throughout the 50 states to keep members of Congress supporting a $50 billion plus military budget. The truth is many of those installations could and should be closed without jeopardizing our security. Both the military and Congress "justify" those installations, however, at the time appropriations are made.

Once a military facility is established in a community or area, the local citizens and their Congressmen put pressure on the President of the United States to keep them when there is a threat that the installation may be closed. That happens regardless of the party in power at the White House.

The American people demand a strong Defense Department. If they would make an equal demand that all of the fat be trimmed off those billions and billions of outlays they could get a tax cut. This, of course, is another subject.

Mills and Byrd Oppose Tax Cut

Today the Federal corporate and personal income taxes yield about 83% of the Federal revenues. The corporate tax is 52%.

Because the corporate tax is so high, it is apparent that it kills the incentive of a corporation to risk capital and plough any profits back into the business.

The daily press (excepting the blacked - out New York City papers) has fully recorded the comments of Rep. Wilbur D. Mills of Arkansas, Chairman of the House Ways and Means Committee, and Senator Harry Flood Byrd of Virginia, Chairman of the Senate Finance Committee, concerning the tax cut proposals. They are both opposed to a cut in 1963, unless and until the Administration and Congress can get together and balance the budget.

President Kennedy is planning to confer with both Chairman Mills and Chairman Byrd, and numerous other leaders of Congress in the hope they can adjust their differences, in an effort to "get this country moving again."

The CED's Contention

One of the things that the House Ways and Means Committee must determine fairly early in its hearings is: If we can afford a reduction then how big a cut should it be?

The Committee for Economic Development is advocating a reduction of all individual income tax rates by 8% of present rates, and a reduction of the corporate tax rate from 52% to 47%.

The CED's Research and Policy Committee expresses the conviction that its proposed tax reductions would infuse new life into the economic activity in this country. In turn, this would raise the national income, the Committee maintains. On the other hand, the Committee believes that in the absence of such an increase in the income of the country, the tax rate reductions would lower Federal tax income by about $6 billion.

The CED will be given an opportunity to present its views and findings before Congressional committees. The Committee, like the United States Chamber of Commerce, believes there should be prompt action on the proposal to reduce taxes.

Congress and the country will be awaiting with interest President Kennedy's budget for fiscal 1964 which will be sent to Capitol Hill in January. There is some speculation in Washington that the new budget will not seek higher expenditures for 1964 than was sought in 1963, but that will have to remain a White House secret until the budget is released.

"Rising Outlays to Meet Rising Expenditures"

The CED has raised an extremely pertinent question that in all probability will be discussed pro and con during the next few months. The CED contends there is a bias in our present tax structure that favors higher and higher Federal expenditures rather than reduced tax rates. In other words, as the economy grows, the United States Government grows when it does not need to grow.

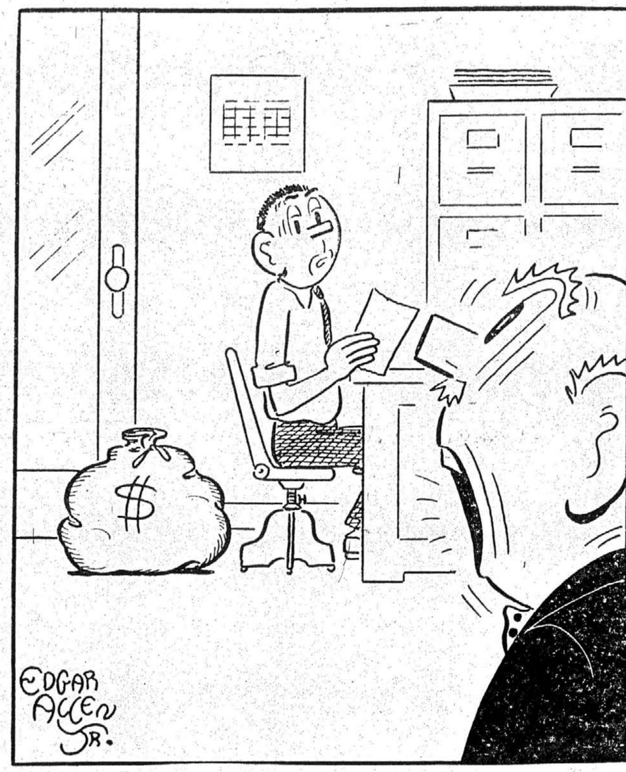
Before there can be a tax cut some of the Administration higher-ups must get together and work out their own differences. While there is a division of thought between the Treasury Department, and the Departments of Commerce and Labor on the other, it seems that there will be concerted Administration action when President Kennedy starts calling the signals on the subject at the future Cabinet meetings.

The tax issue is a big issue and one to stir the imagination. What is decided will affect directly or indirectly every person in the United States.

There is an ancient adage, sometimes overworked, but certainly applicable to the President's plan to cut taxes in 1963—You can't have your cake and eat it too.

Can we afford a tax cut in 1963? That is the big, unanswered question.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]



"I don't care if it DOES make a good doorstop, Stupid —put it back in the safe!"

Trust Co. of Ga. Promotes Seven

ATLANTA, Ga.—The Trust Company of Georgia announced the following promotions following a regular meeting of the Board of Directors.

Elijah F. Moore, Jr. was named a Vice-President. Edward B. Andrews, Frank M. Deaver, Jr., J. Thomas Humphries, H. Dennis Sanford and George T. Brown were all promoted to Assistant Vice-Presidents.

Robert M. Belk was named an Assistant Trust Officer.

Mr. Moore has been with the Trust Company since 1952. He is in charge of the bank's Credit Department.

Mr. Andrews is in the Correspondent Banking Department, serving banks in the State of Georgia.

Mr. Deaver is Manager of the New Business Division of the Factoring Department.

Mr. Humphries is Manager of the Credit Division of the Factoring Department.

Mr. Sanford represents the bank's Bond Department in the State of Florida.

Mr. Brown is now Liaison Officer for branch operations.

Mr. Belk for several years was employed by Haskins and Sells, Certified Public Accountants, and Atlanta Oak Flooring Company as Treasurer and Chief Accountant. He joined the bank in 1961 in the Trust Department.

COMING EVENTS

IN INVESTMENT FIELD

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.

CHRONICLE's Special Pictorial Section Feb. 7.

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.

CHRONICLE's Special Pictorial Section April 25.

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 8-11, 1963 (White Sulphur Springs, W. Va.)
Investment Bankers Association Board of Governors Meeting at the Greenbrier.

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

June 19-21, 1963 (Chicago, Ill.)
Investment Bankers Association Municipal Conference at the Pick-Congress Hotel.

Sept. 22-26, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE's Special Pictorial Supplement Oct. 17.