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EDITORIAL

As We See It

"It is not going to be easy to prove the case for the new budget which superimposes a planned deficit of nearly three billion on top of an involuntary deficit of some seven or eight billion." With these words columnist Walter Lippman begins a discussion of the current budget proposals of President Kennedy in the course of which he succeeds in proving the case for the Kennedy budget—proving it to his own evident satisfaction, that is, and, we are afraid, to the satisfaction of all too many ordinary citizens of the United States of America. In the course of his argument, Mr. Lippman refers to and apparently accepts without qualification "the new theory" which holds that "the total demand for goods and services should be approximately large enough to pay for approximately all the labor, plant, and capital resources are capable of producing efficiently." When such a situation exists, and only then, we may say, apparently, that the economy is "in balance" and it is only when that balance is present is it possible to balance the Federal budget.

This may be said to be in essence the New Frontier theory of budget making, and it is further argued by the authors and defenders of the present budget plans of the Administration that, first, the lack of "balance" in the economy generally stems from inadequate demand by consumers and producers and, second, that it is within the power of the Federal Government to shore up flagging demand and is its plain duty to do so. This purpose, moreover, can be accomplished either by taking less from the public in taxes or by spending more—or both. Both are envisaged by the Administration in the months and years immediately *(Continued on page 20)*

European Common Market Impasse Affects the Investment Outlook

By M. Monroe Kimbrel,* *President of the American Bankers Association, and Chairman of the Board, First National Bank, Thomson, Ga.*

Spokesman for American bankers voices utmost concern about the Jan. 29 exclusion of Britain from the European Common Market. He warns we may be compelled to reduce our foreign military and economic aid after tracing adverse economic repercussions France's action may set in motion. Latter include: (1) jeopardizing close relationship of the Atlantic Community and the Free World; (2) altering international investments-flow; (3) putting our balance of payments policies to sterner tests; and (4) fostering regional protectionism harmful to U. K., U. S. A., as well as ECM.

European unity suffered a potentially severe setback when France prevented Great Britain's entry into the Common Market. Apparently, it is President de Gaulle's intention to reduce the influence of Great Britain and the United States in Europe. He appears to believe the interest of France will best be served by a Europe in which French influence is dominant.

M. Monroe Kimbrel

His grand design has been evident in two recent acts. He has vetoed Great Britain's bid to enter the Common Market and he has rejected the idea of a NATO nuclear deterrent which was proposed by President Kennedy in Nassau.

The political, military and economic ramifications of these actions run deep, and it may be some time before the long-range effects will be known. But one thing is certain: these developments require reappraisal of many of this nation's policies, for they have profound implications for the basic objectives and operating structure of the Western Alliance.

Since the end of World War II, the long-range goals of the United States have been: (1) a strong and united Europe, (2) a closely knit Atlantic Community, and (3) cooperation between the Atlantic Community and the new and emerging nations of the Free World. These are still our basic goals. In fact, Secretary of State Dean Rusk reiterated these long-range goals in a television interview on Jan. 27.

The United States has worked toward these goals in many ways. To develop a strong European economy the United States poured billions of dollars into Europe under the Marshall Plan. At the same time, we insisted that European countries cooperate to assure that the aid was used in the most efficient manner. This insistence on our part led to the founding of the Organization for European Economic Cooperation, known as the OEEC. We permitted discrimination against American goods because of the dollar shortage in Europe. We encouraged United States investment in Europe. In short, we assumed costly and burdensome commitments to help Europe establish the strong economic foundation it needed to deter the spread of international Communism.

To provide the military umbrella under which economic recovery could flourish, we took the lead in organizing NATO. We contributed to NATO the biggest share of its armed forces and by far the biggest share of money to support them. We realized then and we realize now that a joint defense effort is more economical than several independent deterrent forces. The United States knew it was going to have *(Continued on page 23)*

PICTURES IN THIS ISSUE—Candid photographs taken at the Annual Midwinter Dinner of the Security Traders Association of Chicago, appear in today's Pictorial Supplement.

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

JACQUES COE
Senior Partner, Jacques Coe & Co., New York City
Members New York Stock Exchange

Getty Oil Company

This is my favorite selection for the immediate future because it possesses all the essential elements of eventual re-discovery, expansion and higher market appraisal.

Many have shied away from Getty Oil for various reasons:

(a) A one-man company completely dominated by J. Paul Getty;

(b) Does not pay dividends;

(c) There have been many false moves in the stock.

(d) Capital structure is too complicated for casual analysis.

The purpose of this article is to cut through the red tape, simplify the significance of the ultimate elimination of the intermediate Holding Companies and bring forth a simple end result which already has substantial earnings, prospects for further expansion, and upgrading re-appraisal.

Getty has for itself *in its own operations,* substantial oil production in the Arabian neutral zone. In 1961 net income from that source alone was 71c a share or about $11,440,000. Dividend income from one of the Holding Companies (Mission Corporation) was 16c a share—thus total net income for Getty alone amounted to 87c a share. From this particular source, Getty's earnings for 1962 are estimated in excess of $1 a share, notwithstanding the fact that no cash dividend was received from Mission Corporation (Getty received some of Mission Corporation's Tidewater stock instead).

Getty in addition controls through two Holding Companies—two most important producing and distributing companies in the United States—namely Tidewater (through Mission Development) and Skelly (through Mission Corporation). Adding to Getty oil, the proportion of earnings retained by these two Holding Companies through their Operating Companies, total earnings for Getty in 1961 would have been $1.99 per share; estimate for 1962 is nearer $2.40 per share (1963 is tentatively estimated at $2.60 plus). On only ten times earnings Getty shares are grossly undervalued.

Through recent open market purchases (which have been accelerated) Getty now owns slightly over 77% of Mission Development. It is generally believed that after Getty owns 80%, Development will be dissolved and the underlying Tidewater shares distributed; in this way, control of Tidewater will rest directly (instead of indirectly heretofore) with Getty.

Every 100 shares of Mission Development today represents 140 shares of Tidewater, so that mathematically all of the Tidewater which Getty receives through its holding of Mission Development, plus 2,100,000 shares of Tidewater which Getty owns directly, plus approximately 272,000 shares which Getty received as a stock dividend through Mission Corporation, eventually will give Getty *substantial control* of Tidewater (about 60%).

Probably some time later, the same mechanics may be used in establishing direct control of Skelly by dissolving Mission Corporation.

In the meantime, Skelly has been shrinking its capitalization, having bought during 1962 in the open market—246,446 shares.

Mission Corporation also has been shrinking its shares by purchases in the open market. During 1962 it bought 154,800 shares of its own stock.

Skelly Oil on its own, is probably one of the finest oil producing and distributing organizations in the United States. It originates a cash flow of approximately $12 a share before depletion and depreciation. It earns about $4 a share and is paying dividends of $1.80 or only 45% whereas most other oil companies similarly situated pay out a great deal more.

This is why Skelly is rich in cash and U. S. Government securities and is in a position to keep on shrinking its shares by buying in the market whenever substantial blocks are available.

All of the leverage in this setup flows toward Getty which is the top company and ultimate beneficiary and recipient of everything that is taking place in the overall picture.

Furthermore, shareholders are fortunate in having one of the ablest, richest and smartest men in the world working night and day to make these shares more valuable.

There are nearly 16 million shares of Getty Oil outstanding of which J. Paul Getty and his family directly and through various trusts own nearly 80%.

In the meantime, all the forces in every direction are working toward the eventual consolidation of the three main producing entities and elimination of the Holding Companies.

In my opinion, we are very close to one of the primary steps in this consolidation, and should hear more about it this summer.

In order to cut through the intricacies of the Holding Companies and to present simple clarification, we calculate that at present every 100 shares of Getty represents a breakup of approximately 48 shares of Tidewater and 11½ shares of Skelly plus its own Arabian neutral zone production. The value of the securities alone is close to the market price of Getty shares, which means that for a nominal amount of about $1 a share *one is buying $1 a share or more earnings* in the Arabian zone. If capitalized at only ten times earnings, this would add another $10 a share. Hence at this time Getty is undervalued by a minimum of $10 per share.

However, that does not limit the future price appraisal by this amount. In the immediate years to come, Tidewater and Skelly greatly should increase earnings and the neutral zone properties are capable of substantial expansion. Tidewater has paid no dividends for the last three years because of a super expansion and development program but should rejoin the dividend paying ranks as soon as some of its substantial debt has been reduced.

Skelly could raise or double its dividend whenever it suits the management. The potential productive capacity of the neutral zone is far in excess of current figures.

My conclusion is that Getty, listed on the New York Stock Exchange, has an enormous potential for the capital gain investor.

WILLIS M. EVERETT
Analyst, Goodbody & Co., Atlanta, Georgia

Piedmont Southern Life Insurance Co.

At present the scarcity of attractive investment media is only too apparent. There is, however, an unusual opportunity for the sophisticated investor in Piedmont Southern Life Insurance Co., a fast growing Atlanta-based insurance company and a superbly managed investment company in one package.

The company began business in 1948 and in 1956 the Piedmont Corp. of Delaware was merged with Piedmont Life Insurance Co., adding about $15 million to Piedmont's capital surplus. The Piedmont Corporation was largely owned by the Richardson Family, which started the Vick Chemical Co. The outstanding shares of Piedmont Corp. were exchanged for 278,000 shares of Piedmont Life.

In 1960, the Southern Life Insurance Co. of Georgia was merged into the company, making it one of the south's larger and stronger companies. Southern Life had been chartered in 1935 and had behind it a quarter century of growth and progress. The merger brought about a combination of financial strength, executive talent, field and product coverage, and insurance in force.

Piedmont Southern with $41 million assets, and $422 million insurance in force ($147.4 mil. ordinary life, $220.1 mil. group, and $54.5 mil. credit life) as of 9/30/62, puts the company in the top 10% of all U. S. and Canadian companies in size. Piedmont-Southern is a unique and extraordinarily wealthy life company, with $149.47 in surplus for every $100 in policy reserves. It has $137.95 of assets in cash, bonds, and stocks for every $100 of liabilities, which is more than twice the average of the top 25 companies. It is among the wealthiest life companies in relation to size in the U. S. It thus has boundless opportunity to expand.

Piedmont-Southern is really an investment trust specializing in I. B. M., Richardson-Merrell and other blue chip commons, and with the life business thrown in

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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.)

Investing in Today's Less Turbulent Market

By John L. Rowe, *Vice-President, Parker, Ford & Co., Inc., Tulsa, Okla.*

Examination of the ebb tide since the exit of the "Turbulent Sixties" last Spring deals with the business outlook, stock and bond prices in 1963, and the Dow-Jones as an indicator of portfolio values. Mr. Rowe sees no recession ahead; guesses the DJIA will range this year from 715 high to a 620 low; and offers a general survey of quality investment areas available. He suggests weeding out securities carelessly and thoughtlessly purchased because of inflationary fears or "fast buck" appetite; warns the speculator to expect a rough road, and advises the investor to keep up his "eternal vigilance."

Three years ago, in the Feb. 18, 1960 issue of the *Commercial & Financial Chronicle*, the author dealt with the Turbulent Sixties. This connotation was conceived because of the striking similarity in economic treatment accorded the Roaring Twenties and Fabulous Fifties. This second approach to advance our material welfare had its epic ending last April 11 when President Kennedy unleashed his attack on the steel industry. By singling out U. S. Steel, President Kennedy triggered a decline in the Dow industrial average that had been postponed too long. Actually, an ending of the long-term wage-price spiral was doomed without Kennedy intervention. This mix was brewed in the Fabulous Fifties by the Eisenhower Administration. A mood of optimism was changed to exhilaration as market analysts, financial services, the business community and the Republican leadership collaborated to create an imbalance in stock prices not witnessed since 1928-29.


John L. Rowe

As in the late Twenties, the new-issue market had long passed the boiling point. Within minutes, days or months, prices of unseasoned securities doubled or tripled. Examples: The cosmetic firm, Alberto Culver, was marketed at $10, then traded as high as 60½ per share. Brooks Instrument offered publicly at 5½ traded at 17⅛. Priced at 7½, Dynatronics, Inc. soared to 22. Shares identified with a technological break-through, an unusual product or a space-age name skyrocketed.

During 1961 and the first quarter of 1962, underwritings of new issues averaged above one-half billion dollars quarterly. The record high of $1.6 billion was established in the second quarter of 1961. Billions changed hands as cash was exchanged for shares or vice versa. For those short of money, credit was avidly sought and was made available. Beside the brokerage house, a main channel for borrowing was the non-purpose bank loan, or a foreign or domestic financial institution (factoring).

Some seven million green investors were induced by some 20,000 green stockbrokers to climb aboard the Dow-Jones roller coaster. The price range of specific stocks or some of the standard jargon related to inflation were responsive magnets. Cash went out of style with these new hands. Many had never actually witnessed a flash flood in the stock market. The steep climb in Dow since 1953 made premium stocks like General Foods, General Electric, American Telephone, duPont, Texaco, Eastman Kodak, Procter & Gamble, General Motors, etc., in short supply. Their stockholders were unwilling sellers at any price. One roadblock was the capital-gain tax of 25%. Another was seeking an after-tax replacement of similar quality with a matching return of from 10% to 80% per annum, even more where stock dividends over the years had reduced acquisition costs to near zero—or even zero. Old-time speculative favorites like Chrysler, Westinghouse, Sperry Rand, Montgomery Ward, Allied Stores, etc., were always in good supply. These equities and others with a similar sallow complexion were merely following—not leading—the amazing upsurge of the Dow-Jones index. With these random thoughts as a backdrop, let us proceed to examine the business outlook, stock prices, the Dow-Jones thermometer and bond prices for 1963:

Bond Market

The two divisions of the bond market (corporate and public) are in sharp contrast. The tax-exempt category is riding a four-year crest. Yields for the long and short maturities appear steep if we can assume that the maximum tax on individual incomes will be gradually reduced to 65% maximum from the present 91%. Looking toward June 30, a whopping Federal deficit perhaps exceeding $10 billion (U. S. Treasury revised estimate $7.8 billion) should by itself act to soften long-term bond prices. To this deficit add a cry from the spenders to

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OBSERVATIONS...

BY A. WILFRED MAY

A HAZY CONCEPT

Terming the Administration's tax cut proposals strategic sugar-coating, or perhaps outright bribery, to render huge deficit spending more palatable to the citizenry-electorate can, of course, be questioned. In any event, however, inconsistency in the arguments of the proponents is undeniable.

Exemplifying this, along with haziness regarding the concept, is the handling (or manhandling) of the *capital investment* process by all sorts of discussants.

The President, at the outset of his tax message, cited "under-investment" as one of the chief problems confronting our economy; and emphatically declared that his program would spur investment and "more plant capacity" (alluding, at least in some part, to other than to modernization).

But in his Economic report issued three days previously, Mr. Kennedy had aptly stated that "the incentive to invest is bent beneath the weight of excess capacity."

And Chief Presidential Adviser Walter Heller has repeatedly, and again in the Council's Economic Report, cited presently unused plant capacity as a non-inflationary guaranty.

An Interesting Explanation

A major but little realized source of ample, and even superfluous, investment expenditure, is significantly uncovered by Linhart Stearns, President of Bernstein-Macaulay Inc., business and investment advisers.

Under the thesis "The Investor's Loss of Freedom" Mr. Stearns depicts the productive capacity of many industries in excess of demand since World War II in the face of vigorous increases in both personal incomes and population.

He points out that corporations have been paying out in dividends to their owners, the stockholders, only about one-third of the annual corporate *cash flow* (i. e., the net earnings plus depreciation, depletion, and amortization). Such "huge" over-investment, often fetching a disadvantageous low return, the author ascribes to managements' bias against an adequate distribution of the earnings to the stockholders; with many managements seeming to have adopted the attitude which makes mountain climbers: "The mountains are there to be scaled and so the dollars to be spent"; and more concretely: "Competitors are building plants; and to keep in the running, you have to do the same even if your decisions violate common sense and accentuate the industry's problems."

This cash-flow-to-capital-investment switch away from dividend disbursement results both from limitations on the shareholder's *freedom of choice* regarding his corporation's "captive capital," and the investor's over-emphasis of capital gains and "growth" — with denigration of income yield.

Also in the individual and corporate tax-cut camp (but wanting it — financed through excise taxes), Arthur Burns, former top economic adviser to President Eisenhower, emphasizes the program's benefit in putting the proceeds into "business investment" rather than in the pockets of hoped-for spenders.

Really Twisting the King's English

While their defintion and concept of capital investment as treated by the parties cited above may manifest differences, they are only slight — practically in the mere *nuance* category—the Stock Exchange authorities surely go the whole-hog in twisting the King's English. Thus, Exchange President Keith Funston, in formally commenting on Mr. Kennedy's capital gains tax proposals, (after expressing his pleasure over the prospective *rate* reduction) said "Lengthening the holding period for capital gains would further [*sic*] lock-in millions of dollars of capital which should be available for our expanding economy and helping to create new jobs . . . . it would discourage investment and restrain capital growth."*

Incidentally, the Exchange's own findings as contained in its latest relevant Public Transaction Study,† reveal that 38% of the public's total share transactions are motivated by short-term "investment" purposes (i. e., one to six months holding, of which 9.5% are 30-day "trading transactions") in September, 1960, such "short-term capital investment" doings amounted to 39.2%; in 1958 to 45%.

* * *

Hopefully, the Administration's use of the term *"capital investment"* will be clarified when Secretaries Dillon, Hodges and Wirtz testify before the House Ways and Means Committee this week; and by Big Board Prexy Funston when he "takes the stand" after Feb. 18.

In any event, surely, none of the existing or prospective capital gains taxation techniques are satisfactory—in line with the current British situation.

Perhaps the solution lies in eliminating the holding period differential entirely—with either a uniform 19.5% or 25% maximum tax, or of eliminating all tax on capital gains (with extinction of the loss-carry-over complexities).

* New York City; Jan. 24, 1963, at Tempe, Arizona, Feb. 6.

FUND MANAGEMENTS ON THE SEE-SAW

The mutual funds' current reports of their portfolio operations highlight the continuance of interesting "turn-about" policies.

To a small extent they consist of transactions by a single management in a single issue. Such same-management turnabout may well be constructively motivated; sometimes as a concomitant of starting-up operations. A good example is the Lazard Fund's operations in American Telephone stock. Founded at mid-year in 1958, this management acquired 25,000 shares of the stock during that year's third quarter; which block was sold out during the first quarter of 1959, after management had the time to build up its portfolio with other issues. Almost three years later, in the final quarter of 1961, the management re-acquired 10,000 shares of Telephone, bought 3,500 additional in the March quarter of 1962, and 1,500 more during the final quarter of last year.

Group Schizophrenia

Telephone has been regarded schizophrenically by the fund managements as a group. Whereas the issue was bought on balance during the past quarter, it had been liberally liquidated during the previous quarter.

I.B.M. is another issue remaining on the seesaw of the funds as a group. Well-bought during the final 1962 quarter, it had been sold on balance during the preceding third quarter of 1962; bought during the June quarter.

Chrysler was particularly well-bought in the latest period—after news of its cars' comeback — in contrast to its liquidation during the previous two periods.

Conversely, Xerox was an issue liquidated during the final 1962 quarter, which had been popular during previous periods.

The merchandising issues, one of the heavily sold groups during the end-of-the-year period (for once not chasing the Christmas calendar), had been substantially bought during the preceding quarter.

The automotives featured the period-to-period group switchers; being well-bought during the latest quarter following their liquidation during the September, 1962 period liquidation.

The insurance group, life and casualty, marked a portfolio section where the turn-around, to buying in the December quarter from selling in the March, 1962 period, in some instances occurred in the same issues.

Again, the rubber and tire issues, heavily sold in the December and September quarters, had been well bought in the preceding June and March quarters.

* * *

Such portfolio transactions when executed by a single management, may well be justified on various grounds, as the above-cited conformity with all-over portfolio requirements, tax exigencies, etc. But the far more pervasive "reverse plays" by managements considered as a whole, on an issue or an industry, may be based on motives ranging from management-to-management difference in attitude toward market timing to the portfolio window dressing to tax exigencies.

† "A Portrait of the Stock Market, Eleventh Public Transaction Study; September 13, 1961," New York Stock Exchange Department of Research and Statistics.

Cites Great Prospects For Electronics and Aerospace Groups

NEW YORK, Feb. 6—The electronics and aerospace industries have more favorable prospects for sustained and accelerated growth than any other major segment of the nation's economy, John Hawkinson, President of Television Shares Management Corporation, Chicago, said here today.

John Hawkinson

Hawkinson asserted that, based on present commitments, a high rate of growth for the aerospace industry should continue through 1967 at least, with competent authorities believing that "dramatic" expansion will continue far into the future. For the companion electronics industry, far-reaching current developments will insure growth throughout the next several decades, he said.

"A single segment of this industry, that of the electronic computer, is experiencing one of the most dramatic growth patterns in business annals," he added.

Hawkinson made these appraisals of the two industries in addressing a group of securities dealers here.

He reminded his audience that "expert analysis and selection" of electronic and aerospace equities is essential for investment success. "Financial prudence dictates a carefully formulated program of diversification in the most promising segments of these industries confined to individual companies best qualified to participate successfully," he added.

"For those investors having long-term capital gain objectives for education, retirement or similar goals, we commend the shares of a well managed mutual fund which places primary emphasis on aerospace and electronic equities in their investment portfolio," Hawkinson continued.

In explaining the growth of the two industries, he displayed charts that traced an increase in the aerospace industry from an annual volume of $170 million in 1952 to $3.9 billion in 1963, a compound annual rate of growth of 38%. Electronics in the same period experienced an annual growth rate of 10.4%. These compared with a compound annual rate of growth of the gross national product of 4.8% in the last decade.

Hawkinson also compared the two industries with other growth industries, including chemicals, drugs and medicines, petroleum and petroleum products, and electric power and light. The annual growth rate of none of these matched that of either the aerospace or electronics industries.

In examining the growth potential, he referred to one prediction by an authoritative source that indicated the aerospace industry will surpass gross revenues of the automotive industry before 1970.

He explained that a vital factor in the long-term prospects for growth of the aerospace industry is research and discussed the trend in research spending.

"Here, indeed, is significant research—supersonic aerodynamics, high energy propellants, nuclear power, ultra long-range guidance and tracking, radio and TV communication and data transmission of fantastic distances, radiation studies, and scores of other new vista for scientific knowledge. These are long-range programs not likely to be curtailed for reasons of national defense, national prestige, and the demands of scientific knowledge."

F. L. Klemm With United Securities

GREENSBORO, N. C.—Francis L. Klemm, Jr. has become associated with United Securities Company, Southeastern Building, members of the Philadelphia-Baltimore-Washington Stock Exchange. Mr. Klemm was formerly manager of the municipal bond department of McDaniel Lewis & Co. Prior thereto he was municipal manager for Mead, Miller & Co., Baltimore, and was with the Mercantile Safe Deposit & Trust Company in Baltimore.

Puerto Rico's Economic And Political Future

By Louis Munoz Marin, Governor of Puerto Rico*

Puerto Rico's economic and political future discussed by Gov. Munoz is a subject attracting more and more attention in the Island, the Mainland, and even in the United Nations. The Governor back up his review of the Commonwealth's sensational growth, which serves as an example to other underdeveloped areas, by proposing that Puerto Rico begin to contribute funds to the U. S. Treasury in lieu of taxes. He admits the economy is still too poor to pay full taxes statehood would obligate but holds that correspondingly larger payments should be made as the Island advances. Other observations attesting to the Commonwealth's progress are: (1) changing trend toward more and more capital-using instead of laboring-using plants; and (2) favorable permanency-ratio of plants no longer covered by the 13-year tax-exemption inducement period. Gov. Munoz also, proposes that a bi-partisan plebiscite on the issue of the Island's political relationship with the Mainland be held—viz. an expanded Commonwealth, statehood, or independence. He personally favors Commonwealth relationship and is convinced the Islanders will overwhelmingly agree with him but he urges doubts as to the people's views be settled on this matter by holding the plebiscite.

Many things have happened in Puerto Rico since my previous appearance here two years ago. Accordingly, I welcome the opportunity to present a current report on the state of the union between the United States and Puerto Rico.

Luis Munoz Marin

As I survey the situation I find it good. I cannot recommend a lowering of taxes for investors from the United States—because there ain't no taxes! I will not recommend a tax increase, either.

I think the situation warrants my giving this audience of investment and commercial bankers and businessmen a few figures, and I shall now proceed to do so, after which I should like to discuss them in some detail. After I have given a general view of Puerto Rican economic progress, I should like to discuss the political status of Puerto Rico and the proposal that has been made to the Congress of the United States by the Legislature of the Commonwealth regarding its political status.

Puerto Rico's economy has been moving ahead at an extraordinary pace. During the most recent fiscal year, which ended June 30 1962, the Commonwealth's net income rose by 10.8%, following two years in each of which the growth rate was 9%. That, of course, is one of the highest anywhere in the world. In fact, during the last five years Puerto Rico's rate of growth has never been below 7% anually, although in none of these years has the price level risen by more than 3%—about 2.8% actually.

New peaks have been reached in nearly all sectors of our economy. Per capita personal income last year reached $700, compared to $595 in 1960. This, of course, is still lower—much lower—than the United States figure, but it is ahead of every other Latin-American country. And this represents a rise of 18% in just two years. It represents an astonishing advance, from $121 per capita, which Puerto Rico registered back in 1940, before our development program got under way. All indications point to another period of record-breaking growth during the current fiscal year and in the years ahead.

If you take the other areas of the world you will find that perhaps only Japan and Germany in certain years have been able to match this rate of progress.

Puerto Rico's net income from manufacturing rose from $291 million in 1960 to $384 million in 1962, an increase of 32%, and much of this gain is traceable to the manufacturing activities of plants promoted by our Economic Development Administration. During the last fiscal year, production by these plants in terms of income generated increased by 22%, representing nearly two-thirds of the total net manufacturing income in Puerto Rico. There were 168 new industrial enterprises promoted during 1962, compared with 127 in the previous year.

Trend Toward More Capital-Using Plants

It is expected that promotions in the current fiscal year will again set a new record. In recent years there has been a significant increase in capital-oriented types of manufacturing as compared to labor-oriented industries which characterized the early stages of Puerto Rico's development program. These more intensively capital-oriented plants, using highly skilled labor, have greatly increased Puerto Rico's industrial income, and they are giving a greater degree of permanency to the Commonwealth's economic program and progress.

Puerto Rico's splendid growth rate has been spurred on by a high level of growth investment, which amounted to $348 million in 1960, and increased by 27%, to $443 million, in 1962.

Although private investment has played a major role in the process of development, investment of public funds by the government has also contributed an important segment to the total capital formation. Basic public services — roads, electric power facilities, water and sewer systems, and education—had to be greatly extended by creating favorable economic and political climates, and by supporting private investment with adequate public investment, the process of capital formation has been successfully speeded up in Puerto Rico. A large portion of new investment in Puerto Rico—in fact, about 50% — continues to come from the outside. However, we are now intensifying our efforts to stimulate increased participation by local capital in new or expanding enterprises. We are placing special emphasis on the development of joint ventures representing a combination of outside and local capital.

The value of goods exported during the fiscal year 1962 totaled $775 million, which represents a spectacular increase of 22% over the $622 million in 1960, and a striking advance of 723% over the $92 million exported 22 years ago, in 1940.

Benefits U. S. A.

Puerto Rico's association with the United States has benefited not only the Commonwealth, but also the United States as a whole. The Commonwealth is now a larger per capita purchaser of United States goods than any other of the principal export markets of the United States. In terms of total value Puerto Rico is the fifth largest purchaser of United States goods in the world, following Germany, Canada, Japan, and England. The Commonwealth buys almost $1 billion worth of goods each year from the United States. Furthermore, Puerto Rico offers a lucrative field for United States investors expanding their business operations in a favorable economic and political climate. In the last five-year period earnings on United States capital investment in Puerto Rico have totaled more than one-half a billion dollars, and in 1962 United States earnings amounted to $145 million, equivalent to 7% of the gross product of the Commonwealth.

As the Island's economic development continues to gather momentum, it may be expected that United States investors will supply a substantial amount of additional capital and continue to share in the greater benefits to be derived from such investments.

Another sector of the economy which has shown remarkable growth in the past few years is tourism. This industry has been stimulated by the construction of several major tourist hotels, and its possibilities have also been greatly enhanced by the advent of rapid jet transportation. It takes three hours and fifteen minutes to get from New York, Washington, or Baltimore, to San Juan. Since 1960 tourist expenditures have increased from $58 million to $66 million—14%. Although this is still small compared with income from other sectors of our economy, it signifies a rapidly growing supplement to our over-all economic expansion.

Population Increases Absorbed In Labor Force

We have not yet conquered the problem of unemployment. There has been some reduction of unemployment, but the problem has been rendered more difficult as a result of increased productivity from labor-saving devices. However, I do not believe very strongly in the way unemployment is measured, either in Puerto Rico, the United States, or the United Nations! It is measured by comparing the total number in the labor force with the number of persons employed, and the labor force consists of those persons who answer a given question by saying, "I am looking for work." Then they answer the next question by saying, "I haven't found it." I am not going into detail on that, but I don't think this is a very accurate measure of unemployment. In Puerto Rico a lot of unemployed people have incomes of $80, $90, or $100 a week—and not from government! The point I should like to have Puerto Rico reach—from the worst possible level of measuring it—would be 4%. With the help of investment and commercial bankers on the mainland I think we can reach that point in the not-too-distant future — even with the wrong methods of measuring!

The quality of jobs, however, has greatly improved. The longer work-week and more steady employment throughout the year characterize the present employment situation in Puerto Rico. In fact, we have now reached the point where population increases can be absorbed into the labor force without seriously affecting the employment situation, if we can maintain the economic growth rate which we have recently been experiencing.

Relatively Unaffected by U. S. A. Recessions

Some of you may wonder how Puerto Rico has been affected by past United States mainland economic recessions. I can report that the effect of these recessions on Puerto Rico's development program has been mild. During the years when recessions have been stalling economic growth in the United States the effect on Puerto Rico was to produce a somewhat slower rate of expansion than previously anticipated. Nevertheless, Puerto Rico's economy continued to progress at a favorable rate, even though there have been business recessions in the United States. For example, during the most recent United States recession, in 1959-1960, Puerto Rico maintained a growth rate of almost 9%.

Firms Will Stay After Tax-Exemption Ends

Since one of the principal incentives helping to bring about this rapid industrial growth in Puerto Rico is the exemption granted from Commonwealth taxation for a 10-year or a 13-year period to certain enterprises, this raises the question of how permanent such industries may be once the exemption period begins to terminate. I can say from the facts that, although most plants may have been attracted originally primarily by the tax exemption, it is not expected that profitable firms will leave Puerto to go to other areas at the end of the tax-exemption period. As a matter of fact, a number of industries have already exhausted their tax-exemption period and the mortality rate among them is no higher than that of industries due to other causes. Experience thus far indicates that the termination of the tax-exemption period will have only a limited impact upon the industrial program and the economy of Puerto Rico.

A survey conducted recently by an independent management consulting firm showed that only four out of 60 firms, started with capital from the United States and now reaching the end of their tax-exemption period, intend to leave Puerto Rico. In the case of these four firms, factors other than the termination of the tax-exemption period appear to explain their reaction. All the other firms seem virtually certain to continue, without interruption, their operations in Puerto Rico. It should be noted that these 60

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Tax-Exempt Bond Market

BY DONALD D. MACKEY

During the past week the state and municipal bond market has backed off to an extent matching the weekly setbacks that have been occurring since the first of the year. Our Yield Index reached 2.92% in early January which was the market's high, following the late November reaction. The Index averages out at a 2.962% yield on Feb. 6, as against 2.95% a week ago. Thus, *The Commercial and Financial Chronicle's* high grade 20-year bond Index shows the market, as measured by its most representative offerings, to be down ¼ of a point in the course of the last week and off at least a point from its recent high level.

Reaction Not Too Significant

We hasten to indicate, however, that the market for tax-exempts has been remarkably steady considering all of the factors that in one way or another bear upon it. It is not generally realized that January's new issue volume was greater than the volume of January a year ago. The more than $900 million of long-term financing accomplished is a record for the month. On the basis of this pressure alone the one-point setback appears as only a normal reaction.

However, when one considers that this record volume followed immediately on the termination of a record-breaking annual (1962) volume and then recalls that the market's average was about 5 points higher in January, 1963 than in January, 1962, a conclusion that the market has been unusually steady and receptive is inescapable.

To be sure, the tax-exempt bond market, in spite of the distractions of the cold war, the impact of Cuba, the disturbances of crucial strikes and the volume of Federal financing, has been steadier and more receptive than during any year in our memory. Two powerful factors combined in effecting this phenomenon: the elevating effect of Federal Reserve open-market policies and the consuming interest of the nation's banks in adding abundantly to their tax-exempt portfolios.

Investors Demanding Concessions

Although the market's performance during 1962 put prices at new highs, recent efforts in penetrating the new high level have lacked conviction. Many of our large individual investors and institutional investors are, for the time being at least, strongly resisting any offerings that do not represent a bargain or concession as against the current market level. This has meant that in many instances new issue offerings have had to be cut in price before any important investor consideration could be attracted.

Consequently, for the past few weeks but few of our notable new issues have met with much investor interest. The dealers, however, have this week begun to catch on and the new issue bidding has moderated some. As we subsequently discuss some of the week's flotations, this revision will be exemplified.

Proving the Point

It may be generalized, however, that 20-25-year high-grade serial issues that have penetrated the 3% coupon level on the long end have met with but little investor sympathy. Dealers seem now to be recognizing this simple fact as the highly successful flotation, this week, of $6,000,000 Cincinnati, Ohio School (1964-1983) bonds points up. The bidders set a 3% coupon with yields to 3.10% and did very well with the loan. A week ago the issue would have been bid as 2⅞s and an egg would likely have been laid.

State of Market Dictated By Foreign Factors

With the balance of payments persisting in unmitigated imbalance, with the image of the tax-cut proposal accruing ugly implications both state-side and foreign, with the inevitable rumblings of Nationalism muffling the Administration's strident calls for a tightening Western unity, it begins to appear that our bond market may be precariously perched at its newly-won high level despite some of its technically favorable aspects.

It begins to appear that foreign developments, temporarily at least, may bear more directly on the level of the bond market than do the underlying so-called technical factors. It is on this theme that the dealers have been consistently out-traded by the big buyers during the past 2 months. The dealers bid them up on the technical factors while the buyers trade on political and international unsettlement. Dealers are finding this to be the hard way to make any money.

Large Negotiated Offerings Nearing Market

The calendar continues to be relatively light. Scheduled and tentatively competitive offerings now total less than $625,000,000 through March 1. This total no more than represents a steady flow of financing through an ordinarily heavy volume period.

There is but one large negotiated issue now being readied for market; $100,000,000 Triborough Bridge and Tunnel Authority serial and term bonds are due to be offered about Feb. 19 by a Dillon, Read & Company group. Later in February, a group headed by John Nuveen & Company plans to offer $25,000,000 - $30,000,000 Bi - State Development Agency (Missouri-Illinois) Metropolitan District Transit revenue bonds. The industry could use more of this type of financing; so could the country.

Inventories seem to be well contained, although everyone in the business seems to have plenty of bonds. Dealers' offerings of state and municipal bonds, as shown in the *Blue List* hover around the $500,000,000 total generally. Currently, the total is $495,657,094. This more - or - less normal carry is no impediment to the market. However, it does represent a nice variety of offerings for almost any type of investor; unless he wants 4% or better.

Recent Awards

The volume of new issue underwriting slumped considerably this week with only $68,000,000 of bonds having been sold at competitive bidding. As mentioned earlier in this article, competition to buy these few loans continued to be keen, but at a little lower level and the overall initial reception by investors was good.

Thursday, a week ago, $3,750,000 Cook and Will Counties, Illinois High School District No. 206 serial (1965-1981) bonds were awarded to the group headed by *The Northern Trust Company* at a 3.193% net interest cost. The runner-up bid, designating a 3.229% net interest cost, came from Harris Trust & Savings Bank and associates.

Other major members of the winning group include Harriman Ripley & Company, Inc., A. C. Allyn & Company, Inc., Paine, Webber, Jackson & Curtis, Hornblower & Weeks, Wm. Blair & Company, McMaster Hutchinson & Company, and Ballman & Main.

Reoffered to yield from 2.00% in 1965 to 3.35% in 1980, the present balance in group is $1,670,000. The bonds, due 1981, were sold pre-sale.

On Friday there were no important sales, but on Monday, of this week, the sale of $6,000,000 Cincinnati, Ohio, Board of Education serial (1964-1987) bonds was notable. This issue attracted 12 bids, with the account headed by the *First National Bank of Chicago*, the successful bidder, at a net interest cost of 2.892%. The 11 other bids ranged in interest cost from 2.90% to 2.925% for this well-regarded bond.

Associated with the First National Bank of Chicago as major underwriters are Drexel & Company, Philadelphia National Bank, White, Weld & Company, Weeden & Company, Coffin & Burr, A. G. Becker & Company, Inc., Wood, Struthers & Company, American Securities Corporation, Bache & Company, Commerce Trust Company, Kansas City, The Illinois Company, The Milwaukee Company, Johnston, Lemon & Company, Watling, Lerchen & Company and R. D. White & Company.

Scaled to yield from 1.65% to 3.10% for a 3% coupon, investor

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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	3.25%	3.10%
Baltimore, Maryland	3¼%	1981	3.10%	2.95%
Cincinnati, Ohio (U.T.)	3½%	1981	3.15%	3.00%
Philadelphia, Pennsylvania	3½%	1981	3.25%	3.10%
*Chicago, Illinois	3¼%	1981	3.30%	3.15%
New York, New York	3%	1980	3.12%	3.07%

February 7, 1963 Index=2.962%

*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.

February 7 (Thursday)			
Baldwin, Big Flats, etc. SD 1, N.Y.	2,595,000	1963-1988	3:00 p.m.
Buffalo, N. Y.	10,960,000	1963-1976	11:00 a.m.
Michigan (State Park Rev.)	1,000,000	1965-1990	11:00 a.m.
Washington Toll Bridge Authority	37,200,000	1963-1985	10:00 a.m.
West Kern Co. Water Dist., Calif.	2,375,000	1965-1993	8:00 p.m.
West Orange S. D., N. J.	1,300,000	1964-1993	8:00 p.m.
February 11 (Monday)			
Foothill College District, Calif.	1,200,000	1965-1988	10:00 a.m.
Yakima, Wash.	1,000,000	1965-1983	3:00 p.m.
February 12 (Tuesday)			
Danville, Ky.	1,875,000	1965-1993	7:30 p.m.
February 13 (Wednesday)			
Bloomer, Auburn etc., SD #1, Wis.	1,200,000	1964-1982	8:00 p.m.
Campbell Co. S. Bldg., Va.	1,845,000	1963-1977	Noon
Greenville, Tenn.	1,500,000	1964-1982	11:00 a.m.
State Univ. of Rutgers, N. J.	4,920,000	1964-2001	3:00 p.m.
February 14 (Thursday)			
Copley S. D., Ohio	1,340,000	1964-1986	1:00 p.m.
DuPage Co. Comm. S. D. #99, Ill.	4,050,000	1965-1981	7:30 p.m.
Elk Grove Village, Ill.	3,750,000	1966-1992	11:00 a.m.
Fairbanks, Alaska	2,050,000	1964-1985	2:00 p.m.
Fond du Lac, Wis.	3,215,000	1964-1983	11:00 a.m.
Hamilton County, Tenn.	4,000,000	1974	11:00 a.m.
Monroe County, N. Y.	12,380,000	1964-1991	11:00 a.m.
Shelby City Sch. Dist., Ohio	1,900,000	1964-1984	Noon
Smithtown Central S. D. #1, N. Y.	2,357,000	1964-1993	1:00 p.m.
February 18 (Monday)			
Chandler Sch. Dist. No. 80, Ariz.	1,050,000	--------	--------
Las Cruces, N. Mex.	1,700,000	1964-1978	2:00 p.m.
Osseo School District 279, Minn.	2,000,000	1966-1993	8:00 p.m.
February 19 (Tuesday)			
Gulfport Mun. Separate S. D., Ind.	1,850,000	1964-1988	10:00 a.m.
Jefferson County S. D. R-1, Colo.	6,500,000	--------	--------
Lake Co. Forest Preserve Dist., Ill.	1,000,000	1965-1974	11:00 a.m.
Los Angeles, Calif.	14,000,000	1964-1983	9:30 a.m.
Melville S. D. R-9, Mo.	1,560,000	1964-1983	8:00 p.m.
Nashville, Tenn.	3,250,000	1964-1993	7:30 p.m.
New Jersey (State of)	58,000,000	1966-1989	11:00 a.m.
Pembroke, Darien, etc. SD 2, N. Y.	1,715,000	1964-1992	2:30 p.m.
Richmond County Sch. Dist., Ga.	5,000,000	1964-1993	Noon
Rosemount S. D. 196, Minn.	1,700,000	1965-1989	1:00 p.m.
St. Louis, Mo.	14,765,000	1964-1983	11:00 a.m.
Triborough Bridge & Tunnel Auth.	100,000,000	--------	--------
[Underwriting group jointly managed by Dillon, Read & Co. Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., W. H. Morton & Co., Inc. and Allen & Co.]			
University of North Dakota	1,080,000	1964-2001	1:30 p.m.
Upland Waterworks, Calif.	1,500,000	1964-1983	7:30 p.m.
Wausau, Wis.	1,700,000	1964-1983	1:30 p.m.
Woonsocket, R. I.	2,000,000	--------	11:00 a.m.
February 20 (Wednesday)			
Eastern Kentucky State College	3,187,000	1965-2002	11:00 a.m.
El Paso County S. D. #11, Colo.	11,700,000	1964-1983	--------
El Paso Sch. Dist. No. 11, Colo.	11,500,000	--------	--------
Norwich City Sch. Dist., N. Y.	2,470,000	1963-1992	12:30 p.m.
Rahway S. D., N. J.	3,905,000	1964-1985	8:00 p.m.
February 23 (Friday)			
University of Idaho	1,650,000	1964-1991	11:00 a.m.
February 25 (Monday)			
Roseville, Minn.	1,250,000	--------	8:00 p.m.
Tempe High Sch. Dist. #213, Ariz.	3,000,000	--------	--------
University System Bldg. Auth., Ga.	3,538,000	1966-2003	Noon
February 26 (Tuesday)			
Buena Park, Calif.	1,800,000	--------	--------
East Point, Ga.	1,995,000	--------	--------
Prince George's County, Md.	12,750,000	--------	--------
February 27 (Wednesday)			
Daytona Beach, Fla.	3,500,000	1965-1997	--------
Willoughby-East Lake S. D., Ohio	1,500,000	--------	--------
February 28 (Thursday)			
Bi-State Dev. Agency Authority (Mo.-Ill.)	25,000,000	--------	--------
[Syndicate headed by John Nuveen & Co., Stifel, Nicolaus & Co., Inc.]			
Greater Baton Rouge Port Comm., Louisiana	9,000,000	1968-2002	10:30 a.m.
Pattonville Sch. Dist. R-3, Mo.	1,150,000	1965-1983	8:00 p.m.
Terrebonne Par., Con. SD #1, La.	2,500,000	1965-1988	10:00 a.m.
Ventnor City, N. J.	1,237,000	1963-1978	8:00 p.m.
March 5 (Tuesday)			
Anne Arundel Co. San. Comm., Md.	7,500,000	--------	--------
Clyde School District, Ohio	1,140,000	--------	--------
Fullerton Union High S. D., Calif.	1,700,000	1964-1983	11:00 a.m.
Pennsylvania General State Auth.	25,000,000	--------	--------
March 6 (Wednesday)			
Louisiana Fiscal Authority	20,000,000	--------	--------
Louisiana (State of)	20,000,000	1964-1983	11:00 a.m.
San Antonio, Texas	3,500,000	--------	--------
March 7 (Thursday)			
Beloit, Wis.	1,420,000	--------	--------

NEW ISSUE

$89,079,000

New York State Housing Finance Agency

3.60% General Housing Loan Bonds, 1963 Series A

Dated March 1, 1963 **Due November 1, 1965 to November 1, 2006**

Interest payable May 1, 1963 and semi-annually thereafter on May 1 and November 1. Coupon bonds of $1,000 denomination, registerable as to principal only and fully registered bonds in denominations of $1,000 or any authorized multiple thereof. Coupon and registered bonds are interchangeable.

The Chase Manhattan Bank, Trustee
Morgan Guaranty Trust Company of New York, Depository
Bankers Trust Company, First National City Bank, United States Trust Company of New York, and Chemical Bank New York Trust Company, Paying Agents

The Bonds will be issued pursuant to the New York State Housing Finance Agency Act, Article III of the Private Housing Finance Law of the State of New York, for the purpose of providing the Agency with funds to make mortgage loans to limited-profit housing companies, to fund notes of the Agency issued for such purpose, and to deposit the required amount in the Capital Reserve Fund of the Agency.

The Bonds will constitute, in the opinion of bond counsel for the Agency, direct and general obligations of the Agency, for the payment of principal and redemption price of and interest on which the full faith and credit of the Agency will be pledged, and will be further secured as set forth in the Official Statement.

The Agency has no taxing power. The Bonds of the Agency will not be a debt of the State of New York and the State will not be liable on such Bonds.

Interest exempt, in the opinion of bond counsel for the Agency, under existing laws from Federal income taxes, and, by virtue of the New York State Housing Finance Agency Act, from New York State income taxes.

Legal investments, in New York State, pursuant to the New York State Housing Finance Agency Act, for the persons, public bodies, institutions, and fiduciaries as set forth in the Official Statement.

AMOUNTS, MATURITIES, YIELDS AND PRICES

Amount	Due	Yield	Amount	Due	Yield	Amount	Due	Yield or Price
$ 115,000	1965	1.90%	$1,615,000	1979	3.20%	$2,650,000	1993	3.55%
650,000	1966	2.05	1,675,000	1980	3.20	2,745,000	1994	3.55
1,055,000	1967	2.20	1,735,000	1981	3.25	2,845,000	1995	@100
1,095,000	1968	2.35	1,795,000	1982	3.25	2,949,000	1996	@100
1,135,000	1969	2.50	1,860,000	1983	3.30	3,055,000	1997	@ 99
1,175,000	1970	2.60	1,930,000	1984	3.30	3,165,000	1998	@ 99
1,215,000	1971	2.70	1,995,000	1985	3.35	3,280,000	1999	@ 99
1,260,000	1972	2.80	2,070,000	1986	3.35	3,395,000	2000	@ 98
1,305,000	1973	2.90	2,145,000	1987	3.40	3,520,000	2001	@ 98
1,355,000	1974	2.95	2,220,000	1988	3.40	3,645,000	2002	@ 98
1,405,000	1975	3.00	2,300,000	1989	3.45	3,775,000	2003	@ 98
1,450,000	1976	3.05	2,385,000	1990	3.45	3,910,000	2004	@ 98
1,505,000	1977	3.10	2,470,000	1991	3.50	3,580,000	2005	@ 98
1,560,000	1978	3.15	2,560,000	1992	3.50	1,530,000	2006	@ 98

(Accrued interest to be added)

Bonds maturing on and after November 1, 1984, will be redeemable at the option of the Agency on November 1, 1983 at 104% and accrued interest, and thereafter, at the times and redemption prices as stated in the Official Statement.

These Bonds are offered when, as and if issued and received by the underwriters, subject to the approval of legality by Messrs. Caldwell, Trimble & Mitchell, bond counsel to the Agency. Certain legal matters will be passed on by Messrs. Mudge, Stern Baldwin & Todd, counsel to the underwriters. The offering is not made hereby, but only by means of the Offering Prospectus, copies of which may be obtained from such of the undersigned and other underwriters as are registered dealers in this State.

Phelps, Fenn & Co. Lehman Brothers Smith, Barney & Co. Incorporated W. H. Morton & Co. Incorporated

Halsey, Stuart & Co. Inc. The First Boston Corporation Kuhn, Loeb & Co. Incorporated Blyth & Co., Inc. Harriman Ripley & Co. Incorporated

Allen & Company Alex. Brown & Sons C. J. Devine & Co. Drexel & Co. Eastman Dillon, Union Securities & Co. Equitable Securities Corporation

Glore, Forgan & Co. Goldman, Sachs & Co. Hornblower & Weeks Kidder, Peabody & Co. Ladenburg, Thalmann & Co.

Carl M. Loeb, Rhoades & Co. Merrill Lynch, Pierce, Fenner & Smith Incorporated John Nuveen & Co. (Incorporated) Paribas Corporation R. W. Pressprich & Co. Salomon Brothers & Hutzler

Shields & Company Stone & Webster Securities Corporation B. J. Van Ingen & Co. Inc. Wertheim & Co. A. C. Allyn & Co.

Bache & Co. A. G. Becker & Co. Incorporated Blair & Co. Incorporated Francis I. duPont & Co. First of Michigan Corporation Goodbody & Co. Hallgarten & Co.

Ira Haupt & Co. Hemphill, Noyes & Co. W. E. Hutton & Co. Lee Higginson Corporation F. S. Moseley & Co. Wm. E. Pollock & Co., Inc.

Reynolds & Co., Inc. L. F. Rothschild & Co. Shearson, Hammill & Co. F. S. Smithers & Co. Weeden & Co. Incorporated Adams, McEntee & Co., Inc.

American Securities Corporation James A. Andrews & Co. Incorporated Bacon, Stevenson & Co. Barr Brothers & Co. J. C. Bradford & Co. Braun, Bosworth & Co. Incorporated

Coffin & Burr Dick & Merle-Smith R. S. Dickson & Company Incorporated Eldredge & Co. Incorporated Estabrook & Co. Fitzpatrick, Sullivan & Co. Geo. B. Gibbons & Company Incorporated

Gregory & Sons Hirsch & Co. Kean, Taylor & Co. Newburger, Loeb & Co. Roosevelt & Cross Incorporated Stroud & Company Incorporated Tripp & Co., Inc.

Tucker, Anthony & R. L. Day G. H. Walker & Co. Chas. E. Weigold & Co. Incorporated Wood, Struthers & Co.

New York, February 7, 1963

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Australian Oil—Review—Dempsey-Tegeler & Co., Inc., Americana Building, Houston 2, Texas.

Bank Stocks — 123rd consecutive quarterly comparison of leading banks and trust companies of the United States—New York Hanseatic Corporation, 60 Broad Street, New York 4, N. Y.

Canada's Financial Position—Study — Greenshields Incorporated, 507 Place de-Armes, Montreal, Canada.

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

Companies Purchasing Their Own Shares During the quarter ended Dec. 31, 1962—Tabulation—Gerstley, Sunstein & Co., 211 South Broad Street, Philadelphia 7, Pa.

European Common Market—Discussion — Goodbody & Co., 2 Broadway, New York 4, N. Y.

How to Predict the Stock Market—Louis Bean—A detailed exposition of statistical methods of market and stock forecasting—David McKay Co., Inc., 119 West 40 St., New York 18, N. Y.—$5.50

Japanese Market — Review — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are reports on **Kawasaki Kisen Kaisha, Ltd., Nippon Yusen Kabushiki Kaisha** and **Nitto Shosen Co.**

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

Latin American and the European Common Market—Study in current issue of "Latin American Business Highlights"—Chase Manhattan Bank 1 Chase Manhattan Plaza New York 15, N. Y.

Meat Packers—Report—Evans & Co. Incorporated, 300 Park Avenue, New York 22, N. Y.

Mutual Funds—Taxability of distributions paid in 1962—Study—Taussig, Day & Company, Inc., 509 Olive Street, St. Louis 1, Mo.

New York City Bank Stocks—Bulletin on breakdown government bond portfolio and sources of income—Laird, Bissell & Meeds, 120 Broadway, New York, 5, N. Y.

Oil Stocks—Comparative figures—Courts & Co., 11 Marietta Street, N. W., Atlanta 1, Ga.

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

Over the Counter Stocks widely held in Wisconsin—Year end quotations and 1962 dividend payments—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis.

Portfolios—Four chosen for various purposes—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Atlantic Refining Co.** and **Storer Broadcasting Co.**

Public Utility Common Stocks—Comparative figures—G. A. Saxton & Co. Inc., 52 Wall Street, New York 5, N. Y. Also available is an analysis of **Medtronic Inc.**

Puerto Rico Ports Authority—Annual report—Puerto Rico Ports Authority, P. O. Box 3508, San Juan, Puerto Rico.

Rubber Industry — Study — F. S. Moseley & Co., 50 Congress St., Boston 2, Mass.

Secondary and Speculative Rail Bonds—Report—Garvin, Bantel & Co., 120 Broadway, New York 5, N. Y.

Selected Stocks—Bulletin—Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y.

* * *

ACF Industries—Bulletin—Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y. Also available are comments on **Family Finance** and **Pillsbury Co.**

Abbott Laboratories—Review—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are reviews of **Allied Chemical Corp., American Broadcasting-Paramount Theatres, Collins & Aikman Corp.; Georgia Pacific Corp., Great American Insurance Co., Lily Tulip Cup Corp.** and **Radio Corp. of America.**

American Agricultural Chemical Co.—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also available is a survey of **Cluett, Peabody.**

American Metal Climax Inc. — Report — Reynolds & Co., 120 Broadway, New York 5, N. Y.

American Telephone & Telegraph—Discussion—Carreau & Co., 115 Broadway, New York 6, N. Y.

American Viscose — Bulletin — Walston & Co., Inc., 74 Wall St., New York 5, N. Y. Also available is a report on **National Can.**

Atlantic Refining — Discussion — Colby & Company, Inc., 85 State St., Boston 9, Mass. Also available are comments on **Curtiss Wright, Northern Pacific** and **Textron** (firm requests stamped self-addressed envelope when writing for bulletin).

Barton Distilling Company—Analysis—Fulton, Reid & Co., Inc., East Ohio Building, Cleveland 14, Ohio.

Belco Petroleum—Report—Purcell & Co., 50 Broadway, New York 4, N. Y.

Brooklyn Union Gas Company—Report — Oppenheimer, Newborg & Neu, 120 Broadway, New York 5, N. Y. Also available are comments on **Homestake Mining Co.** and **McIntyre Porcupine Mines Ltd.**

Canadian Pacific — Memorandum —Wills, Bickle & Company Limited, 44 King Street West, Toronto, Ont., Canada.

Canadian Superior Oil Ltd.—Analysis—California Investors, 3544 West Olympic Boulevard, Los Angeles 19, Calif.

Caterpillar Tractor — Memorandum—Steiner, Rouse & Co., 19 Rector Street, New York 6, N. Y. Also available are memoranda on **Royal Dutch** and **Pillsbury Co.**

Celanese—Memorandum—Coggeshall & Hicks, 111 Broadway, New York 6, N. Y.

Collins & Aikman Corp.—Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Ex-Cell-O Corp.**

Computer Instruments Corp. — Review—Albert Ginsburg Company, Box 777, Hibbing, Minn.

Continental Insurance Company—Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y. Also available are comments on **Standard Oil of New Jersey, Suburban Propane Gas, Ralston Purina, Sealright Oswego Falls, McKesson & Robbins** and **Andrew Jergens Co.**

Curtiss-Wright — Memorandum — Blair & Co. Inc., 20 Broad St., New York 5, N. Y.

Dominion Tar & Chemical Company Ltd.—Analysis—C. M. Oliver & Company Limited, 821 West Hastings St., Vancouver 1, B. C., Canada.

Eastman Kodak—Memorandum—Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a memorandum on **H. J. Heinz.**

Eversweet Foods, Inc.—Memorandum—McKeown & Co., 200 South La Salle St., Chicago 4, Ill.

Foote & Davies, Inc.—Analysis—J. C. Bradford & Co., 414 Union St., Nashville 3, Tenn.

Genisco—Memorandum —Lester, Ryons & Co., 623 South Hope St., Los Angeles 17, Calif.

Gisholt Machine Co.—Analysis—Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

W. R. Grace—Review—Cary M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available are reviews of **Texas Utilities** and **Boise Cascade.**

Greyhound—Bulletin — Bache & Co., 36 Wall St., New York 5, N. Y. Also available are comments on **Avco, P. Lorillard Co., Philip Morris, National Fuel Gas** and **Montana Dakota Utilities.**

Grumman—Memorandum—Chas. W. Scranton & Co., 209 Church St., New Haven 7, Conn. Also available is a memorandum on **Chris-Craft.**

Hershey Chocolate Corp. — Review—D. H. Blair & Co., 5 Hanover Square, New York 4, N. Y. Also available are reviews of **Budget Finance,** and **Coca Cola Bottling Co. of New York.**

Jostens — Memorandum — Craig-Hallum, Kinnard, Inc., 133 South Seventh St., Minneapolis 2, Minn.

Magnavox Company—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Major Pool Equipment Corp.—Report—Hill, Thompson & Co., Inc., 70 Wall St., New York 5, N. Y.

Nippon Kokan — Memorandum—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y. Also available are memoranda on **Onoda Cement Co., Sumitomo Electric Industries, Teijin Ltd., Tokyo Electric Power,** and **Toyo Spinning Co.**

Northern Illinois Gas—Analysis—Watling, Lerchen & Co., Ford Building, Detroit 26, Mich.

Pacific National Bank of San Francisco—Memorandum — Birr, Wilson & Co., Inc., 155 Sansome St., San Francisco 4, Calif.

Pickwick Organization, Inc.—Circular—B. S. Lichtenstein and Co., 99 Wall St., New York 5, N. Y.

Pillsbury Co. — Memorandum — Sincere & Co., 208 South La Salle St., Chicago 4, Ill. Also available is a memorandum on **Seeburg.**

Pyle National Co. — Analysis — Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

O. M. Scott & Sons—Memorandum—Saunders, Stiver & Co., Terminal Tower, Cleveland 13, Ohio.

Sears, Roebuck & Co.—Study as related to **Allstate Insurance Co.**—A. C. Allyn & Co., 122 South La Salle St., Chicago 3, Ill. Also available is an analysis of **Dresser Industries Inc.**

Slater Steel Industries Ltd.—Report—Watt & Watt Ltd., 6 Jordan St., Toronto 1, Ont., Canada.

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

Textron Inc. — Analysis — J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

Thiokol — Comment in current "Investment Letter" — Hayden, Stone & Co., Inc., 25 Broad St., New York 4, N. Y. Also available are comments on **Diamond Alkali** and **Gould National Batteries.**

Tidewater Marine Service Inc.—Analytical brochure — Howard, Weil, Labouisse, Friedrichs & Co., 211 Carondelet St., New Orleans 12, La.

West Virginia Turnpike Bonds—Memorandum—Cutter, Bennett & Co., Inc., 44 Wall St., New York 5, N. Y.

World Toy House—Memorandum—Laren & Grimm, 26 Broadway, New York 4, N. Y.

Xtra Inc. — Analysis — Putnam & Co., 6 Central Row, Hartford 4, Conn.

William S. Baren With Hayden, Stone in Miami

MIAMI, Fla.—William S. Baren has become associated with the Miami office of Hayden, Stone & Co., Incorporated, 301 Southeast Second Street, as a registered representative. Mr. Baren was formerly with A. C. Allyn & Co.

Wm. S. Baren

The Security I Like Best

Continued from page 2

for nothing. In fact, common stocks represent 54% of admitted assets versus an average of less than 5% for all U. S. life companies.

The growth in its insurance business has been substantially better than the industry's. Piedmont - Southern's insurance in force had an annual increase of 19% against a national average of 8% from 1955-1961; capital funds increased 20% vs. 9% and premium income increased 19% vs. 7%. The company's average ordinary life policy as of 9/30/62 was $5,664 as against an industry figure of $3,793. The company is licensed to do business in 10 southern states and Indiana.

Its sponsorship is of the best, directors include some of the leading businessmen in the south, not to mention the Richardson family of Richardson-Merrell Inc. The official staff of the company has been headed since 1950 by S. Russell Bridges, Jr., who has over 27 years experience in the life insurance business including 17 years of sales and general agency work with Mutual Life Insurance Co. of New York and Provident Mutual Life Insurance Co. of Philadelphia.

In conclusion, Piedmont Southern is truly a life company with a greater built in net worth growth because of its tremendous blue chip common stock holdings, than any other life company in the U. S. The shares are traded OTC and are currently quoted at about 80.

Competition as an Investment Factor

By Dr. Ira U. Cobleigh, *Economist*

Setting down some random reflections on the selection of investments, with a view to minimizing exposure to competitively induced "profit-squeezes."

This is quite an ambitious endeavor—to describe, within the limits of a single article, the impact of competition as a factor limiting or reducing profits in various fields, and to outline areas where competition is either less oppressive or being effectively overcome.

Competitive Survival

We live under a free enterprise system in which theoretically, competition is the life blood. In this century, over 800 companies were formed in America to build motor cars; and they built over 2,000 different makes. But today, how many motor companies are left? Five, with Studebaker, the oldest of them all, just creaking along; and General Motors, making more money in 1962 than any other corporation in history—$1.459 billion! Those who invested with General Motors prospered fantastically, and today GM earns 8% annually in net after taxes in one of the most competitive of businesses. General Motors has found the formula to survive and overcome competition, and to insulate itself against the "profit-squeeze" that drove hundreds of other motor companies out of business.

In 1954/6 over 400 uranium companies were formed to compete in that exciting new industry. Where are they today? Over 90% of them dead, and many of the rest only alive and surviving by virtue of merger. Competition again—but competition that anguished nine out of 10 speculators bold enough to venture in this field.

Between 1955 and 1959, electronic companies blossomed like dandelions in spring, and speculators tripped over each other to buy the "hot" issues. But, where are they (the electronic companies) today? Many are out of business, the shares of dozens sell at 10% to 20% of their market highs; and several are dying to merge, and may die if they don't. Competition again. Some investors wound up as fortunate stockholders in the Loral, Litton or Texas Instruments—many more wound up in left field!

Inter-Industry Competition

Competition is a many-splendored thing. You find it aggressively present not just within the newer industries we cited, but between major established industries. For example, the steel industry suffers from competition with aluminum, prestressed concrete and, of course, low cost foreign producers.

The lumber industry grapples against the inroads of aluminum and plastics. Railroads are hounded by competition from trucks, passenger cars, pipelines, airways and waterways. Coal has suffered the invasions of oil and natural gas; oil water transportation companies are displaced by pipelines; leather is being replaced by plastics and synthetics. And so it goes.

Inter-Company Competition

Most intense, perhaps, is the competition within industries. Meat packing, and retail groceries have traditionally been frightfully competitive partly because they operate on such small profit margins. The textile business has always been fiercely competitive and investors have experienced great swings from high profits in fortunate years to dismal and frequently disastrous losses when inventories were unsold, sacrificed, or drastically written off. The filling station end of the oil business has exuded competition so that today, on many busy metropolitan highway corners, you often see three and sometimes four stations slugging it out with each other—brandishing price cuts and trading stamps.

Department stores had pretty good going until discount houses came along. These have altered merchandising methods but even among themselves have not had completely smooth sailing. E. J. Korvette has slowed down its growth rate and a pioneer discount house, Masters, Inc., with 11 stores has just filed under Chapter XI of the Bankruptcy Act.

Foreign Competition

And as if all this inter-industry and inter-company competition were not severe enough, we have the specter of increasing government in business, and energetic foreign competition from countries for whom we were kind enough to build beautifully efficient new postwar plants so they could beat our brains out by running them with labor costs, one-third to one-half of our own.

Having painted the ogre of competition with such a broad grim brush, it's time to look on the brighter side. Competition has also created smart managements which have consistently and profitably found ways to cope with business adversaries. The business machine industry is replete with competition, yet IBM prospers continually. Photography spawned many corporate entries, yet nothing bothers Eastman Kodak, very much. The oil business in recent years has been a struggle, yet Socony-Mobil has just reported a wonderful year. Farm machinery is no bed of roses, yet International Harvester fends off competition magnificently year after year. Life insurance is one of the most highly competitive businesses, but look at the way Franklin Life, Republic National, Connecticut General, etc. surge ahead each and every year. Superior salesmanship is surely one of the keys to survival and success in a competitive society.

Investment Guidance

Obviously, competition is one of the facts of investment life. What then should an investor do about it? First, he should probably slant his investment dollars toward those companies with indicated or proven competitive competence. Such companies as General Foods, Corning Glass, du Pont, Lorillard and General Electric come to mind in this category. A second tactic is selection of companies with firmly established proprietary products, such as Carter's Products, Coca-Cola, American Home Products, Bristol-Myers, etc. Service companies like American Express and unique process enterprises such as Pitney-Bowes have good competitive insulation.

Another excellent competition-sheltered area is in national defense, particularly aerospace. Here many companies enjoy large income flows from research and development. The customer here is the world's biggest, Uncle Sam, who will spend $52 billion on defense this year. Companies such as Garrett, North American Aviation and United Aircraft illustrate sustained and for the most part, competition-free profitability in this sector.

One of the best ways to avoid competitive pitfalls is to invest in legal monopolies. Those investors whose portfolios have majored in telephone and electric utility shares have done well decade after decade. They have substituted the restraining influence of government regulation for the often incisive rigors of competition.

We have done nothing today to limit competition, or its effects on corporate profits; but we have suggested that special attention be given to competition as a significant investment factor. Rather than invest where bitter competition inter-industry, inter-company or international may substantially dim the prospects for future profit, investors may do well to consider better insulated equities selected along the lines we've indicated.

Roncone Opens Own Law Office

CHICAGO, Ill.—John M. Roncone, formerly attorney for the Illinois Securities Division, is now engaged in the private practice of law from offices at 11 South La Salle Street.

Levien, Greenwald To Admit Partner

Levien, Greenwald & Co., 50 Broadway, New York City, members of the New York Stock Exchange, on March 1 will admit Robert D. Lubash to partnership. Mr. Lubash will acquire a membership in the New York Stock Exchange.

A Realistic Study of Our Existing Dollar Trouble

By Chester S. Iverson, *Former President and Chairman of the Board, U. S. Railroad Securities Fund, Inc., Chicago, Ill.*

Contributor to the "Chronicle" and other financial publications for a good many years probes the reasons for our dollar's weakness and prescribes direct and practical remedies. Mr. Iverson's views take into consideration the forthcoming Congressional debate over the proposed tax reduction and deficit-size, and the dollar's world position. Analysis divides our dollar problem into three parts—chronic fiscal deficits, price inflation, and international imbalance and foreign spending—and speculates on the possibilities of devaluation and probable consequences were that to occur. Mr. Iverson proposes, among other things, that the Government control its spending, reform the tax structure and react to its present problem in much the same way a business firm would if it were facing bankruptcy—i.e., by cutting expenditures.

Preface

At the recent Washington conference on fiscal and monetary policy certain members of the Advisory Committee came out in favor of a gigantic $10 billion tax cut. It is expected that early in the new year this matter will be brought before the Congress.

Forthcoming debate over tax reduction of the magnitude proposed promises to focus attention once again on the present position of the dollar. A study of our existing dollar trouble, therefore, seems apropos at this time.

Our nation is faced with an appalling situation. Each year our Government spends more—much more money than it collects. In plain language it is operating at a loss or deficit. For generations the U. S. dollar rated as the world's soundest currency. Today the dollar is weak and viewed with distrust in world markets. Devaluation is rumored. In recent years our gold reserves have been shrinking constantly. Inflation has continued apace and the cost of living continues to mount. The value of the dollar in terms of its purchasing power has gone down and down—and, it continues to decline. Yet, despite our worsened status, foreign aid continues unabated. Almost without restraint, it seems, dollars by the millions flow forth like water for various and sundry purposes throughout the world.

This Could Not Happen Here

If all of this were not true and the evidence so manifest and unmistakable, the entire situation would appear to be incredible. Our forefathers might have said this could not happen here! But, it is happening. No matter how much we abhor or dislike that which has come to pass, the existing situation cannot be ignored. This is a dilemma with which our nation must deal whether anyone likes it or not.

Dollar Trouble in Three Parts

There are three principal parts to our dollar trouble—the out-of-balance Federal Budget, Inflation and Foreign Spending. These are closely related for whatever affects one affects also the other two. Each is highly important, exerting a vital influence on the economy. Each is powerful enough to disrupt the entire welfare of our nation. If the spotlight of public attention can be focused on these problems, effective remedies should be possible. Solutions, of course, will not be easy. Broad national action against a prevailing trend is always difficult. To correct our troubles will not be easy, but it can be accomplished. The essential ingredient is the will that it be done.

Out-of-Balance Federal Budget

At the very core of our money difficulties is the fact that the Federal Budget is seriously out of balance. Now, there are some who choose to ignore this. They ask—what difference does it make? It has become the fashion most every year for some Government official to reveal the approximate amount of the current deficit and at the same time to forecast that for the next fiscal year the Budget will be balanced. By the time the next year rolls around, however, all semblance of a balanced budget has usually disappeared and another deficit is being scored. After all, some say—why worry? We merely owe the money to ourselves!

It is amazing to note the disregard with which thousands sometimes look upon ominous dangers resting right on their own doorstep. Just who paid much attention to the fact that the United States fleet was being dangerously concentrated and placed in a highly vulnerable and indefensible position right before Pearl Harbor?

Not Without Consequences

Don't ever think that an unbalanced Budget is without consequences—and mighty serious ones. The deficit results in more borrowing and a higher total of Government debt. The increased debt carries interest which adds to the over-all cost of running the Government. This added cost must either be met with more taxes, or, it results in a still higher deficit the next year. It tends to increase the cost of living and further inflation. All of this sounds rather silly if it were not for the seriousness of the consequences.

Deficits Now the Trend

If a deficit occurred only once in every 25 years it would not be so serious. However, deficits are no longer the exception but the rule. Take a look at the scoreboard (Table A). Beginning in 1931 we have had deficits continuously with spasmodic exceptions only in 1947-48, 51, 56-57 and 1960. Ever since the depression—over a span of 32 years—we have scored no less than 26 deficits and the Budget has been balanced scarcely six times, or, not quite once for every four times there has been a deficit. Can anyone dispute this trend?

Something Should Be Done

When Joe Doakes spends more money each year than he makes, he soon exhausts his savings, falls in debt and gets into serious trouble. Over-spending is the first cousin to bankruptcy. Such has been the case for centuries and it has applied to nations as well as to individuals. This is so elementary that it seems almost ridiculous to discuss it. Yet, overspending is precisely the malady with which our nation is afflicted. This fact should be recognized and something should be done about it. The United States dollar will never regain its position as the world's soundest currency unless and until we restore a Balanced Federal Budget and permanently!

Inflation

There are many faucets which feed the stream of inflation and it may take considerable muscle to shut off certain of the spigots. Two of the most powerful factors contributing to our inflation are low interest rates and the wage spiral. Orthodox money experts agree that our easy money policies which tend to keep interest rates at artificially low levels, add to inflation and also stimulate the outflow of our gold. Moreover, it cannot be denied that the long succession of wage increases has resulted in materially higher production costs—a major component of inflation.

Value of the Dollar and the Cost of Living

Everybody knows that the value of the dollar has gone down. A stark record reveals what has happened since before World War II (Table B). Whereas in 1939 a dollar would buy one dollar's worth, seven years later—in 1946—it would buy just about 71 cents worth of the same things. Another 10 years later—in 1956—a dollar would purchase only 51 cents worth of those same things. And, in October, 1962, the purchasing power of the dollar dropped to a new, all-time low of just 45.7 cents. In other words, the value of the dollar has not only declined—it is moving steadily lower! Measured by the representative Consumers Price Index,[1] the cost of living has registered a sharp and consistent rise ever since 1939 and during that period it has more than doubled (Table C).

Will the Dollar Be Devalued?

Every so often the question is asked—will the dollar be devalued? Repeatedly the official response is in the negative. Avowedly, leading spokesmen of each political party are opposed to devaluation. There is no reason to doubt their sincerity. However, as matters look now, it does not seem to be a case of whether anybody wants devalution—the question is whether or not it can be avoided. This much seems certain: if the Budget is allowed to remain seriously out of balance, if Inflation continues and Foreign Spending goes unchecked, devaluation of the dollar may become inescapable.

After Devaluation Something Worse

If devaluation should come the door would be opened to something one hardly dares mention. We trust God it will never happen, but should we reach the stage of devalution, world confidence in the dollar would probably fly right out the window. In its place we could then expect to have threaten us the flight of capital from these United States. That is exactly what happened in Germany and in France after World War I. When devaluation came, millions in private capital moved right out of those countries taking refuge elsewhere. We trust such will never happen here. But, it should never be overlooked that devaluation could bring the worst kind of shock to world confidence in the dollar with foreboding consequences. Just as the unwary must be warned—fire does and will burn!

To halt the trend of inflation will be difficult, but it can be

1 This index is based on approximately 300 commonplace items which enter into the general cost of living for the average consumer. Such items are arranged in eight component groups: Food, Housing, Apparel, Transportation, Medical Care, Personal Care, Reading and Recreation, Other Goods and Services. Each group is given a weighted value in accordance with its relative importance. The eight groups are combined forming a national index which represents to a significant degree the cost of living for the average U. S. citizen.

TABLE A

THE FEDERAL BUDGET SCOREBOARD

Budget Receipts and Expenditures and Surplus or Deficit

(Millions of Dollars)

*Year—	Receipts	Expenditures	Surplus	Deficit
1931	3,116	3,577	----	462
1932	1,924	4,659	----	2,735
1933	2,021	4,623	----	2,602
1934	3,064	6,694	----	3,630
1935	3,730	6,521	----	2,791
1936	4,069	8,493	----	4,425
1937	4,979	7,756	----	2,777
1938	5,615	6,792	----	1,177
1939	4,996	8,858	----	3,862
1940	5,144	9,062	----	3,918
1941	7,103	13,262	----	6,159
1942	12,555	34,046	----	21,490
1943	21,987	79,407	----	57,420
1944	43,635	95,059	----	51,423
1945	44,475	98,416	----	53,941
1946	39,771	60,448	----	20,676
1947	39,786	39,032	754	----
1948	41,488	33,069	8,419	----
1949	37,696	39,507	----	1,811
1950	36,495	39,617	----	3,122
1951	47,568	44,058	3,510	----
1952	61,391	65,408	----	4,017
1953	64,825	74,274	----	9,449
1954	64,655	67,772	----	3,117
1955	60,390	64,570	----	4,180
1956	68,165	66,540	1,626	----
1957	71,029	69,433	1,596	----
1958	69,117	71,936	----	2,819
1959	67,915	80,342	----	12,427
1960	77,763	76,539	1,224	----
1961	77,659	81,515	----	3,856
1962	81,409	87,787	----	6,378
1963 Estimate†	85,500	94,311	----	8,811
1964 Estimate	86,900	98,802	----	11,902

*Fiscal year ending June 30. †Exclusive of proposed tax cut.
SOURCE OF FIGURES: United States Government statistics.

TABLE B

THE VALUE OF THE DOLLAR

Purchasing Power of the Dollar As Measured by the Consumer Price Index

(Based 1939 as 100)

Year—	Value (Cents)
1939	100.0
1940	99.1
1941	94.4
1942	85.2
1943	80.2
1944	79.0
1945	77.2
1946	71.2
1947	62.2
1948	57.8
1949	58.3
1950	57.8
1951	53.5
1952	52.3
1953	51.9
1954	51.7
1955	51.8
1956	51.1
1957	49.4
1958	48.1
1959	47.7
1960	47.0
1961	46.5
1962 (October)	45.7

Figures furnished through courtesy of—Morgan Guaranty Trust Co. of New York.

TABLE C

THE COST OF LIVING

Consumer Price Index

(Based 1939 as 100)

Year—	Index
1939	100.0
1940	100.8
1941	105.9
1942	117.3
1943	124.6
1944	126.6
1945	129.5
1946	140.4
1947	160.8
1948	173.1
1949	171.4
1950	173.1
1951	186.9
1952	191.1
1953	192.6
1954	193.3
1955	192.8
1956	195.6
1957	202.4
1958	207.9
1959	209.8
1960	213.0
1961	215.2
1962 (October)	219.0

SOURCE OF FIGURES: Bureau of Labor Statistics, U. S. Department of Labor.

TABLE D

EXPENDITURES FOR FOREIGN TRAVEL

By U. S. Residents

Year—	($ Millions)
1929	638
1937	470
1947	716
1951	1,028
1952	1,188
1953	1,306
1954	1,401
1955	1,612
1956	1,814
1957	1,955
1958	2,140
1959	2,380
1960	2,640
1961	2,642

Figures taken from—Survey of Current Business, Office of Business Economics, U. S. Department of Commerce.

done if those in authority will mobilize to accomplish the task. Necessary requirements: the will to accomplish plus the courage to step on sensitive toes wherever necessary. If we have any intention of salvaging the purchasing power of the dollar—if we desire to achieve economic stability at home—and, if we expect to meet the new acid-test competition in world markets — inflation here must be ended.

Our So-Called Balance of Payments

Foreign Spending has become a great national problem for many things are involved. Amongst total foreign dollar expenditures our imports of foreign goods and products constitute the largest single item. However, there are other major expenditures. Each year American tourists spend many millions abroad (Table D). U. S. business concerns invest millions in the normal conduct of their over-seas operations. The Government pays huge sums to maintain defense facilities and military forces while dollars expended by such personnel are enormous. The Government also makes loans and grants to foreign countries and pays out millions for Foreign Aid (Table E). Besides this, every year many millions in private capital are invested abroad (Table F). All these things add up to our gross foreign expenditures of dollars (recorded as "U. S. Payments").

On the other side of the ledger are the total sums of money spent by foreign nations for all purposes in the United States. These embrace their purchases of wheat and corn, cotton, foodstuffs, automobiles and machinery, chemicals and many manufactured products. Also included are any repayments against loans and the earnings of American foreign investments, etc. (recorded as "U. S. Receipts"). The total of all U. S. Receipts is tallied against total U. S. Payments. The difference makes up the overall balance figure in our so-called U. S. "Balance of International Payments." The existing "balance" between nations is usually settled by payment in gold or its equivalent.

Some Changes Have Been Made

Now, any consideration of foreign spending needs must take into account certain basic changes that have occurred in world affairs: Throughout World War II and until 1950 the excess of our exports (over imports) was so great that even though we spent billions abroad, the "Balance of Payments" was still largely in our favor. (This was why after 1935 the U. S. acquired so much of the world's gold. Total holdings reached a high of some $24½ billion in 1949.) Then business and economic conditions abroad began to recover and gradually the situation changed. For the last several years our imports of foreign goods have increased, but our exports have declined. The Balance of Trade (based on exports and imports of commodities) is still in our favor, but it now rests on a lower level than in former years.

Despite a lower balance of trade with other nations, ever since the close of World War II our foreign spending has continued on a very high level. The highlights on certain items of foreign spending in 1961 reveal startling evidence on this score (Table G).

As a result of these changes and the continued high level of foreign spending total U. S. Payments abroad now exceed total U. S. receipts from abroad. (Deficit in our overall Balance of Payments stood at $3.9 billion in 1960, $2.5 billion in 1961 and in 1962 is expected to exceed $2 billion.) This has contributed in substantial measure to the steady outflow of our gold. Since 1949 our Gold Stock has declined from $24½ billion to its present level — approximately $15.9 billion (Table H).

Direct and Practical Remedies

So far as inflation is concerned, the situation calls for a significant change in (government) fiscal policy — one that has been long recommended by some of our most astute economists. This would invoke such realistic and practical steps as to end the inflationary pressures caused by artificially low interest rates. There is also the most urgent and paramount necessity for terminating our vicious wage spiral. Whatever steps may be necessary —whether by admonition, legislation, or executive action or all three—this matter cannot be neglected much longer. It is recognized that these things will require the courageous action and unified support of the Legislative as well as the Executive branch of Government. Success, moreover will demand that in these matters the national interest be put first and ahead of everything else.

As regards Foreign Spending we seem to have gotten into a situation something like that of Mr. & Mrs. Joe Doakes when Joe Junior got married during his freshman year in college. Everyone agreed that Junior would have to finish college before he could go to work. At first the added expense for the parents didn't look too bad—a fair-sized check each month would pay for the rent on that little apartment and buy enough food for one more mouth. Soon, however, more money was needed to buy furniture and household equipment. Next, there were doctor bills and money was needed to pay for medicine, new shoes and the dentist. Then came the glad tidings announcing the arrival of Joe the 3rd plus all those special bills in connection therewith. And, after a while, the little apartment got just too small. The larger apartment and extra furniture cost still more money. That's the sort of mixed blessings we seem to be holding in our Foreign Spending. It's almost like having a bear by the tail.

The crux of the matter is that at the close of World War II we embarked on a gigantic foreign spending "spree." At that time the U. S. held the lion's share of all trade. Now, due to the recovery of Western Europe and Japan there has been a major shift in the world balance of production and trade. Yet, despite this fact, we keep on spending abroad as though nothing had changed. We used to hear about aid for war-devastated countries. Now the battle cry is aid to the depressed and underdeveloped areas of the world.

How Business Reacts to Threatening Bankruptcy

The mere mention of a cut in foreign spending encounters objections, especially from certain

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TABLE F

OUTFLOW OF U. S. PRIVATE CAPITAL TO FOREIGN COUNTRIES

(Outflow of Funds)

Year—	($ Millions)
1946	413
1947	987
1948	906
1949	553
1950	1,265
1951	1,068
1952	1,158
1953	369
1954	1,619
1955	1,211
1956	2,990
1957	3,175
1958	2,844
1959	2,301
1960	3,882
1961	3,953

Figures taken from—Survey of Current Business, Office of Business Economics, U. S. Department of Commerce.

TABLE E

FOREIGN EXPENDITURES BY GOVERNMENT

Principal Foreign Expenditures and Transfers of U. S. Government

(Millions of Dollars)

Year—	Military Expenditures	Military Grants of Aid	Economic Grants of Aid	Net Capital Outflow*	Total
1946	493	69	2,274	3,024	5,860
1947	455	43	1,897	6,969	9,364
1948	799	300	3,894	1,024	6,017
1949	621	210	4,997	652	6,480
1950	576	526	3.484	156	4,742
1951	1,270	1,470	3,035	156	5,931
1952	1,957	2,603	1,960	420	6,940
1953	2,535	4,254	1,837	218	8,844
1954	2,603	3,161	1,647	—98	7,318
1955	2,823	2,325	1,901	310	7,359
1956	2,955	2,579	1,733	629	7,896
1957	3,165	2,435	1,616	958	8,174
1958	3,416	2,281	1,616	971	8,515
1959	3,134	1,988	1,623	1,733	8,386
1960	3,048	1,765	1,664	1,105	7,582
1961	2,974	1,465	1,851	926	7,189

*Including investments in the International Monetary Fund and the World Bank

Figures taken from—Report of the Committee on Economic Policy, Chamber of Commerce of the United States.

TABLE H

GOLD STOCK (U. S. Treasury)

(Gold Value at $35 per Ounce)

Year—	($ Millions)
1935	10,125
1936	11,258
1937	12,760
1938	14,512
1939	17,644
1940	21,995
1941	22,737
1942	22,726
1943	21,938
1944	20,619
1945	20,065
1946	20,529
1947	22,754
1948	24,244
1949	24,427
1950	22,706
1951	22,695
1952	23,187
1953	22,030
1954	21,713
1955	21,690
1956	21,949
1957	22,781
1958	20,534
1959	19,456
1960	17,767
1961	16,889
1962 (Dec. 5)	15,977

Figures taken from—Banking & Monetary Statistics Board of Governors, The Federal Reserve System.

TABLE G

HIGHLIGHTS ON CERTAIN ITEMS OF FOREIGN SPENDING IN 1961

(In Comparison With the Record Since 1946)

Foreign Expenditures by U. S. Residents and U. S. Business

Foreign travel amounted to $2.642 billion. (Total even exceeded the 1961 defecit in our Balance of Payments—$2.461 billion.) It was over three times the 1947 figure and more than twice the dollars spent for travel in 1961.

U. S. business concerns invested approximately $1½ billion of new capital in foreign subsidiaries, branches and affiliated companies.

U. S. private capital outflow to foreign countries amounted to almost $4 billion.* This is about four times the amounts in 1947 and in 1951 and about 2½ times the 1954 total.

Foreign Expenditures by Government

Military expenditures abroad amounted to approximately $3 billion. In 1946 and 1947 this amounted to less than ½ billion each year and in 1951 the total was only about $1¼ billion. Since 1956, however, these expenditures have held around the $3 billion level each year.

Military grants of aid stood at approximately $1½ billion. This is less than half the 1954 rate, but compares with grants of only $112 million for the years 1946 and 1947 combined.

Economic grants of aid amounted to some $1.9 billion. This is much less than the peak of $5 billion in 1949 due to the Marshall Plan. It corresponds, however, with the 1947 total and remains at a level constant since 1952.

*Direct investments accounted for $1½ billion; net purchases of foreign securities and medium-term loans—about $1 billion; and short-term loans and acquisitions of liquid assets abroad—$1½ billion.

A Realistic Study of Our Existing Dollar Trouble

Continued from page 11

members of the political set. These are the boys who would have us accept the false philosophy that we can spend our way into prosperity. To these any reduction in spending, or, changes in our "foreign policy" would be quite unthinkable. Herein lies the basis for solution of all our monetary problems — a return to realistic measures and practical methods. What does sound, hard-headed management do when a corporation is facing down the road to bankruptcy? Keep right on spending as before? Spend more? Hardly. The first order of business is to trim expenses—cut out all unnecesary long distance telephone calls, travelling and entertainment — eliminate wasted office space, supplies and needless printing—create greater efficiency in operations—lower all costs and then expand sales — balance the budget and — for certain — start moving ahead.

It is not a case of just one or two items being out of line. The whole sphere of foreign expenditures is in need of the closest scrutiny. Total spending in this area appears to have gotten completely out of balance. Extensive changes and stricter controls are indicated.

From the layman's point of view, before our money troubles can be rectified, there are certain things that seem logical to expect. It is to be hoped, for example, that the maximum strength and assistance which is available will be mustered and used in executing an offensive against our money problems. There seems a real need for creating and delegating greater responsibility so as to prevent repetition of monetary chaos in the future. And, we will be overlooking a most powerful weapon of offense if we fail to recognize and use a goodly measure of government persuasion.

Assistance Available

There is always available to those in the top echelon of Government the advice and assistance of our foremost leaders in the fields of banking and industry. It has been demonstrated repeatedly that these leaders — whose combined knowledge, experience and business connections are invaluable—stand willing and eager always to assist in the practical solution of national problems. There is no finer nor more loyal group of non-partisan statesmen.

Everybody's Business Should Be Somebody's Business

As regards the Budget it would seem that through adequate legislative action the Secretary of the Treasury might be given further authority and greater responsibility to insure that henceforth the Budget may be kept in balance. Concerning inflation, it would seem fitting that the Federal Reserve Board which does such an excellent job in safeguarding our banking and credit structure, be delegated specific responsibility for future control of this problem. In the realm of Foreign Spending it appears that a whole new approach is called for — one with which to tighten up, approve and closely control every expenditure. Perhaps this could best be achieved through the creation of a qualified commission to which might be delegated distinct responsibilities.

Government Persuasion —Case in Point

Few people realize the power of government persuasion and what can be accomplished once this sort of power is turned on. World War I provides a case in point. It became necessary on short notice for the Government to raise a great deal of money which was not then available through normal channels. One of Chicago's foremost bankers[2] who served on a special advisory council to President Woodrow Wilson, told the writer later how this was handled. On the advice of this council the Government created a series of Liberty Bonds for sale directly to the public many of whom had never bought securities of any kind. A giant sales campaign was organized. It was executed with such vigor and enthusiasm that anyone out-of-uniform who did not buy Liberty Bonds was regarded publicly as not being real patriotic. Needless to say, the Government raised the money — all of it — quickly and effectively.

First Things Should Come First

Our attention has been focused on the Federal Budget, Inflation and Foreign Spending. But, someone asks — are there not other things which add to our predicament with the dollar—other big and serious problems affecting our monetary welfare? Most assuredly there are. There are many important problems such as those pertaining to agriculture and taxes. Our agricultural program is crying for intelligent and practical reforms. Without question our entire tax structure needs drastic revision. However, these and other things are likely to be solved more effectively after the Budget has definitely been balanced, Inflation ended and excessive Foreign Spending stopped.

Putting the Horse Before the Cart

It is better to repair the house before arranging the furniture. It would seem more plausible to work out some realistic solutions with the farmers after we have rescued the dollar from the throes of its disappearing act. And, as much as we all want lower taxes, it would seem prudent to insist on putting the horse before the cart.

A tax reduction is desirable only if it is accomplished in such a manner as not to incur hazardous consequences. If taxes are cut drastically and without actual offsetting reduction in expenditures, serious trouble could ensue. The Federal Budget is badly out of balance. To force it much further out of balance would mean more debt and greater inflation, and—drastic devaluation of the dollar could become an imminent possibility.

If first the Budget is balanced—next expenses and expenditures are cut further and substantially—and, the resultant savings are used thereafter to reduce taxes—then this nation once again will be back on the main track with a solid monetary roadbed underneath, ready to move forward securely into the future.

2 The late John Jacob Arnold, then Vice-President, The First National Bank of Chicago.

Graham-Conway Officer

LOUISVILLE, Ky. — Graham-Conway Co., in Kentucky Home Life Building, has announced that Powhatan M. Conway, Jr. has joined the firm as an Assistant Vice-President in the municipal bond department.

P. M. Conway, Jr.

Mr. Conway is the son of one of the late founders of the investment firm, which was organized in May, 1960. A native of Louisville, he is a graduate of Yale College and Harvard Business School, where he received his master's degree in business administration with a major in finance last June. He also was graduated from St. Paul's School, Concord, N. H. At Yale he rowed on the heavy-weight crew.

For the past six months, Mr. Conway has been training with Smith, Barney & Co., New York investment firm, in the municipal syndicate and trading department. He also spent a year with Anaconda Aluminum Company in its Louisville headquarters.

Graham-Conway is joint fiscal agent with Blyth & Co., Inc. for Kentucky bond issues, other than turnpike authority bonds, and for country schools and other municipal subdivisions. Willard P. McNair is President, Thomas Graham Chairman of the Board, and Frank B. Register Secretary-Treasurer.

Vacha Joins H. M. Byllesby

CHICAGO, Ill. — H. M. Byllesby and Company, Incorporated, 135 South LaSalle Street, members of the Midwest Stock Exch. have announced that James C. Vacha has become associated with their firm in the trading department.

James C. Vacha

Mr. Vacha was formerly in the unlisted trading department of Cruttenden, Podesta & Miller, and prior thereto was with Doyle, O'Connor & Co.

Hofstein Forms Co.

BEVERLY HILLS, Calif.—Irving Hofstein, Inc. has been formed with offices at 9465 Wilshire Blvd. to engage in a securities business. Officers are Irving Hofstein, President, and Andrew A. Brichant, Vice-President. Mr. Hofstein was formerly an officer of Cantor, Fitzgerald & Co., Inc. and of Globus, Inc. Mr. Brichant was with Thomas Jay, Winston & Co. and Olmstead, Allen & Co.

And So It Often Is With Tax Reform!

"In summary, as far as individuals are concerned, the plums in this tax package (of the Administration) would go to the person who doesn't own his own home; doesn't save and provide capital to American industry through stock ownership; doesn't carry his proportionate share of the support of our churches, hospitals, colleges, and charitable causes; doesn't pay much in taxes to support city schools and other local services and to pay for State government; and doesn't happen to fall into ill health. Nearly one million taxpayers would be removed from the tax rolls, in fact, to vote themselves greater future benefits without even the need to fill out and turn in a nominal tax return.

"Corporate tax rates would ultimately drop to 47% under the new tax program. Corporate tax payments will go up first, however. All of us have been around long enough to know that some future emergency could easily prevent the tax-rate cuts programmed for the future. After all, the 47% rate is now the "permanent" rate; the 52% level has been "temporary" since the Korean War and is scheduled to end next June, just as it has been each June for years.

"At first glance, the tax program looks more geared to promoting consumption and to producing votes than it is to revitalizing the free enterprise system. It hardly justifies the taking of additional risks with extraordinary deficits." — Aubrey G. Lanston & Co., Inc.

We would not gild the lily—even if we could!

New York Housing Finance Agency Bonds Marketed

Public offering of $89,079,000 New York State Housing Finance Agency 3.60% General Housing Loan Bonds, 1963 Series A, due Nov. 1 1965-2006 was made on Feb. 6 by an underwriting group headed by Phelps, Fenn & Co.; Lehman Brothers; Smith, Barney & Co. Incorporated, and W. H. Morton & Co. Incorporated.

The bonds are scaled from a yield of 1.90% to a price of 98.

Interest on the bonds is exempt from Federal and New York State income taxes.

The offering is the second to be made by the Housing Finance Agency created in 1960 by the Legislature to provide dwelling accommodations at rentals the ordinary operations of private enterprise cannot provide. The first offering, $51,863,000 of 4% bonds due 1964-2004, was made in July, 1961.

Bonds maturing on or before Nov. 1, 1983 are non-redeemable prior to maturity. Bonds maturing after that date are optionally redeemable on and after Nov. 1, 1983 to Oct. 31, 1988 at 104% plus accrued interest and at declining prices thereafter.

Principal of and interest on the bonds are payable from mortgage repayments, from fees and charges imposed by the Housing Finance Agency, and from monies in the capital reserve fund created for the purpose of securing the General Housing Loan Bonds. Payment of principal and interest is further secured by a pledge and assignment, for the benefit of bondholders, of all mortgages under which the Housing Finance Agency has made mortgage loans for permanently financed projects.

The bonds are direct and general obligations of the Housing Finance Agency and its full faith and credit are pledged for the payment of principal and interest on them.

The Housing Finance Agency is presently financing mortgage loan commitments to approximately 80% of the estimated cost of the project.

Proceeds from the offering will provide funds with which to make mortgage loans for eight New York City limited-profit housing projects, three of which are located in Manhattan, three in Brooklyn and two in the Bronx.

Piper, Jaffray Names R. G. Davis

MINNEAPOLIS, Minn.—Robert G. Davis has been appointed manager of the municipal department of Piper, Jaffray & Hopwood, 115 South Seventh Street, members of the New York Stock Exchange and other leading exchanges.

Form Quartet Planning

Quartet Planning Corporation has been formed with offices at 120 West 44th Street, New York City, to engage in a securities business. Officers are Claire Berenberg, President; Sidney Marcus, Vice-President, and Ira Krauss, Secretary and Treasurer.

British Stocks Rebound in Wake of France's ECM-Veto

By Paul Einzig

Dr. Einzig explains diverse weakening of sterling and stock exchange's sharp recovery following General deGaulle's veto of Great Britain's admission to the ECM. The noted economist points out that British labor could have been induced to increase its productivity if the U. K. Government hadn't played down the economic disadvantages which may consequently arise from being kept out of the Common Market. He does, however, make clear why it may be premature to take a pessimistic view as to the future of sterling as a result of the French blackball.

LONDON, England — General de Gaulle, in a fit of bad temper over American-British agreement at Nassau, wrecked the attempt to establish an economically United Western Europe. It was a childishly irresponsible act, recalling the General's behavior at its worst during the early stages of his political career as head of the Free French Government in London, when he fully earned the following Foreign Office jingle:

Marshall Petain
May be a *cetin*
But General de Gaulle
Is no good at all.

It was the considered opinion of British official circles during the War that under his leadership the Free French Movement was more trouble than it was worth from the point of view of the Allied cause. This was, of course, exaggeration. But there could be no doubt that the difficulties caused by General de Gaulle's prima donna-like temperament went a long way towards outweighing the advantages derived from the Free French Movement.

History appears to be repeating itself. The General has undoubtedly rendered a great service to the cause of European unity, but now his latest action has jeopardized not only the chances of further progress but even the maintenance of past achievements. His dictatorial attitude recalls the fact that during the War he was in the habit of referring to those French Colonies which were under Free French control as *"mon fief"* (my feudal estate). Judging by his behavior, he must regard France's five partners in the Common Market in the same way. Their Governments were powerless in face of the French veto on Britain's entry, but they are in a position to veto political integration and even further progress in economic integration of the Six. It seems probable, therefore, that the progress towards the economic unification of Western Europe will suffer a grave setback.

Bullish Stock Market Reaction

From a British point of view there is room for two opinions about the economic consequences of General de Gaulle, as indeed there was room for two opinions about the balance of the advantages and disadvantages to be derived from joining the Common Market. From this point of view it is interesting to note the contrast between the reaction on the Stock Exchange and in the Foreign Exchange market to the breakdown of the Brussels talks. While continental selling resulted in a weak tendency of sterling, there was a sharp recovery on the Stock Exchange. This means that while operators in Paris and Zurich are pessimistic about Britain's prospects outside the Common Market, British investors and speculators take a more favorable view.

Before the breakdown nobody was in a position to predict whether the advantages to be gained by efficient industries from joining the Common Market would be outweighed by the disadvantages to be suffered by the inefficient industries. It was this uncertainty about the overall effect that was depressing the Stock Exchange during recent weeks. Now that we know the worst, there is an all-round relief that at least we know where we stand. But do we?

In a way it is unfortunate that the breakdown of the negotiations has not created a crisis atmosphere in Britain. Notwithstanding glaring headlines in the Press, the British public is still much more interested in the cricket Test Match results cabled over in frequent intervals from Australia. Headlines such as "England's collapse" refer to a bad day on the cricket field at Melbourne and not to the shattering of hopes to become part of a United Western Europe. This cold-blooded attitude is a matter for regret because a real scare about the economic consequences of being left outside the Common Market might just have provided the badly needed shock to bring the British people out of their lethargy and to awaken in them the best qualities of the British character.

Criticizes U.K. Government

Such a shock might have resulted in a real effort to increase productivity and might even have induced the trade unions to become public-spirited for a change. Unfortunately, the Government, in its effort to mitigate the bad impression caused by the failure of its attempt, is inclined to play down rather than play up the economic disadvantages that are liable to arise. Nobody is in a position to assess those disadvantages, and the fact that during 1962 Britain's trade balance with the Common Market was distinctly favorable seems to show that fears about the consequence of being left out by it were exaggerated. It is true, the further progress towards integration within the E.E.C. during the last 12 months loaded the dice against Britain. On the other hand, in the meantime, wages in France and Germany have been rising even faster than in Britain, so that it is unlikely that as a result of the Brussels failure, Britain's balance of payments would turn very adverse in 1963.

From this point of view, the pessimism of continental Foreign Exchange dealers about the future of sterling does not appear to be justified. On the other hand, they may be right in assuming that as a consequence of the failure more British capital will flow to Western Europe to take direct participation in industries, and less continental capital — or for that matter American capital — is likely to come to Britain.

Important as capital movements are, the basic position of sterling depends on the balance of payments and from that point of view it would be, to say the least, premature to adopt a pessimistic view. It remains to be seen to what extent, if any, the Government will be able to follow up the setback by alternative arrangements with the Commonwealth, the E.F.T.A. or the United States, and to what extent the concern of the public over the new threat to its standard of living will induce the trade unions to cooperate in an effort to keep down costs and increase exports.

Betts Director

Allan W. Betts has been elected a director of The One William Street Fund, Inc., 1 William Street, New York City, Allan B. Hunter, Fund President, announced. Mr. Betts is Chief Administrative Officer, Vice-President, Treasurer and trustee of The Vincent Astor Foundation.

Allan W. Betts

Mr. Betts entered the investment field in 1931 following his graduation from Yale University. He was active in security analysis with Walker Brothers and Shields & Company until entering the Army Air Force in 1942. Discharged in 1945 as a Lt. Colonel with the Legion of Merit, Mr. Betts joined G. H. Walker & Co., becoming partner in charge of investment management service. In 1955 he became associated with the late Vincent Astor in charge of investments and was appointed head of the Astor office in charge of all business affairs in 1957. Following Mr. Astor's death, Mr. Betts was named executor and trustee of the Astor estate and assumed his present duties.

NYSE Conferences on Trade Relations

Keith Funston, President of the New York Stock Exchange, has announced a series of conferences for member firm advertising and market letter executives, as part of the Exchange's program for review of member organizations' communications with the public.

The first of the monthly conferences was held at the Exchange Jan. 31, with some 25 representatives of about a dozen firms in attendance.

"These meetings will provide an opportunity, over an extended period, for face-to-face discussions between the Exchange staff and people responsible for production of member firm advertising, market letters and sales literature," Mr. Funston said.

"Such contacts have been conducted largely on an individual firm basis to date, by phone and in person. The conference program will multiply the educational work that can be done."

Mr. Funston noted that the primary objective of the conferences will be "to provide a better understanding of the Exchange's rules and standards for advertising and market letters. We expect that there will be benefits, as well, from general discussions of joint problems and the sharing of ideas."

Subjects covered at the sessions will include the Exchange's policies and guideposts for reviewing some 6,000 member firm advertisements annually and spot-checking market letters and sales literature at a rate of 15,000 pages a year. All printed ads, other than routine announcements, must be approved by the Exchange prior to publication; market letters and sales literature must be approved by responsible member firm officers and kept available for possible Exchange review for a three-year period.

Since 1956, Mr. Funston noted, the member organizations producing advertising and market letter copy has increased from about 300 to 400, with a consequent rise in the total output of such materials and expansion of review activities.

The Exchange's first rule concerning advertising was a directive in 1898 that all member firm ads be limited to the investment field. A rule requiring filing of ads with the Exchange was adopted in 1921. The requirement for prior review and approval of advertising has been in force since 1939.

Spot-check review of market letters and sales literature was pioneered by the Exchange in 1956. The extent of the review has evolved from one check per firm every three years, on average, to a current rate of at least one every six months for each firm, and more frequent checks where the need is indicated. There are no exact figures on the total amount of market letter and sales literature material published by member firms but it is estimated to have reached 110,000 pages annually.

Mr. Funston noted that the Exchange's advertising and market letter rules "place responsibility for accuracy and completeness of factual information on the member firms, and stem from the Exchange Community's traditional standards of truthfulness and good taste.

"But rules cannot take the place of good judgment. This is the reason why personal contacts between Exchange and member firm personnel have been important to this program in the past, and why the conference series should be particularly helpful and productive."

The conferences will also deal with specific examples and actual rulings given by the Exchange in this area. Some of the material discussed at the meetings, as well as interpretations of policies and rules, will be summarized in the Educational Circulars which are issued from time to time to the Exchange Community.

New du Pont Office

HARTFORD, Conn.—**Francis I. du Pont & Co.**, 750 Main Street. K. Albert Baronian is resident manager.

The State of TRADE and INDUSTRY

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

"Business sentiment remained confident as the new year began," said the Federal Reserve Bank of New York in its *Monthly Review* for February. However, the Bank noted, the pace of economic activity "appeared to show little change from recent months, and the demand for goods and services continued well below the economy's productive capacity."

In December, industrial production, nonagricultural employment, and retail sales were little changed from month-before levels, while new orders for durable goods and housing starts had declined somewhat from the high November rates. Construction contract awards and residential building permits, however, had climbed to new highs.

In January, the available data indicated that steel ingot production advanced for the third straight month, and that automobile assemblies remained at the high rate that had prevailed since July. The continued gains in steel output indicated that the excessive steel inventories which held back production for much of the previous year may have been largely — if not completely — eliminated. In fact, there are indications that a few steel users are taking steps to speed up their rate of inventory accumulation as a hedge against a possible strike in August.

Whether the December decline for new orders of durable goods—concentrated in industries other than steel—will appreciably affect the rate of output in the months to come cannot as yet be determined. New order placements are subject to substantial changes from month to month, and the relatively high level of such orders in the forth quarter may have a larger impact on future production than the December decline.

The major stimuli to the economy continue to be consumer and government spending. The available weekly data on retail sales in January suggested a strengthening in consumer buying, despite the adverse influence of the newspaper and transportation strikes in several major cities. New car sales apparently rose significantly, while department store volume (seasonally adjusted) was somewhat below the high December rate.

In the government sector, purchases of goods and services by Federal, state and local governments were expected to increase this year at about the same rate as in 1962, according to estimates made in the Annual Report of the *Council of Economic Advisers.* The future course of the economy will, of course, be importantly influenced by Congressional and public reaction to the President's tax program.

First National City Bank Finds January Date Encouraging

A slightly more optimist war term economic outlook was provided this week by the First National City Bank in New York City. According to the Bank's February *Monthly Economic Letter,* "the economy has been marking time in the opening weeks of 1963, while the major news affecting business was being made in Washington and Brussels. With much of the nation buffeted by severe storms or disrupted by labor disputes, economic visibility was sharply reduced. Such fresh statistics as were available on production and trade pointed toward a continuation of an upward drift, exciting neither high hopes nor gloomy apprehension. The biggest question marks for American businessmen were posed by President Kennedy's tax reform and spending proposals, while France's rejection of Britain's bid to join the Common Market created new uncertainties abroad.

"An erratic weather pattern bringing arctic blasts to the United States and other countries of the Northern Hemisphere hampered economic activity through much of January. Heavy snows and low temperatures discouraged shoppers, slowed industrial activity, disrupted transportation and wrought heavy damage to fruit and vegetable crops. Compounding these difficulties were numerous strikes. The most costly was the longshoremen's walkout which tied up Atlantic and Gulf coast shipping for 34 days at an estimated loss of up to $800 million. Local disruptions were caused by newspaper strikes in New York and Cleveland and by the transit dispute in Philadelphia.

"Nevertheless, tentative January data are encouraging. Retail sales in the first three weeks of 1963 averaged 11% higher than a year earlier, influenced by a 16% gain in new car sales. The spotty influence of strikes, however, is apparent in department store sales. A nationwide rise of 6% over a year ago contrasts with declines, of 32% in downtown Philadelphia, 6% in Cleveland and 5% in New York City during the week ended January 19.

"Sub-zero cold and icy roads kept workers home, helped hold gains in steel production below seasonal expectations, and caused shutdowns of auto assembly lines. On the other hand, petroleum refinery runs and electric power production advanced to meet heating demands. Both the crop freeze and the dock strike are adding to the housewife's food bills.

Mixed Reactions to President's Tax Proposals

"Meanwhile, the business and financial community had mixed reactions to the President's proposals for tax reduction and record spending. The stock market continued to react buoyantly to the prospects of tax cuts. The Dow-Jones industrial average touched 684 on January 29, capping a 22% increase during the last three months and a recovery of nearly three fourths of the ground lost between December 1961 and June 1962. However, businessmen were deeply disappointed in the failure of the tax reform proposals to carry through on promises to improve incentives for work and enterprise.

The Administration's Forecasts

"In his Economic Report, President Kennedy described the outlook for continued moderate expansion as favorable. He said he did not expect a fifth post war recession to interrupt our progress in 1963. Yet the bright optimism of last year's Economic Report has been replaced with a much more cautious appraisal and an emphasis on the failure of the economy to achieve full employment and rapid growth in the years since 1957. He expressed confidence that his tax program would correct these conditions by 1965.

"For 1963, the Council of Economic Advisers forecasts an increase in gross national product of $24 billion, or 4%, to $578 billion, understood as the midpoint of a $10 billion range. Such an advance, according to the President, "will leave the economy well below the Employment Act's high standard of maximum employment, production and purchasing power." Most private forecasts for 1963 have tended to cluster at or somewhat below the lower end of the $573-583 billion range projected by the Council.

Reason for Cautious View

"This more cautious view is prompted by the behavior of some of the more widely followed indicators of business activity. One index after another rose in 1961 and early 1962 and then showed little further progress during the remainder of the year. For example, the Federal Reserve index of industrial production (seasonally adjusted, 1957-59=100) advanced to 119.3 in July, held between 119 and 120 during the remainder of the year, and ended up at 119.6 in December. On the other hand, personal income and retail sales are still setting new highs.

"A curious omission from the President's messages — noted by Congressmen on both sides of the aisle—was any proposal for dealing with disruptive strikes. The forced settlement of the recent dock strike raised immediate fears that an unfortunate precedent had been set for the numerous major contract negotiations scheduled for 1963. After an 80-day Taft-Hartley cooling-off period and Federal mediation efforts failed to produce agreement, the President appointed a special three-man panel which worked out a two-year contract calling for added wage and fringe costs of 37½-39 cents per hour. This translates into increases of more than 5% per year, far out of line with the 'guideposts' for noninflationary wage behavior set forth by the Administration."

Bank Clearings Increased 7.1% Above 1962 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, Feb. 2, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 7.1% above those of the corresponding week last year. Our preliminary totals stand at $32,721,371,672 against $30,546,095,436 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. Feb. 2—	(000s omitted) 1963	1962	%
New York	$18,896,323	$17,264,639	+ 9.5
Chicago	1,320,830	1,322,291	— 0.2
Philadelphia	1,105,000	1,177,000	— 6.1
Boston	880,554	864,603	+ 1.8
Kansas City	494,549	507,850	— 2.6

Steel Output Increase Fractionally After Last Week's Decline and Is Down 23.4% From Last Year

According to data compiled by the American Iron and Steel Institute, production for the week ended Feb. 2 was 1,874,000 tons (*100.6%), as against 1,863,000 tons (100.0%) in the week ending Jan. 26. The week to week output increased 0.6%.

So far this year—through Feb. 2—the output of ingots and castings registered a 19.8% decline compared to Jan. 1-Feb. 3, 1962 production of 11,771,000 net tons (125.1%).

Data for the latest week ended Feb. 2 shows a production decline of 23.4% compared to last year's week output of 2,446,000 net tons (131.3%).

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 Feb. 2 1963	Jan. 26 1963
North East Coast	93	91
Buffalo	88	93
Pittsburgh	88	90
Youngstown	86	87
Cleveland	109	111
Detroit	148	151
Chicago	110	105
Cincinnati	117	121
St. Louis	109	108
Southern	88	85
Western	110	103
Total Industry	100.6	100.0

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

Steelmakers to Ship More Tonnage Than They'll Produce This Month

Steelmakers will likely ship more tonnage in February than they will produce, *Steel* magazine said.

The main reason: Bad weather has delayed shipments from mills.

Examples: Rivers froze in late January, forcing many inland mills to warehouse steel scheduled for barge shipment. And an ice gorge at Wheeling, W. Va., prevented tubemakers in the Pittsburgh area from barging pipe to oil country distributors.

Extremely severe weather east of the Rockies last week also prevented steel mills from realizing production schedules. Water, steam, and oil lines were frozen.

Output this week is expected to be slightly higher than the 1,863,000 net tons that *Steel* estimated the industry poured last week. January's production was about 8.4 million tons—largest of any month since last April.

The big freeze also slowed scrap trading last week. *Steel's* price composite on No. 1 heavy melting grade was unchanged for the third straight week at $27 a gross ton.

Sideways Output Expected This Month

Steel production during February will trend sidewise unless there is a sharp pickup in orders for March shipment, *Steel* said.

Steelmakers are producing at a level that is geared to consumption; they will have no reason to boost operations unless consumption accelerates or users start to build inventories.

Since no one expects consumption to go up sharply in February, it is apparent that inventory policies will have a decisive influence on the amount of steel produced.

Although plans for an inventory buildup are being laid, there is little urgency in the planning of most users. A Chicago mill reports after three straight weeks of increasing order volume that its backlog is still only 35 to 40% of what it was a year ago. A Pittsburgh mill says January was its best month for bookings in a year but concedes that its backlog is nothing to shout about.

Automakers, the biggest users of steel, hold the key to the upturn. As of now, some automakers' plans seem to be indefinite although suppliers of automotive parts are being urged to build steel stocks in case the mills are on strike after the middle of the year.

Steel said partmakers can expect an upturn in the next three months in orders for castings, machined components, fasteners, electrical equipment, electrical motors, mechanical rubber goods and belting, and other formed components.

While three-fourths of the respondents to *Steel's* quarterly survey of component inventories intend to maintain their present stock positions over the next three months, those expecting higher inventories outnumber those looking for lower stocks at least 2 to 1.

Better business and possibility of a steel strike are the principal reasons.

Sharp Steel Inventory Rise Expected in March

Steel users will add about a half-million tons to their steel inventories during the first quarter of this year, *Iron Age* magazine reports.

The bulk of this buildup will occur during March, and this rate of accumulation will extend through the second quarter. For January and February of this year, shipments and chew-up (consumption) will balance out.

The rate of inventory buildup is lagging about two months behind the normal rate of a steel labor contract year. In past years when steel labor negotiations were due, users were adding to their stocks in January and even earlier.

Iron Age points out that the hesitation is due to two principal factors:

First, the reopening clause provides for 90-day notice after May 1. This gives steel users a three-months time cushion to build inventories after notice to reopen the contract is given.

Second, there is growing doubt that the United Steelworkers of America will automatically file a notice to reopen on that date.

Strike Notice May Be Deferred

This doubt was increased last week by statements of industry leaders. They implied that David J. McDonald, President of the Steelworkers, might not reopen the contract on that date. This was backed up by statements that the Human Relations Committee was making progress.

The Human Relations Committee is composed of industry and union members, and has been studying a number of questions referred to it. It will report back its recommendations to the top bargaining group.

Another factor is involved in regard to the possible reopening date. This is cold union tactics. If a 90-day notice is filed May 1, this would bring a strike deadline to around Aug. 1. For purposes of union strategy, this would be the worst possible time of the year to call a strike.

Around Aug. 1, auto companies

Continued on page 38

Dow-Jones Averages And the Small Investor

By Roger W. Babson

Succinct explanation of the Dow-Jones Average is followed by a criticism of that index. It is dismissed as an "artificial" index with the virtue of marking the market swings and of being suitable to most people. Mr. Babson also describes the significance of Odd Lot and Short Sale changes, and intermixes investment advice which concludingly recommends the professional investor, or a "good" mutual fund or stock insurance company to the small investor.

There are four different "averages" reported in most newspapers and via radio and TV. They are the Dow-Jones, the Associated Press, the Standard & Poor's and the *New York Times*. They all tell about the same story; namely, whether the market went up or down during the day, and approximately how much. They are reported shortly after 3:30 p.m. each day except Saturdays, Sundays, and holidays.

What Stocks Are Followed

The D-J has three groups; (1) the Industrials totaling 30 stocks; (2) the Railroads, with 20 stocks; (3) the Utilities, with 15 stocks. The public follows the Industrial Group chiefly, as the movement of the other two groups is small, and usually follows the direction of the Industrials. The 30 Industrials are as follows:

Allied Chemical
Aluminum Co.
American Can
American Tel. & Tel.
American Tobacco
Anaconda
Bethlehem Steel
Chrysler
Du Pont
Eastman Kodak
General Electric
General Foods
General Motors
Goodyear
Int. Harvester
Int. Nickel
Int. Paper
Johns-Manville
Owens-Ill. Glass
Procter & Gamble
Sears, Roebuck
Std. Oil of Calif.
Std. Oil of N. J.
Swift & Co.
Texaco
Union Carbide
United Aircraft
U. S. Steel
Westinghouse Electric
Woolworth

How the Actual Quotations Are "Doctored"

Unfortunately, it seems necessary to add or cut out certain stocks at certain times. Furthermore, stock dividends, stock splits and other changes make adjustments necessary. Also, as these averages go back, the adjustments show up more. For instance, General Electric is quoted today at about 80; going back 10 years it was also quoted at about 80 (not allowing for stock split). This gives the reader no realization that if he had invested $100 in one share of General Electric stock 30 years ago, this one share would since have become worth about $1,800.

Importance of Patience

No one knows what the stock market will do next week or even tomorrow, but my associates may make an intelligent guess as to the market's movement during the next 30 days. The real fortunes which have been made in the stock market have been made by following the long swings, buying when prices were low and selling when high. These long swings vary in length from 5 to 10 years. One complete cycle sometimes takes 20 years.

When the Dow-Jones Industrial Index was started, it consisted of only 12 stocks. The prices of these 12 were added and the total divided by 12. This was simple, and not doctored. It was a real average; but as I mentioned above, the stock dividends, stock splits, etc., made it advisable to change the system. When I began to write this column, the number of stocks, as I remember, was 20; then in 1928, it was increased to 30 stocks. There also were some changes or substitutes. The market was very active, culminating in the panic and collapse of the market in 1929. This was followed by an almost continuous decline through 1930-1931 and the first half of 1932. Then the market turned upward for 4 years.

Here I might remark that after every violent decline and an upward recovery there usually is a second reaction. The big break which came on May 28, 1962, may prove an exception to this rule; but a secondary break from present prices would not be surprising. The market has recovered a little more than half way. Wall Street is divided as to whether we will now see another decline —perhaps lower than the last, or whether another bull market is on the way.

Change in 1928

In 1928 the market became so active that a new method of computing the D-J was devised; instead of merely adding the prices of the 30 stocks and dividing by 30, a divisor was developed. The divisor now stands arbitrarily at 2.988. I have never approved of this method, as we now cannot figure a dollar value to the Index. In fact, it truly is no longer an Average but purely an artificial "Index". However, it at least shows which way the market is going compared with the previous day, which suits most people.

Statisticians in brokerage offices will tell you that a one-point change in the Dow-Jones Industrial Index today means a theoretical change of about 10c in the dollar value of the 30 stocks now covered by this D-J Industrial Average.

The Dow-Jones Bond Average is a true mathematical average of 10 industrial bonds, 10 high-grade railroad bonds, 10 second-grade railroad bonds, and 10 public utility bonds.

Odd Lots and Short Sales

In concluding this column, I will refer to two other figures given out each day by the New York Stock Exchange. One is the Odd-Lot transactions, and the other is the reported Short Interest. If the Odd-Lot purchases are continuously increasing, it is a bearish sign to me because it means that "little people" are getting into the market and they are generally too late or wrong.

Of course, an increase in the Short Sales should be indicative of important news to those brokers who are closely watching the market. If these short sales are legitimate, it should mean that the "big people" are getting bearish. These should show how the big investors feel, in contrast to the Odd-Lot figures which show how the small buyers feel.

One Personal Word

Finally, let me tell you what my father, a wise investor of Gloucester, Mass., told me many times: "Roger, don't speculate. If you cannot beat the other fellow at your own business, which you should know, don't try to beat him at his".

The above means: Employ an Investment Advisory Organization of long experience under one management or—if you are a small investor with no capital and with savings of only $1,000 or $2,000 a year—invest in a good Mutual Fund or in the stock of an established Insurance Company which has a large carefully managed investment surplus and portfolio.

Nuveen Expands Seattle Office

SEATTLE, Wash. — John Nuveen & Co., national investment banking organization with principal offices in Chicago and New York,

James G. Frazer William J. Rex

has completed arrangements in its Seattle regional office for departmentalized operation, according to Chester W. Laing, President.

William J. Rex, a veteran sales representative of the company, will head the Sales Department of the Seattle Office and be responsible for the company's sales operations in Washington, Oregon, Idaho and Alaska. Mr. Rex comes to Seattle from Nuveen's regional office in Omaha, Neb., which he helped to establish. He is a specialist in institutional and dealer sales.

James G. Frazer, Regional Manager, who established the Seattle Office in 1959, will now devote his full attention to syndication, underwriting and special originations for the company in the same area.

Wm. H. Pflugfelder Forms Own Co.

William H. Pflugfelder, member of the New York Stock Exchange, has announced the formation of Wm. H. Pflugfelder & Co., successor to Plugfelder & Rust, 61 Broadway, New York City. Mr. Pflugfelder was a partner in the predecessor firm.

Forming Spain Credit Bank

Morgan Guaranty Trust Company of New York, through a subsidiary, is joining with Banco Espanol de Credito of Madrid, a leading bank in Spain, in forming a new investment bank in that country. Four leading banks from other European countries, as well as the International Finance Corporation, an affiliate of the World Bank, are also participating in the new institution.

The new bank, headquartered in Madrid, is to be called Banco de Desarrollo Economico Espanol (BANDESCO). It will conduct a general investment banking business with emphasis on the promotion and development of industry in Spain through long-and medium-term loans and through underwriting of debt and equity securities of Spanish companies.

Banco Espanol de Credito and its affiliate, Banco Guipuzcoano, under whose joint initiative the new institution is being formed, will together own the largest participation in the new bank.

The other European participating banks are Barclays Bank Ltd. of London, de Rothschild Freres of Paris, the Deutsche Bank of Frankfurt, and Banca Commerciale Italiana of Milan.

The Chairman of the new bank will be the Marques de Deleitosa, Chairman of the Banco Espanol de Credito.

Morgan Guaranty Trust Company's participation will be through its Edge Act subsidiary, Morgan Guaranty International Finance Corporation.

The new institution will operate under a recent Spanish government decree providing for the establishment in Spain of investment banks as a means of stimulating the mobilization of capital for investment in Spain's fast-growing economy.

In announcing the Morgan Guaranty participation, Thomas S. Gates, President of Morgan Guaranty Trust Company and Chairman of Morgan Guaranty International Finance Corporation, said: "The establishment of Banco de Desarrollo Economico Espanol reflects the recognition in international financial circles of Spain's rapid progress toward developing its economy and expanding its industrial base.

"BANDESCO represents one more institution for rasing capital in Western Europe and thus lessening the foreign demands on U. S. capital that have been cited as a detriment to the U. S. balance of payments."

Spain applied in February 1962 for association with the European Economic Community. Negotiations toward some form of gradual association with the Common Market, such as that already approved for Greece, are now going forward.

In March, 1961, a team of experts from the World Bank visited Spain at the invitation of the Spanish Government. Their 352-page report, "The Economic Development of Spain," was placed in the hands of the Spanish Government some months ago. A number of its recommendations are now being implemented and plans for the adoption of additional measures suggested are under way.

Mitchell, Hutchins Branch

BURLINGTON, Vt. — Mitchell, Hutchins & Co., Inc., has opened a branch office at 138 Church St., under the management of Robert R. Bensen.

Form Willson, Goldwyn

COCOA, Fla.—Willson, Goldwyn & Strange, Inc. has been formed with offices at 511 Delannoy Ave. to engage in a securities business. Officers are Jerome H. Goldwyn, President; Irving F. Willson, Vice-President; and Gilbert Strange, Secretary and Treasurer. All were formerly with Jay Morton & Co., Inc.

1963 Will Be Transition Year Before the Big Surge

By Leo Cherne,* Executive Director, Research Institute of America, New York, N. Y.

Skilled prognosticator offers his panoramic review of domestic economic and international political problems and possibilities lying ahead to the Sales Executive Club of N. Y. for the 23rd annual consecutive time to that group. Mr. Cherne predicts 3% GNP rise to $570 billion and a 5½% gain in business capital spending compared to 1962; anticipates favorable tax-cut action with a July 1 effective date; and opines that the 3% increase in young, marriageable adults will leap to 6% year to year gain in 1964 offering a favorable omen for the business outlook. Mr. Cherne notes the toughening change Washington is taking toward foreign aid; the problems we face in Central and South America; and subtle shifts in our relations with our Free World partners. He is confident that we are getting on the right track in the economy and internationally for the "big surge."

Part of the problem in forecasting what's ahead for 1963 flows from the meaning economists give to words. There are those who expect a recession within the next six months, there are those who expect equilibrium, and stability, and there are those who, when they look at 1963, say 1963 will reach new highs.

Leo Cherne

In our opinion, they're all saying exactly the same thing.

And they will all be right, they will all find the data to demonstrate that, in fact, they were right, because that is the nature of the year ahead.

Our Slowed Growth

The next few months will be months of mounting difficulty for those who manufacture things. The difficulties simultaneously, will be masked by continuing good automobile sales—though not as good as November-December's automobile sales—masked further by increasing consumer spending, and still further than that by increasing government spending.

Some of the confusion flows from the fact that any economist can anticipate with close to certainty that consumer income will rise. Now, the significant trouble point isn't in the rise, but in the cold fact that consumer incomes are not rising fast enough. Spending for consumer services—rent, transport, leisure—has been growing at a steady two billion dollar rate year after year. With incomes merely notching up, this continued rise in service outlays must inevitably steal from spending for durables—consumer goods. Housing starts will be down. We expect they'll drop 3-4% in this year ahead with consequent little cheer for home furnishings, appliances, and so forth.

Business spending presents another way of understanding the problem. The latest McGraw-Hill survey of business plans forecasts a 3% rise for the total year 1963 over 1962. But here's the kicker:

This would mean no rise at all from current levels, since the second half of 1962 was already running 4% ahead of the first half of 1962.

Our expectations in detail are as follows:

Gross National Product for 1963 should reach $570 billion—3% up.

Industrial Production should reach an index 121 to 122, also 3% up—hiding, however, an unhappy first half on industrial production.

Business Capital Spending—we expect a 5½% rise over 1962.

Housing Starts—down 3%.

Consumer Spending—up 3%.

The Consumer Price Index—we expect a further creep of 1½% up in prices.

Unemployment: Here's a critical one. We're running (and have been running) at about 5 7/10% of the employed population. The Research Institute anticipates the maintenance of the 5 7/10%.

I personally think we'll hit the unhappy figure of 6% unemployed sometime during 1963.

Government Spending: up 7%.

Now, this is one year when these totals will tend to mean very little for the individual company. There are those who will prosper during 1963 and those who will sweat for each dollar of additional business — because this economy as I've described it, is one that's running fairly hard first to stand still. And in that economy the premium is on energy, sales.

I'm indicating no R.I.A. anticipation on corporate profits for a simple reason: since the new depreciation rules there frankly is not yet the data which enables any of us to accurately measure corporate profits. We've got to have experience with them for about a year.

An important factor in the slow economic growth of this last year and the one we're entering—and we will begin to see the end of it before the end of 1963—has been the changing population mix. For the last seven years the "hollow generation" of the 1930's has been passing through the age groups that account for most of the marrying, household formation, housing demand, and so forth.

Planning Now for Population Spurt Next Year

Now, here's where to take heart. The "war babies" are finally just about coming of age.

In 1960 and '61 the population in the 21 to 24-year age group was increasing at the rate of about 1½% a year.

In '62 it increased that 2½%. In '63 it will be 3%, in '64 it will be 6½%—that's how big the jump will be next year.

And in 1968—the year the post-War class of '47 turns 21—this 21 to 24 age bracket will grow by 8% in one year. And some companies will do enough, plan enough, act enough, make enough and sell enough to take their giant share of that extraordinary bulge.

So much for the economy.

Legislation:

My guess is that whatever is done on the Rules Committee, there will not be any Medicare Bill this year—less because of the Rules Committee than because of the fact that Medicare would tend to be more useful in the Presidential year of 1964 than in 1963.

On aid to education for primary schools and high schools—nothing.

Colleges? Yes. This year.

This will be a one statute Congress. In fact, the big question is, can it get that one law finished in the half year required?

Anticipates Favorable Tax Cut Action

That law is tax cut.

Not tax reform—tax cut. The more tax cuts get mixed up with tax reform, the less prospect there is of tax cuts.

On a tax cut our guess at the Research Institute is that it will be passed, and that if we were to bet on a starting date we would say effective July 1—not retroactive to Jan. 1. And there are a couple of good reasons—one in particular for an effective date of July 1. If Congress doesn't take any action that's the date 5% of corporate taxes gets wiped out anyway. In other words, it takes an Act of Congress to keep the corporate rate where it is now. And you won't have a reduction in corporate rates without a reduction of individual rates.

Incidentally, while we look just briefly at the urgency of increasing incentive for investments and for spending, many people have not noticed, or may not yet be aware of the fact, that starting just last week 2 billion dollars of new money began coming out of taxpayers' pockets in the increased rates for Social Security taxes.

So that while our attention concentrates on adding some $5 to $8 billion to private spending by reducing taxes, $2 billion is being taken out in the meantime.

Khrushchev in Berlin

Now for the world around us:

In some ways the single most important event will turn out to be Berlin. Unlike the Party Congresses which have within recent weeks occurred in Hungary, in Bulgaria, in other Soviet bloc countries, the Party Congress in East Berlin of Jan. 15 will be the first one attended by Premier Khrushchev (he sent subordinates to the others.)

Why would Khrushchev go to Berlin?

I wish I were making these remarks two weeks from now. Because now I can only guess—here are my guesses:

My very strong feeling is that his visitation to Berlin is not designed to heat up a new Berlin crisis. In fact, quite the contrary, it will appear as though he is offering a way of *terminating* Berlin crises.

I believe that Khrushchev in Berlin will unveil the Soviet Union's ace-in-the-hole—a piece of bait really directed to the Government of the Federal Republic of Germany to come to terms with the Communist Government in East Germany.

It is our judgment that Khrushchev sees this as a moment of weakness for NATO (as well as for himself.)

It is our judgment that he knows he cannot heat up Berlin today without running something of the risk that he ran in Cuba—but he can do the opposite.

He can *appear* to de-fuse Berlin, yet introduce a really much more powerful fuse — because he has only one aim in Berlin—to separate all of Germany from the rest of Europe.

The Kremlin's interest in Berlin is not Berlin. It's Europe. It is the old Kremlin maxim that Berlin is the key which unlocks the gate to Germany and Germany is the key which unlocks the door to Europe.

It is our expectation, therefore, that the heart of Kremlin policy within the next few months will be: Offering to Europe (and particularly to Germany) that sweet, lovely, French-sounding thing without curves (or filled with them, depending how you look at it—) called *detente*—the easy way out, the profitable way out.

For Germany there is always one powerful impulse. The country is divided, The Wall separates Berlin, Khrushchev's bait will be, "Gentlemen, get together, talk to each other. We can make arrangements, families can visit each other. If this works out, we'll take the Wall down—especially if you build one between yourselves and France (and the United States.)"

The euphoria in the United States which followed Cuba is in certain ways well warranted and justified. The action of the President was one of the extraordinary high-water marks of American decision. But it was not the end of the Cold War. And it distracts our attention from the fact that there are places where things are not going better since Cuba—there are some that are going worse.

Disquieting World Trends

Many may not be aware of the fact that the day before yesterday one of our really good friends, General Ayub Khan of Pakistan, notified the United States that Pakistan was considering withdrawing from SEATO and CENTO.

You may not be aware of the fact that we were not supported in Cuba by a European nation which has supported us come hell and high water since 1947—Italy. Now, the Italian Government has made its peace with the left-wing party—the Left-wing Socialists—and the price of that peace is Italian neutrality.

In the first week of January, 1963, Guatemala, the most anti-Castro of the Latins issued a communique in which President Ydigoras of Guatemala said "Guatemala has filled its quota of anti-Castro activities." It issued this statement simultaneously with its expulsion of the four leading Cuban exile leaders, and its warning to other exiled Cubans in Guatemala that they have to be "neutral."

Why?

Because Guatemala fears the 700 Guatemalans who are at this moment being trained by Soviet technicians in Cuba under the leadership of Communist Jacobo Arbenz, who, as you recall, left Guatemala hurriedly some years ago with a small assist from the CIA.

The last lines of the communique are particularly interesting—they were directed to Castro as much as to us. They said: "Guatemala awaits reciprocity".

The reason?

We had a twenty-to-nothing vote with us in October. That response was phenomenal. Nobody would have believed it. But it was a response to doing something. And Guatemala, correctly or not, believes that our quota—the U. S. quota of anti-Castro activities—has, for the moment, at least, not been filled,

There are other difficulties which in no sense are of our making. In some ways we derived a certain emotional satisfaction, not from the pain inflicted by China on India, but from the fact that we told India over and over again that this would happen. And there was a certain understandable (perhaps meanly human) reaction—"It serves them right!"

And even more understandably, there were few Americans weeping tears at Khrishna Menon's departure from the Indian political stage.

But whatever momentary satisfaction we took, it is important that we observe that China gained great dividends. The neutrals had for years been talking the language of lofty morality and principle, but when they were asked to stand up and be counted at India's request, they couldn't be found.

And this, too, is understandable.

The same dilemma that faced Pakistan faces Burma, Malaya, Ceylon, Laos.

Whatever else happened in India, China did not emerge weak. And each of these nations knows **they** are.

This euphoria we've been enjoying has veiled some continuing problems, and vexing problems they are. In fact, it is reported that Vice President Lyndon Johnson has an amusing great routine. He gets into his plane and he tells his pilot. "Go anywhere, we got troubles all over!"

But if our troubles have increased, certain of our capacities have also increased.

The Team in Washington

A Government was formed in the Fall of 1962 in Washington.

Perhaps as Americans we have a silly expectation that a moment at the ballot box automatically creates a government. It doesn't. It just elects men.

And there is no real training school for this, as no one in the entire country knows better than Jim Farley—you learn by doing, or you don't learn.

This Government learned by doing in 1962. A hard team has learned in the White House. In some respects I'm not sure that the team may not be a little harder than the President. It's easier for them to be, because the President makes the decisions. The team advises.

But the team has shaken down. And now in the White House there is the group of Bundy, McNamara, Taylor, Bob Kennedy, McCone, Rusk — and not very far in the wings — Dean Acheson — about as tough a group as has ever been assembled.

But I caution against expecting that the tough group will hunger to take tough action.

They will not.

By and large they will be happy to face no problems; they're not going looking for them. They intend to face them as and if they arise, and would just as soon see 1964 come without a single other crisis—except one.

They would like to see a crisis of health affect the bearded one in Havana — literally that — because there are no other present plans to assure his political demise. There are plans to make government more difficult, more costly in Havana, to make shipping more expensive, to make it tougher on the allies who use their ship bottoms to feed Castro, but there are no present plans to set into motion again the prisoners who were released, or the thousands of others in Miami, New York — elsewhere — itching to go back.

Thus far, there are no such plans. There may be before '64; there aren't now.

The toughness, in fact, of which I spoke, reflects itself in other ways. But the obvious limitations of time permit me to give the oversimplified impressions, the headlines.

New Toughness Toward Foreign Aid

The new team has no enchantment with the United Nations. It will use it or not depending on the circumstances. It has no great admiration for the glass building on the East River.

The new mood and the new toughness reflects itself in still another way—in a decision which has already been reached that, "Look boys, we've had it with foreign aid!"

That doesn't mean we're through with it. It means the expectations have been narrowed, and the ceiling on amounts has been accepted in the White House. The Commission which has been formed to study foreign aid under the Chairmanship now of General Lucius Clay is but one of a series of commissions which have studied foreign aid—but this one has a difference. It starts with no illusions and no great expectations—but at the same time with the knowledge of a dilemma—of a problem which seems to have no solution — which President Kennedy referred to in his television interview when he noted (and unhappily, accurately) that the rich of the world grow richer and the poor grow poorer, and nothing we or anybody else has been able to do has thus far really altered that fact.

Our attitude towards Europe has taken a radical change within the last ninety days. Some parts of this have not yet been expressed, but there's a growing feeling in Washington that we'd better protect our own scalp inside the Common Market; there's a growing concern whether our hide will be taken by the time the negotiations get under way—as they will towards the end of '63 and 1964. And I must say, if I were to pick the one man whose responsibility I envy least, and whose courage I admire most, it would be former Secretary of State Christian Herter, because of the responsibility he's assumed for the negotiations on the tariff rates.

An aura of change is already visible in our relationships with our three main allies. For many practical purposes there no longer is an Anglo-American partnership —there is an important Anglo-American alliance.

And that's a profound change because we have other alliances. We only had one partnership.

The other alliances we have—the major ones—are with Germany and with France, and, in some ways the one with France becomes the more captivating precisely because with de Gaulle, it's the more difficult.

On the one with Germany, Washington is just waiting for Adenauer to leave, really just temporizing, waiting for his successor.

These last couple of months have seen the end of America's love affair with the neutrals. But don't read too much in this. I'm not suggesting that we're now going to take positions against the neutrals. But this is an open-eyed, unromantic relationship now. It doesn't have much sentiment mixed into it; it has no great expectations; it knows that the UN has become their club—and though it will never be said, it's one of the reasons that we're not quite as happy as we were with that club.

The Administration is racking its brain for some way of solving what it has learned to be among the most difficult problems—the problem of South America.

Problem of South America

There's the fact that the Alliance for Progress has stalled—there's a growing awareness that there isn't the time, there aren't the resources, and there doesn't appear to be the will down there to get this one moving.

The other day a ninety-day credit was about to be granted to Brazil. Ninety-day credit!

Brazil will likely take it because she needs the money, but a ninety-day credit is a vote of the most supreme lack of confidence. With good reason.

Most troublesome, in the general leukemia of South America are those two giant states with fantastic resources and even vaster mismanagement — Brazil and Argentina. And no one has any illusions that statesmanship will arise and discipline solve these problems.

The Administration is impaled on the problem of the Sino-Soviet split — impaled not because it wonders whether there is a split —there is a split! But impaled on whether it's good or bad and what it is you do about it.

Because it isn't automatically good for us that these are split. It tends to make the Chinese more inventive, more urgently belligerent. And it puts the heat on the Russians because they know they're in a giant contest for the control of the World Communist Movement—that's exactly what's involved.

And before China is finished she will unveil the fact that she is really trying for a colored nation's monopoly of world Communism.

Summary Outlook

If I had one way of describing in these last few words the essence of the year we enter, it would be to describe it as the end of illusion.

The United States has followed with good heart, great courage, high hope, mighty purposes and some giant illusions. And some of the giant illusions are stripping away.

There's a growing awareness that there aren't easy answers for complex problems.

This, in some respects, is the beginning of America's participation in the Cold War, not the end of it; this is the beginning of America's use of power, not the end of it—this is the fruit of the victory we partially gained in Cuba.

The happiest thing about Cuba was that the Soviet Union took their visible missiles out. But make no mistake, the most important thing about Cuba was that the Soviet Union was willing to take the risk of putting those missiles *in*. There are many lessons in the Cuban crisis, and they will be a long time in being fully absorbed. But two already stand out clearly:

First, this was an assertion of *power*, an acceptance of the theorem that "policy" is real and valid only to the extent that within it inheres the element of *will*. However reluctantly, we did recognize that this was the imperative that could not be evaded any longer.

Second, therefore, this was a crisis within ourselves. What we had long assured ourselves we would do "if they pushed us far enough" but which we really doubted we might do, now was done. There might be a turning back from these deeds; the voices of pacificism and the fear of war might yet cause our leadership to retreat from the rim of the abyss. We might yet become so terrified with how close we were to Armageddon, that we would undo it. But at that historic moment and until the white heat was drawn from the immediate crisis, there could be no doubt of the enormous step we had taken.

1963 will be an in-between year—in the economy and internationally. The year before the big surge.

If my theme a year ago was "What's wrong?" the essence of what I've said today is to underline what's right.

*From an address by Mr. Cherne at the Sales Executive Club of New York, New York City

Southwestern Public Service Bonds Offered

An offering of $14,000,000 of 4⅜% first mortgage bonds due 1993 of Southwestern Public Service Co. is being made by an underwriting group headed by Dillon, Read & Co. Inc., New York.

The bonds are priced at 100.75% to yield approximately 4.33% and will be redeemable in whole or in part at the option of the company at prices scaling downward from 105.13% if redeemed during the 12 months ending Dec. 31, 1963 to 100% if redeemed on or after Jan. 1, 1992; and for an improvement fund initially at 100.75%; in each case with accrued interest to the date fixed for redemption.

The company proposes to apply a portion of the net proceeds from the sale of the bonds to the payment in full of bank loans outstanding in the amount of $3,000,000, obtained for the construction of additions and improvements to its properties and the balance of such proceeds will be added to the company's general funds and will be available for the payment of further costs of additions and improvements.

Headquartered in Dallas, the company is engaged in the generation, transmission, distribution and sale of electric energy, over 99% of its operating revenues having been derived from this service during the fiscal year ended Aug. 31, 1962. The company also provides water service in the city of Clovis, N. Mex. The territory served by the company includes the Texas and Oklahoma Panhandle, a greater portion of the South Plains region of Texas and the Pecos Valley region in New Mexico. The present population of the territory served is estimated by the company at 875,000.

Sprayregen to Admit

On Feb. 15, Irving Hochberg will become a limited partner in Sprayregen & Co., 26 Broadway, New York City, members of the New York Stock Exchange.

FROM WASHINGTON . . . Ahead of the News

BY CARLISLE BARGERON

If Mr. Kennedy were to go after his education legislation piece by piece the indications are that he could get much of it. But instead, he insists upon lumping his many proposals into one package with the chances that he will get none of them.

A couple of weeks ago he dropped into Congressional hoppers a package containing 24 pieces of Federal aid to education, many of which have been opposed before. He thereby aroused grave doubts that any legislation will be enacted. Indeed, there is some doubt whether the omnibus bill will ever get out of committee. The situation could be remedied, for example, by separating Federal aid to colleges from Federal aid to elementary schools. In fact, bills dealing exclusively with aid to colleges are already in preparation—some have already been introduced.

The ranking Republican on the House Education and Labor Committee, Representative Peter Frelinghuysen of New Jersey, has described the lumping together of these many proposals for Federal aid to education as political cynicism of the worst sort. He believes that a prime need is for Federal aid to colleges, with both grants and loans to the institutions of higher learning, public and private. The Administration bill provides for loans. Mr. Frelinghuysen is convinced it is a serious mistake not to provide also for grants in view of the situation of colleges today.

The New Jersey Republican insists the Republicans are not opposed to Federal aid to education, but he maintains that it should be discriminating. The administration has presented a bill, not only ill-advised, but also without any real price tag, a program that could run into many billions beyond the amount so far specified. There are many Democrats in Congress who have much the same feeling—and some of them are strongly opposed to the Administration's program for the elementary schools. Mr. Frelinghuysen contends that the problem of aid to education is pressing and that it should not be dealt with as a partisan political issue.

The education bill faces opposition, as it stands, from many groups in Congress. Some members believe that the Federal Government should keep hands off the elementary school system; that the aid filtered through Washington could be better provided by the states, and communities themselves. Others are opposed to going into programs that will swell Federal spending at a time when the Government is spending many billions of dollars more than its revenues.

There is another group that is ready to go to the mat over the discrimination in Federal aid to elementary schools, that is against a system which declines to give aid to private schools, particularly parochial schools. This group feels that by removing millions of pupils from the public school system, thereby reducing the cost of the public school system by millions of dollars, private schools are entitled to aid, too. There are other members of Congress who feel strongly that the Federal Government should not contribute to teachers' salaries.

A strong argument is made by those opposed to Federal spending for aid to the public schools as proposed by the Administration. They point out that the states and localities are doing a real job in providing more and more public classrooms. They go to the recent announcement by the Department of Health, Education and Welfare that last year, for example, 72,000 classrooms were constructed. In other words, states and localities are making real progress towards meeting the needs of public school construction.

Phila. Bond Club Elects Officers

PHILADELPHIA, Pa. — Theodore E. Eckfeldt, a vice-president of Stroud & Company, Incorporated, has been elected President of The Bond Club of Philadelphia.

Theodore E. Eckfeldt

Mr. Eckfeldt was elected at the annual meeting and election of the club on Thursday evening, Jan. 24, at The Barclay Hotel. He succeeds Edgar J. Loftus of W. E. Hutton & Co. whose term expired. Other officers elected were: Phillips B. Street of The First Boston Corporation, Vice-President; Frank L. Newburger, Jr. of Newburger & Co., Treasurer, and Richard W. Hole of R. W. Pressprich & Co., Secretary.

Mr. Loftus was elected to the Board of Governors to serve for one year. Leighton H. McIllvane of Goldman, Sachs & Co. and Theodore C. Sheaffer of Janney, Battles & E. W. Clark, Inc. were elected to three-year terms.

Badgley Named Mgr.

PORTLAND, Oreg.—Edwin M. Badgley has been named manager of the Portland office of Francis I. duPont & Co., 506 Southwest Sixth Avenue.

J. Gilbert Robbins, Sr., former manager who was for many years senior partner of Campbell & Robbins, a well-known Portland investment firm before it merged with Francis I. duPont & Co. in 1961, is relinquishing his managerial responsibilities in order to devote his entire time to servicing the requirements of his many investment accounts. His son, James G. Robbins, Jr., is the associate manager.

Mr. Badgley returns to Portland from Francis I duPont & Co.'s Seattle office, where he was associate manager. He had previously been affiliated with Portland investment firms for nine years before moving to Seattle in 1953.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Aid to Education

In the investment community, where an argument on almost any subject not only can be arranged but is often unavoidable, there is no disagreement these days on the issue of Value vs. Vogue stocks. Just about everybody craves quality. Du Pont, General Motors, Norfolk & Western, the international oils and their ilk are the darlings of the day.

Given this situation, the annual study of Boston Fund, which discloses how some of our larger colleges and universities are investing their funds, is most welcome. Boston Fund, which began making these yearly studies back in 1954, has never varied from a practice of providing the data on these endowment funds without criticism or comment, letting the facts and figures speak for themselves. Sixty-four higher seats of learning are covered in this latest study with endowments ranging in size from some $6 million to over $709 million (Harvard). Incidentally, Boston Fund follows much the same concept of balanced investing as many college endowment, trust and other institutional funds.

And what is the favorite stock of the 64 institutions under study? Standard Oil Co. (New Jersey), which has been setting new market highs this year after several years of being out of favor in Wall Street. To regain its position as the largest, in terms of market value, Jersey had to displace International Business Machines, daddy of the growth stocks. Indeed, I. B. M. fell all the way to the No. 3 slot, as another oil, Texaco, wound up second.

The balance of the top 10 included American Telephone & Telegraph, Gulf Oil, California Standard, General Motors, Eastman Kodak, Du Pont and General Electric. Interestingly enough, G. E. is a newcomer to the list, replacing Christiana Securities.

Boston Fund compares the top 10 of the schools with the 10 favorites of the investment companies, based on Vickers Favorite 50. It shows that Kodak and G. E. excepted, these issues also end up among the first 10 with investment companies whose combined assets approximate $24 billion. Ford Motor and International Nickel take the place of Kodak and G. E.

While bank stocks, which are dealt in on the Over-the-Counter Market, don't turn up among the school favorites, they are nevertheless prominent in these portfolios. The big New York banks predominate, although First National of Boston and First National Bank of Chicago represent sizable investments.

Nor are insurance companies neglected. Travelers Insurance and Insurance Company of North America are leaders.

Campus thinking isn't much different from workaday Wall Street, however, when it comes to the railroads. Santa Fe, Union Pacific and Southern Pacific represent multi-million-dollar investments, but the other carriers get scant attention.

Public utilities (exclusive of telephone and gas equities) have considerable appeal for the colleges, which must be extremely conservative in their approach to investing. That group is topped by Middle South Utilities, Texas Utilities, American Electric Power, Consumers Power and Commonwealth Edison. Indeed, every segment of the map is represented in the utility category.

It may be useful to fund folk and individual investors to note the breakdown of college investments. The common stock position stood at 50.3% and bond holdings accounted for 34.1%. Preferred stocks represented a mere 1.7%, real estate and mortgages 9.8% and miscellaneous investments 4.1%.

Whether you're associated with a growth, balanced or any other kind of fund, the annual study prepared by Boston Fund is well worth reading. In its 20 pages are packed a wealth of information. You'll not only learn what our colleges and universities do with their money, but may get some ideas about what to do with the money entrusted to you or your own.

The Funds Report

Abacus Fund in its annual report puts net assets at Dec. 31 at $35,210,426, equal to $41.15 a share, against $46,121,471, or $53.90 a share, at the end of 1961.

* * *

Atomics, Physics & Science Fund reports that during the last three months of 1962 it made new investments in Commercial Solvents and Indiana General Corp. It eliminated American Potash & Chemical, Fairchild Camera & Instrument and Ogden Corp.

* * *

The annual report of **Carriers & General Corp.** shows net assets of $17,811,984, equal to $31.75 per share, at Dec. 31. This compares with $20,594,213, or $36.71 a share, a year earlier.

* * *

Century Shares Trust reports that at the end of 1962 total net assets amounted to $100,438,826, or $13.13 a share, against $100,571,587 of assets and $14.78 a share at the end of 1961.

* * *

Chemical Fund reports that at the end of 1962 net assets were $256,150,528, or $10.21 a share. This compares with assets of $313,698,314, or $12.38 a share, on Dec. 31, 1961.

* * *

The de Vegh Investing Co., Inc. puts net assets at Dec. 31 at $7,959,000, or $16.57 per share, compared with $9,568,109 and $18.84 a share at the end of 1961.

* * *

Net assets of **de Vegh Mutual Fund, Inc.** at Dec. 31 were $18,380,450, or $56.15 per share, compared with $25,006,447 and $68.49 a share a year earlier.

* * *

Total net assets of **Dividend Shares, Inc.** at Dec. 31 were $301,331,319, or $3.13 a share. This compares with assets of $340,877,765 and share asset value of $3.63 a year earlier.

* * *

Eaton & Howard Balanced Fund reports net assets at Dec. 31 amounted to $208,420,705, equal to $11.93 a share. A year earlier value per share was $12.87, while assets were $225,383,061.

* * *

Eaton & Howard Stock Fund reports net assets at Dec. 31 amounted to $183,748,622, or $12.71 a share, against $212,015,022 of assets and $14.98 a share a year earlier.

* * *

Financial Industrial Income Fund reports that at Dec. 31 net assets were $3,432,882, or $8.91 a share. A year earlier assets were $2,467,765, or $9.75 a share. At the close of the fiscal year on June 30, 1962, assets amounted to $2,631,573, equal to $8.25 a share.

* * *

Net operating income, excluding net gains in sales of investments, of **Investors Diversified Services, Inc.** and its wholly-owned subsidiaries in the year ended Dec. 31, 1962, was $17,465,598, or $12.01 a share. This compares with $17,835,597, or $12.27 a share, for the preceding year. Net gain from sales of investments was $3.30 per share in 1962, compared with 10 cents a share in 1961.

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Net assets of **Madison Fund, Inc.** for 1962 were $141,350,812, compared with $173,593,988 at the end of 1961. Assets per share declined to $18.06 from $24.05 at the end of 1961.

* * *

Massachusetts Investors Trust reports that at the close of 1962 net assets totaled $1,591,783,189, or $13.32 a share. This compares with year-earlier assets of $1,799,875,825, equal to $15.55 per share.

* * *

Mutual Accumulating Fund reports that at Dec. 31 total net assets were $43,874,552, or $3.50 a share, against assets of $38,685,021, equal to $3.74 a share, at the end of 1961.

* * *

Mutual Income Fund reports net asset value per share of $5.09, against $5.73 a share a year earlier.

* * *

Mutual Bond Fund reports that at the close of 1962 assets were $2,451,598, equal to $7.21 per unit, against $1,893,716, or $6.80 a unit, a year earlier.

* * *

Mutual Bond Income Fund reports net asset value per share at Dec. 31, 1962, was $5.72, up from $5.65 a year earlier.

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National Investors Corp. reports that at Dec. 31 net assets amounted to $302,099,983, or $13.86 per share. Value per share at the start of 1962 was $16.87.

* * *

Nelson Fund reports net assets at the end of 1962 were $4,275,614, or $2,117 a share. This compares with assets of $5,224,810, equal to $2,564 a share, at the end of 1961.

* * *

Scudder, Stevens & Clark Common Stock Fund reports that at Dec. 31 net asset value was $52,679,044, equivalent to $9.41 a share, against $52,438,595, or $10.94 a share, a year earlier.

* * *

Scudder, Stevens & Clark Fund puts end-of-year net assets at $93,336,655, or $18.16 a share. This compares with assets of $89,912,293, equal to $20.63 a year, at the end of 1961.

* * *

Selected American Shares reports that at Dec. 31 total net assets were $110,037,310, equal to $8.97 per share. This compares with assets of $124,717,568, or $10.79 a share, a year earlier.

* * *

Trustees of **Shareholders' Trust of Boston** report that at the end of 1962 total net assets were $64,778,875, or $10.20 a share, against $60,610,511, equal to $11.34 a share, at the end of the preceding year.

* * *

State Street Investment Corp. reports that at the end of 1962 total net assets amounted to $202,917,460, or $36.46 per share, compared with assets of $237,677,289, or $43 a share, at the end of 1961.

* * *

Wall Street Investing Corp. reports that at Dec. 31 net assets totaled $11,899,641, equal to $8.69 a share. Share value a year earlier was $10.06.

* * *

Winfield Growth Industries Fund reports that at Dec. 31 net assets amounted to $9,100,111, or $6.83 a share. This compares with assets of $7,665,104 and value per share of $8.78 at the end of 1961.

Hauser, Murdoch Branch

AUSTIN, Texas — Hauser, Murdoch, Miller & Co. has opened a branch office in the Perry-Brooks Building under the management of Wayne McConnell.

Jones V.-P. of Four Funds

ELIZABETH, N. J. — Thomas C. Jones has been elected a Vice-President of Fundamental Investors, Diversified Investment Fund, Diversified Growth Stock Fund and Westminster Fund, it was announced by Hugh W. Long, President.

Thomas C. Jones

Mr. Jones will be the senior market specialist for the funds and will be responsible for all purchases and sales of securities for the group.

For the past 24 years, Mr. Jones was associated with Keystone Custodian Funds in Boston, most recently as manager of the investment department. He is a graduate of the Bentley School of Accounting and Finance.

Bell Telephone Of Pennsylvania Debens. Offered

The First Boston Corp., New York, as manager of the underwriting group, has announced a public offering of $50,000,000 4⅜% debentures of The Bell Telephone Co. of Pennsylvania. The debentures, due 2003, are priced at 101.625% and accrued interest to yield approximately 4.29% to maturity.

From the proceeds of the sale, the company intends to repay about $42,500,000 of outstanding advances from AT&T, its parent organization and to use the remainder to reimburse its treasury for expenditures made for extensions, additions and improvements to its plant.

The debentures will not be redeemable prior to Feb. 1, 1968. Beginning with that date the redemption price will be 105.125% to and including Jan. 31, 1969, and redemption prices thereafter will range downward to the principal amount on and after Feb. 1, 1998.

Headquartered in Philadelphia, Bell Telephone had 4,517,978 telephones in service as of Sept. 30, 1962. Of these, about 44% were in the Philadelphia metropolitan area and 23% in the Pittsburgh metropolitan area.

Byrd Bros., King Admit Dimond

Renwick Bauer Dimond has been admitted to general partnership in Byrd Brothers, King, 21 West Street, New York City.

Customers Brokers to Hold Meeting

The Association of Customers Brokers of New York will hold an educational forum on Tuesday, Feb. 12, at 15 William Street. The subject of the forum will be "Outlook for Stock Prices in 1963."

Members of the panel will be Anthony Gaubis, publisher of Business and Investment Timing, and R. W. Mansfield, publisher of a stock chart service.

COMMENTARY...

BY M. R. LEFKOE

Laissez-faire capitalism had its chance, but failed miserably. Its failure, however, was not caused by any external force. Inherent in the very nature of free enterprise are defects and flaws which, if not corrected by the government, necessarily will lead to economic chaos and the ultimate enslavement of both consumers and workers by predatory businessmen. Those who dare question this fact need only look at history—the era of the late 1800's before the government stepped in to regulate and control business, when competition was stifled completely by the robber barons who ran the nation.

This historical account of "original sin" applied to capitalism has been repeated by America's leftwing politicians and intellectuals so often and in so many variants, that it finally has permeated our entire culture. It is found in history and economic textbooks, in newspaper editorials and syndicated columns, in best-selling novels, in Broadway plays and Hollywood movies, and even in comic strips. And interwoven throughout their condemnation of capitalism and the businessman, the battle cry of collectivism is heard loud and clear: "The answer to all our problems is more government intervention and controls."

Mixture of Freedom and Slavery

The almost total acceptance of this thesis by the American public has led to the adoption by our government of that grotesque mixture of freedom and slavery known as a "mixed economy."

A "mixed economy" is a collectivist euphorism for an economic system in which the government expropriates the wealth of the "private sector"—where it is created by men of productive ability, and transfers it to the "public sector"—where it is spent by bureaucrats who didn't create it, on goods and services not needed or desired by those who did create it, for people who couldn't create it.

But regardless of the devious phrases used to cloud the issue, in every case it is the businessman—the productive genius and creator of wealth—who is harnessed, exploited, and sacrificed for the benefit of anyone and everyone who could not survive without his help.

Regulatory Strait Jacket

Despite a growing awareness of the regulatory strait jacket which is binding them tighter and tighter, businessmen have done little to combat their adversaries. In fact, businessmen are partially responsible for permitting the growth of the uncertainty and fear which fill their lives daily.

Consider the total context. Not only do businessmen have to fight the government, but they are required to contend with the majority of the American public as well—because it, too, has accepted the essence of the collectivist thesis. Moreover, many businessmen themselves do not clearly understand the true nature of free enterprise and its history in the United States. Thus, some businessmen who have attempted to defend themselves from an increasingly omnipotent government actually have been hindered by many of their own colleagues.

Consequently, in a certain sense, the American system of free enterprise has failed miserably. It has failed to expose the collectivist version of America's economic history and its corollary theory of capitalism for what they really are: an incoherent hodgepodge of false and misleading assumptions, deliberate distortions, and outright lies.

More businessmen should have taken the time to learn the true story, and then to spread it as effectively as the collectivists have spread their distorted version. If more businessmen had done this, the American public, which generally sanctions government control of business, could have been led to understand that the businessman is not the threat too many of them believe him to be, but their least appreciated benefactor.

If the business community had made the *facts* available, the American public soon would have discovered that, although the United States in the early 1800's came the closest to it, a totally unregulated, *laissez-faire* economic system has never existed in history. Thus, one important bulwark of the collectivist thesis: capitalism had its chance and failed—would have been exposed as a deliberate distortion of history.

But such a program of disseminating the truth would have taught many of America's vocal advocates of a "mixed economy" an even more important lesson: all of the "evils" attributed to capitalism were, in fact, necessitated and made possible only by government intervention.

The End of Collectivism?

If enough Americans had become aware of this fact, and if they also had decided that they were determined to uphold the Constitutional guarantee that each and every individual has the right to *his own* life, *his own* liberty, and *his own* happiness—then the last vestige of collectivism would have been swept clean from our country once and for all.

But it is not yet too late. Businessmen must find the time required to understand the fallacies contained in the collectivist version of America's economic history. Then, a major effort must be made by the business community to inform the general public about both capitalism—the only political-economic system which can sustain a free industrial society—and businessmen—the motive power of a free industrial society.

Specifically, such a program should include the dissemination of information on three major topics: the theory of *laissez-faire* capitalism, the moral stature and crucial economic function of the American businessman, and the history of free enterprise in the United States.

Time, however, is of the essence. The business community has a difficult and frustrating job ahead of it, one which probably will take many years before any significant results can be seen. Nevertheless, the job can and must be done.

The Crucial Role of Ideas

Those businessmen who believe that an informational program of this type would be too late to make any difference must remember that history is not predetermined. It is ideas—and ideas alone—which shape and determine the direction taken by a country's political system. A "country," as such, cannot create or hold an idea; only individuals can. Thus, if the citizens of a country change their ideas about morality and economics, their political system will change accordingly.

There is only one question to be answered: Will the businessman continue to let his enemies destroy him, using ideas as their strongest weapon; or will he decide that he can afford to keep silent no longer, unwilling to concede the loss of any market—including the marketplace of ideas—without a fight?

* * *

Those readers who agree that the American businessman should initiate a major program designed to disseminate information to the general public are invited to contact me with any ideas or suggestions they might have.

C. F. Childs Co. to Centralize Sales

CHICAGO, Ill.—C. F. Childs and Company, Incorporated, specialists in government securities, have announced that they will centralize all sales operations in Government, Federal Agency securities and Certificates of Deposit in the head office in New York City, 1 Liberty Street. The firm's home office will remain in Chicago, at 141 West Jackson Boulevard, but only corporate and municipal securities will be handled in Chicago.

The firm's branch offices will become a part of Childs Securities Corporation, the firm's wholly-owned subsidiary for corporate securities, private placements, FHA Debentures, and Net Block Stock trading, and municipal bond underwriting and trading operations will be transferred to Childs Securities Corporation.

Joins McCarley & Co.

CHARLESTON, S. C.—Robert P. Edmunds, Jr. has joined McCarley & Company, Inc., members New York Stock Exchange, and will become Manager of their new Charleston, S. C. office at 8 State Street.

Prior to joining McCarley & Company, Inc., Mr. Edmunds was Senior Vice-President and General Trust Officer of the South Carolina National Bank. He retired on Dec. 31, after 35 years of service. Mr. Edmunds has lived in Charleston for the past 35 years. He is a Vice-President of The Huguenot Society, a member of the Board of Managers of The Charleston Club, a member of The Carolina Yacht Club and The Country Club of Charleston. He is past president of the Charleston Kiwanis Club, a past Vice-President and board member of the Charleston Chamber of Commerce, a past chairman of the Charleston County Planning Board and a past general chairman of the Red Cross campaign. He is a graduate of the University of South Carolina and also has a degree in law.

Now Almond, McKinney & Dudley Inc.

DALLAS, Texas—The firm name of Almon & McKinney, Inc., Mercantile Bank Building, has been changed to Almon, McKinney & Dudley, Inc.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Government kept its first refunding operation of the new year in the short and intermediate areas of the money market so that rates on these securities would continue to conform to the pattern that has been used to keep funds here that might otherwise be finding an outlet in other free world money centers. This is one of the ways in which help is being given to our balance of payments problem.

The Treasury, looking ahead a bit, indicated that another "advance refunding" operation could be expected soon and by spring another long-term new money raising bond under competitive bidding conditions would be on the market. It is not expected, however, that the Government will crowd the capital market with offerings of long-term bonds for sale largely to the ultimate investor.

Successful Exchange Offering Indicated

The Treasury exchanged intermediate-term obligations consisting of a 3¼% certificate due Feb. 15, 1964, and a short bond the 3¾% due Aug. 15, 1968, for the $9.5 billion which were coming due on Feb. 15. It was a straight exchange offer, with only the holders of the maturing 2⅝s, the 3¼s and the 3½s having the right to turn them in for the refunding 3¼s and 3¾s.

There had been opinions around that the Treasury would make the mid-winter refunding operation a redemption deal and, at the same time, sell new money raising issues to the general investing public. It is indicated that the exchange refunding operation will be a very successful one, with the attrition or cash turn ins on the small side.

The 3¼% certificate was expected to be the most popular issue of the package refunding deal since there is still a very large demand around for short-term liquid Government securities. On the other hand, the reopening of the 3¾% bond with a 5½ maturity fitted into the investment needs of many owners of the Feb. 15th maturities. In addition, the exchanges that were made into the 3¾% bond due Aug. 15, 1968, will give this obligation a larger floating supply so that its marketability and activity should be improved.

There had been rumor in the financial district that the Government would provide for the February maturities through, not only a short-term issue and an intermediate-term obligation, but also by the use of a ten or twelve year bond. The financial district got a bond in the refunding deal all right, but it was a real short one, just about long enough to take it out of the note classification.

"Advance Refunding" Financing Imminent

The announcement by Treasury Under Secretary Roosa that there would be an "advance refunding" operation after the mid-February operation was out of the way may be the reason why a bit longer-term bond was not used in the recent regular refunding venture. It was indicated that the owners of securities scheduled to mature within three or four years would be invited to turn them in for new bonds that would come due beyond five and one-half years.

This will be the first "advance refunding" operation of the Treasury since last September when a highly successful one was carried out as near maturities were converted into longer-term obligations. This is one of the ways in which the Government is able to extend the overall maturity of its debt.

Another Competitive Bond Award in April

In giving out some of the details as to what can be expected in the money and capital markets in the immediate future the Treasury indicated that in the first half of April it hopes to bring out another long-term Government bond for new money purposes and under competitive bidding. This bond will be of the same general order of maturity as the 30-year obligation that was sold last month. The amount of the offering will not be less than $250,000,000, but won't be as much as $1,000,000,000.

The first new money bond sold under competitive bidding was taken very rapidly, with ultimate investors such as insurance companies, pension funds and other non-bank institutional investors among the most important buyers. This is the non-inflationary type of investment buying.

Greatamerica Common Sold

Goldman, Sachs & Co. and Lehman Brothers, New York, are joint managers of a group that is offering publicly 2,500,000 common shares of Greatamerica Corp. at $16 per share. The offering aggregates $40,000,000, making it one of the largest common stock sales in recent months.

Of the shares, 1,650,000 are being sold for the company and 850,000 for a stockholder. Greatamerica intends to use the proceeds it receives primarily to reduce indebtedness incurred in connection with certain acquisitions.

Greatamerica, which commenced operations in August, 1962, controls four life insurance companies; The Franklin Life Insurance Co.; American Life Insurance (of Alabama); Gulf Life Insurance Co., and Amicable Life Insurance Co.

Greatamerica recently purchased control of First Western Bank & Trust Co., a California commercial bank operating 67 branches throughout the state. Its head office is at 311 So. Akard Street, Dallas.

Now D. H. Magid Co.

The firm name of D. H. Magid, Ehrlich & Co., Inc., 1 Chase Manhattan Plaza, New York City, has been changed to D. H. Magid & Co., Inc.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

FIRE & CASUALTY INSURANCE STOCKS IN 1962—

Fire & Casualty insurance stocks tended to closely follow the general pattern of the stock market throughout 1962. On balance, the market prices of the major companies in the field declined slightly in the period from year-end 1961 to Dec. 31, 1962, but individual changes in price were not of major significance. Casualty stocks fared better than property insurers, while individual market strength was shown by a number of companies involved in mergers.

The year as a whole may generally be described as satisfactory for the industry, yet not up to earlier expectations, in line with the performance of the national economy. Premium volume advanced an estimated 5% and underwriting results are believed to have been somewhat better than those of 1961. It is estimated that the composite figures for all stock companies will show an improvement of approximately one point in the industry's combined loss and expense ratio for the year. Both the loss and expense ratios are believed to have been reduced by approximately half a point from the previous year to 64.0% and 34.5% respectively, indicating an underwriting profit margin of 1.5%.

The underwriting results of individual lines varied considerably. Automobile insurance continued to be disappointing due to increasing loss frequency and inadequate rates. Profits in the auto physical damage line were pared, while bodily injury liability showed some improvement over the previous year but remained in the red and property damage was at the break-even level. The other liability lines showed more favorable results. General liability business and fidelity and surety were bright spots in profitability. Workmen's compensation experience indicated a slight improvement over the previous year.

Fire insurance remained slightly in the red for the year and the rapidly growing homeowner's line continued to be substantially unprofitable due to bitter competitive practices in that area. Extended coverage, inland marine and ocean marine lines remained slightly profitable. The slightly better than break-even experience in extended coverage was disappointing in view of the absence of a major hurricane during the year. However, severe wind and hail storms in the midwest and the severe October storm in the Pacific Northwest inflicted heavy property damage losses.

Investment results continued satisfactory. Net investment income advanced between 5% and 10% for the major companies, and generally provided enough income to offset any underwriting losses incurred to provide an overall net profit on operations for the year for virtually every underwriter. Policyholders' surplus will be somewhat less than that of the previous year, despite the positive cash flow picture, due to the general decline in stock market values in investment portfolios. A significant portion of the decline in stockholders' surplus which was indicated in mid-year statements has been restored by the strong subsequent recovery of the stock market in the last half of 1962.

The merger trend which has been evident in the industry over the past decade intensified in 1962. Major consolidations, which were either initiated or consummated during the year include Fireman's Fund-American Insurance, U. S. Fidelity & Guaranty-Merchants Fire, Maryland Casualty-Northern Insurance, General Accident-Camden Fire and Connecticut General-Aetna Fire. The competitive pressures which induced these consolidations also brought forth the decision of Springfield Insurance to withdraw from the industry by the sale of virtually all of its business to Home Insurance. This highly significant move reflects the fact that the reduction of operating costs through high volume operations is becoming more and more necessary for survival in these competitive times.

The outlook for 1963 appears to be for more of the same as experienced in the past year. Many companies have indicated their confidence in future operations through a number of year-end dividend increases. In addition, the industry has been strengthened through the satisfactory endurance of a stock market crisis. Nevertheless, underwriting profitability, the foundation of the industry, remains highly uncertain for the present year.

Selected Fire & Casualty Insurance Stock Performances

	Price 12/29/61	Price 12/31/62	% Change	Recent Price
Aetna Casualty	$65	$80	23%	$88½
American Insurance	31¾	31	— 2	34½
Boston Insurance	44½	37¼	—19	39
Continental Casualty	101	75	—26	81¼
Continental Insurance	66¼	59	—11	63¾
Employers' Group	46¾	61	32	63
Federal Insurance	68	68½	1	81¼
General Reinsurance	190	200	5	217
Glens Falls	52	41¾	—20	45
Great American	59½	61	3	65¼
Hartford Fire	80	68	—15	75¼
Home Insurance	59¼	60¾	3	68
Insurance Co. of N. A.	104	94	—10	97¼
Maryland Casualty	46	51	11	54
Northern Insurance	49½	41	—17	48½
Ohio Casualty	36½	24	—34	25
Phoenix Insurance	132	110	—17	130
St. Paul F & M	71½	57	—20	66
Springfield Insurance	40¾	46¼	13	53½
U. S. F & G	65	61	— 6	65½

As We See It

Continued from page 1

ahead. This in a nutshell is the rationale of the budget now presented by the head of the New Frontier.

To us all this sounds so much like a chapter from Alice in Wonderland that it is a little difficult to feel the full force of the rather evident need for rebuttal. The first and possibly the most serious fallacy is found in the notion of a sagging demand for all sorts of goods. This idea is, of course, not quite new. It has long, and rather naturally, appeared to the practical businessman that the trouble when "times were bad" lay in inadequate demand for the goods he had to sell. It is, however, only relatively recently that this notion of a sagging demand has become generalized and formulated into a broad theory which is accepted by all too many who ought to know better. This thing that is called "demand" which is now supposedly inadequate has, so far as we know, never been very precisely defined. If what is meant is simply that the people do not want all that is being produced or could be produced, it would be obviously silly to plan to produce more that nobody wants.

Of course, the reply would be that it is not what people want that is in question but their ability to buy what they want. It would, however, be a grave error not to take into consideration what is being produced and what could be produced with all this "surplus" manpower and equipment. We still believe that man's wants are insatiable, but we are well aware that man's desire for particular goods or services may well be sated. All the arguments of the New Frontiersmen and their friends who insist that government somehow bolster flagging demand ignore the type of goods or services to be produced in larger amounts and concentrate their attention upon increasing what is known as "mass purchasing power" apparently in the belief that, if the people have adequate purchasing power, they will buy anything that is around.

Other Fallacies, Too

But there are other fallacies in this creation of purchasing power theory. What so many commentators seem to forget or ignore is the fact that the creation of goods and services automatically creates purchasing power adequate to their purchase—but if the wrong goods and services are produced no artificially created purchasing power will save the day. How often do we hear it said that no harm can come from the virtual printing of greenbacks so long as there is a large amount of idle equipment and manpower around as there is today. The trouble with this type of argument is the simple fact that if the idle equipment and manpower is activated, purchasing power in amounts equivalent to the cost of producing the goods will be automatically brought into being. Thus unless—as is certainly not anticipated in any of the current arguments—there is a sharp reduction in what is termed purchasing power as soon as we reach a "balanced economy" the supposed power to purchase goods and services will continue well in excess of the goods available for purchase.

Clearly, the arguments usually advanced in defense of the New Frontier budget philosophy render absurd any attempt to reduce current outlays. The purpose of all the budgetary legerdemain is to increase the amount of funds turned over to the public in excess of that taken in. In such circumstances, it would be a logical absurdity to reduce or even to prevent increases in current expenditures. Whatever may be intended, this line of reasoning is politically a great convenience to all those whose constituents now enjoy largesse in substantial amounts. It would be difficult in this atmosphere to argue that we should not be so extravagant in our treatment of the veterans, the farmers, or so reckless in enlarging ordinary governmental expenditures by piling Pelion on Ossa in the matter of controls and regulations. It all adds up to a most distressingly clear political appeal — with all the economic sins in the book explained away.

Where Are We Headed?

We had almost said that we wonder where all this is going to lead us. The fact is, though, that we have little doubt what the ultimate outcome will be if the New Frontier has its way all along the line. Our hope is, our hope must be that members of Congress who are not so enchanted with all these "new" ideas — some of them are at least as old as John Law — will simply refuse to be stampeded into taking courses that must lead in the end to something like disaster. They should look closely into this notion of flagging demand. Many embarrassing questions could be asked of the leaders of the New Frontier. In fact, they could be asked about this "sluggishness" that is supposed to have engulfed us, and that despite regular increases in the volume of goods and services year after year, whether measured in terms of current prices or what have now come to be known as "constant prices."

That "sluggishness" arises, let us not forget, not from any decline in production, or even from any failure of production to rise from year to year, but rather from the failure of production to reach some figure which the wiseacres in Washington have in the depths of their wisdom fixed in advance as desirable.

Phila. Secs. Ass'n

PHILADELPHIA, Pa.—Richard W. Havens, President of the Industrial Valley Bank & Trust Co., will be guest speaker at a luncheon meeting of the Philadelphia Securities Association to be held on Friday, Feb. 8 at the Warwick Hotel.

Rubin Hardy of The First Boston Corp. is in charge of arrangements.

The Market . . . And You

BY WALLACE STREETE

Uncertainty is a condition that the Wall Street community, like most others, deplores. But it has become almost a way of life in the current slow-motion stock market.

The sensitive Dow-Jones industrial average continues to hover around the 680 mark. It moves up a few points, or down, but by closing time, it scurries back toward the 680 mark. Most days lately the race has been close, but a definite change toward a definite direction is due.

Quality in Demand

Meanwhile, most better quality issues are still meeting active demand. Despite a growing belief of many observers that the current move is just about over, this demand could delay the nearly inevitable reaction.

Both talk of tax cuts and predictions of favorable earnings this year have exerted strong influences among traders and investors. Thus, the economic news is encouraging although not spectacular.

Spotty Pattern

January's economic indicators show little change from the pattern of the last half of 1962. The only two major indicators to decline on a national basis from December levels were employment and non-food wholesale prices.

But the pattern is spotty. Steel production has failed to advance despite expectations of hedge buying in the event of a strike this summer. Gasoline prices remain soft but auto sales set new records for nearly every maker last month.

But the market refuses to be upset by day-to-day developments that a few months ago could have spelled real trouble. Contrast the almost placid reaction of traders to this nation's diplomatic wrangle with Canada, Britain's rejection by the Common Market, and added controversy about the Cuban military build-up. The British turndown did prompt one broker to recommend that his clients cut back their British and Common Market holdings.

Even the threat of a historically high budget deficit appears to have had little direct effect on stock prices. In the past many markets have gotten strong support from inflation-worried investors.

Today many would-be buyers are continuing to hold back, as is evident in the less than four million share sessions we have seen lately. But observers see a bright sign in the fact that most down sessions have occurred on light trading days in contrast to heavier activity on the upside days.

The accent on activity continues to highlight the better quality industrials. Motors, oils and blue chips have dominated the most heavily traded issues this week. Exceptions include the two merger-minded rails, Pennsy and New York Central, and Bethlehem, now a rather pale plue chip.

Welcome Auto News

The autos, bolstered by continuing reports of high sales, show few signs of deserting the most active list. Repeated announcements of record sales volume for the past few weeks make almost monotonous, but welcome reading for stockholders of General Motors, Ford, American Motors, and Chrysler.

The latter auto maker continues to attract a lot of favorable comment from analysts. Several expect Chrysler will get 12 to 13% of a 6.5 million car market this year. This gain would produce estimated earnings of $8 to $10 a share if the predictions prove correct.

Meanwhile, the contrast in auto sales from those of a year ago appears to be fairly sharp in most areas.

Chevrolet sold 10% more cars and trucks in January than it did a year ago. Truck sales rose 21% while passenger cars added 8%. Both categories set records for the period.

Ford also set new sales marks for the month, thanks to its higher truck volume. Its truck sales rose 31% while its Ford Car division climbed a mere 3%. But even this gain came from its standard Galaxie rather than its compact or sports models. Galaxie's sales rose 20% from a year ago as they hit 59,300 this year.

General Motors reaped record sales from extreme ends of its wide product mix. Cadillac, in addition to the top-selling Chevrolet, had its best January ever. Its sales, up 10% from a year ago, have now set a monthly record in three of the four months since its 1963 models went on the market.

Revived Interest in Aircraft

Another group to show revived interest are the aircraft stocks. Although issues like McDonnell, Douglas, Republic, and General Dynamics fall in a far different category, added Government spending and better profit potentials has stirred new interest in this group.

McDonnell had a brisk move this week even before the Air Force disclosed it will spend $2 billion over the next five years for 1,000 jet fighters. The Phantom II planes for the Air Force cost $1.5 to $1.7 million each. Also known as the F-4C, this plane will be used to back up the F-105, built by Republic Aviation Corp.

The Phantom II is also used by the Navy and Marines, and should play a growing role in McDonnell's profit picture for the next five years. The stock climbed close to its 1962-63 high of 61⅛ soon after the announcement. Its low for the 1962-63 period was 35.

Other space-age stocks to show brightening potentials are Lockheed and General Dynamics.

Lockheed, having settled a troublesome labor relations problem, appears headed for a period of stability. Its sales for 1962 are expected to be slightly under $1.8 billion, while profits should be nearly $4.80 a share. Both results would be new records.

Lockheed's earnings for 1963 have been cited by some observers at $5.50 to $5.75. Sales are expected to top the 1962 level. The company is expected to get important sales contributions from its major programs which include the Polaris, Agena, P3A Orion and the Hercules C-130.

Based on estimated 1963 earnings, Lockheed is now selling at a price-earnings ratio of 9 to 1. This is considerably less than an estimated average of slightly more than 12 to 1 for the five largest companies in this industry.

A Pair of Comebacks

General Dynamics appears to have turned the profits corner in a remarkable comeback. It is expected to net more than $4.50 a share, or possibly even $5 for 1962. GD, the company that set a record deficit for any company in history with a 1961 red ink bath of $143 million, will not have to pay Federal income taxes on its 1962 or 1963 profits.

General Dynamics got a small ($1.6 million) crumb from the Army this week in the form of a renewal on research and development work on the Redeye missile. This development work will be extended indefinitely while negotiations for the production contract are pending.

Redeye is a small (four feet long) missile fired from the shoulder, similar to the World War II bazooka.

Republic Aviation, a company that has been hard hit in some Government contract cutbacks, may get some help from the huge McDonnell order for Phantom jets. Republic has a total subcontract of $30 million for the jet fighter, mostly in rear end sections and engine access doors. Although future subcontracts are dependent on McDonnell, Republic hopes to pick up a lot of future work from the West Coast producer.

[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.]

Americana East Common Offered

Nusouth Growth Stock Sales Corp., 302 Martin Bldg., Columbus, Ga., is offering publicly, 400,000 common shares of Americana East, Inc., at $2.50 per share.

Net proceeds will be used by Americana to erect a 104-room motel at Warner Robins, Ga., and a 32-unit luxury type apartment building; for the repayment of debt, additional construction and land development, and working capital.

The company, of 173 First St., Macon, Ga., is engaged in developing and constructing industrial, commercial and residential properties, and in the management of such properties.

Bawl Street Journal in June

Regardless of the newspaper strike in New York, the *Bawl Street Journal* will publish as usual on June 7, it was announced by H. Lawrence Bogert, Jr., Eastman Dillon, Union Securities & Co., President of the Bond Club of New York, sponsor of the publication.

The *Bawl*, which makes its appearance only once a year, lampoons Wall Street and Washington to the amusement of a nation-wide readership.

To make certain of receiving the 1963 edition, subscribers are advised to contact their security broker or dealer, or to write to the *Bawl Street Journal*, Box 1807, Church Street Station, New York 7, N. Y. The price will remain at $1 per copy.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Exaggerate?

It is always normal for a salesman to be prejudiced in favor of his product. This is known and accepted. It is the reason experienced people usually discount the claims of most salesmen. If you say "best" your prospect will think "good", if you say "good" he will think "fair". But when it comes to securities even the slightest suggestion that you may be "gilding the lily" is circumspect. Claims that are made regarding the future of any security will be remembered when all else is forgotten. Experienced security salesmen know the pitfalls that they can create through careless statements, over-enthusiastic predictions, and glowing forecasts that lie in the realm of conjecture and hope. Only the neophyte, or the salesman who is so egotistical he cannot learn from his mistakes, will sell securities in this manner.

Happily, the day when security salesmen looked upon securities as something to unload in the greatest quantity upon expendable investment clients is for the most part behind us. This business is no longer just a means of obtaining a big commission check. The security salesman who knows how to create and keep clients, works with them and tries to help them achieve successful results. He is familiar with their investment needs and tastes, speculative proclivities, tax bracket, family situation, and even the prejudices of his customers.

The salesman who is most persuasive and convincing, particularly when his customers are receptive to his blandishments, and sometimes exaggerated statements, is the most vulnerable to the eventual disillusionment that precedes the distintegration of his poorly constructed clientele.

How to Offer Securities

There are five main categories of security buyers. These are: (1) Conservative investors interested primarily in the conservation of their capital; (2) conservative investors interested in safety of capital and as generous income as possible consistent with this objective; (3) conservative investors interested in capital conservation, appreciation, and income; (4) speculators; (5) gamblers.

It is not necessary to tell any investor or client anything but provable facts, and to offer conservative opinions regarding a security in order to do business with them. All that is required is to establish a basis of understanding that enables your prospective client to tell you as a salesman what he desires, and then help him find it. If he is an investor, determine where he fits in the three foregoing groups. If he is a speculator or a gambler, that, too, is something that is easily discovered. Timing your offerings after you have constructed a relationship that is based upon mutual understanding will lead directly to a satisfactory meeting of the minds. Investment salesmanship is more than thumping a tub, haranguing, or overcoming objections. It is a combination of effort to accomplish a stated and difficult task—namely to protect, increase, and build capital while making it earn a maximum return.

A professional security salesman today will not:

(1) Sell or offer securities that he believes to be overpriced.

(2) Offer any security solely because he has been offered a special credit or production bonus.

(3) Exaggerate, or make any statement he cannot back up with facts.

(4) Push sales just to make a big commission showing today, at the same time ignoring the best interests of his clients.

Morals

No Securities and Exchange Commission, no National Association of Securities Dealers, no Stock Exchange, or Over-the-Counter Market Association, can regulate the sincerity, integrity, or honesty of every human being within the security business. They can only lay down some rules which will attempt to protect (to an extent) those who are either too uninformed, or careless, to protect themselves.

Only the man who looks upon his life as something he values can construct an edifice that is measured in the esteem of his business associates and clients. The salesman who does the best job he can day after day, who tries to inform himself through the expenditure of intellectual sweat and diligent effort, will acquire knowledge, experience, and valuable information that he can present to his customers. The results they achieve investment-wise will determine whether or not he creates a solid, growing business that will be a source of satisfaction to all who are known to him, as well as to himself.

Joy Mfg. Co. Common Sold

Goodbody & Co., New York, reports that it has completed a secondary offering of 53,800 common shares of Joy Manufacturing Co. Proceeds will go to the selling stockholders.

Headquartered in Pittsburgh, Joy is primarily engaged in the manufacture and sale of mining machinery and equipment. Similar and other products are also manufactured and sold to the construction, petroleum, marine and other industries and to municipal governments.

A. C. Allen Co. Appoints

CHICAGO, Ill.—A. C. Allyn & Co., 122 South La Salle Street, members of the New York Stock Exchange and other Exchanges, have announced the appointment of John H. Riley as senior partner. John W. Allyn, James D. Casey, Jr., William B. Hamilton, James E. Snyder, and Gordon L. Teach have been named managing partners of the firm. Mr. Casey makes his headquarters at the firm's New York office, 45 Wall Street.

NEWS ABOUT BANKS AND BANKERS

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

John Watts will take up the newly created post of Senior European Representative of the **Chase Manhattan Bank, New York.**

Mr. Watts, who assumed the responsibilities of his new position Jan. 1, will be headquartered in London and will travel extensively on the Continent.

* * *

The Manufacturers Hanover Trust Co., New York elected Philip H. Milner and Charles E. Woodruff Senior Vice-Presidents. Mr. Milner will be in public relations and business development, and Mr. Woodruff in the national division.

* * *

The **Irving Trust Company, New York, N. Y.** received approval on Jan. 31 from the New York State Banking Department to increase its Capital Stock from $55,204,050 consisting of 5,520,405 shares of the par value of $10 each, to $56,308,140 consisting of 5,630,814 shares of the same par value.

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Joseph D. Davis has been elected a Vice-President of the **Empire Trust Company, New York.**

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On Jan. 30 the New York State Banking Department gave approval to the **Hempstead Bank, Hempstead, N. Y.** to increase its Capital Stock from $1,800,000 consisting of 360,000 shares of the par value of $5 each, to $2,000,000 consisting of 400,000 shares of the same par value.

* * *

The **State Bank of Albany, Albany, N. Y.,** received approval on Jan. 28 from the N. Y. State Banking Department to increase its Capital Stock from $8,108,790 consisting of 810,879 shares of the par value of $10 each, to $8,514,230 consisting of 851,423 shares of the same par value.

* * *

On Jan. 28 the New York State Banking Department gave approval to the **First Trust Company of Albany, Albany, N. Y.,** to increase its Capital Stock from $1,299,900 consisting of 129,990 shares of the par value of $10 each, to $1,364,900 consisting of 136,490 shares of the same par value.

* * *

The First Trust & Deposit Company, Syracuse, N. Y., was given approval on Jan. 25 by the New York State Banking Department for a reduction of Capital Stock from $2,625,767.50, consisting of Cumulative Convertible Preferred Stock of $225,610, divided into 45,122 shares of the par value of $5 each, and $2,400,157.50 of Common Stock, divided into 960,063 shares of the par value of $2.50 each, to $2,448,192.50, divided into 979,277 shares of Common Stock of the par value of $2.50 each.

* * *

The Lincoln Rochester Trust Company, Rochester, N. Y., received approval on Jan. 28 by the New York State Banking Department to increase its Capital Stock from $11,176,140 consisting of 558,807 shares of the par value of $20 each, to $11,399,680 consisting of 569,984 shares of the same par value.

* * *

The Comptroller of the Currency, James J. Saxon approved the application to merge **The American Bank and Trust Company, New Haven, Conn.,** and **the Second National Bank of New Haven, New Haven, Conn.,** effective on or after Feb. 7.

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The **Summit Trust Company, Summit, N. J.,** announces the election of Mr. Paul L. Gasbarino and Mr. Russell E. Norem to the Advisory Board of the Passaic Valley Office.

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The Board of Governors of the Federal Reserve System Jan. 30 announced its approval of the merger of the **Bank of Bogota, Bogota, N. J.,** into **The Hackensack Trust Company, Hackensack, New Jersey.**

* * *

The shareholders of the **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** voted to increase its Capital Stock of the bank by 200,000 shares to be set aside for an Incentive Stock Option Plan for key employees.

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The **Provident Tradesmens Bank & Trust Co., Philadelphia, Pa.,** elected Edward J. Dwyer, and Allan G. Mitchell, Directors.

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The Berks County Trust Co., Reading, Pa. elected Ernest Vize Vice-President and Comptroller. John F. Cooney, F. Leon Minker and J. Richard Charles were named Vice-Presidents and Trust Officers. Luther E. Pflum retired as Vice-President and Secretary.

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The **Central National Bank, Cleveland, Ohio,** elected W. J. Heddescheimer and J. H. Perry, Vice-Presidents.

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The appointment of Serafin Gaudens as Manager of the newly created International Division of **The Ohio Citizens Trust Company, Toledo, Ohio,** has been announced.

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The Bank of Indiana, Gary, Ind., elected James L. Dandurand a Vice-President.

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The City National Bank, Kansas City, Missouri announces the appointment of C. H. Kelly to the position of General Trust Officer. Mr. Kelly will assume his new duties immediately.

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The First National Bank of Rutherford, Rutherford, Tenn. opened Feb. 4.

The Bank has capital of $100,000 and surplus of $150,000. Its officers are: J. Frank Warmath, President: Broeck Cummings, Vice-President; G. Griffin Boyte, Secretary; Byron Crouse, Cashier; Mrs. Martha McCullar, Assistant Cashier.

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The Comptroller of the Currency James J. Saxon announced Jan. 28 that he has given preliminary approval to organize a National Bank in Port Orange, Fla.

Initial capitalization of the new bank will amount to $525,000 and it will be operated under the title **Halifax National Bank of Port Orange.**

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Southern Arizona Bank & Trust Company, Tucson, Ariz., announced that the Board of Directors has elected Louis J. Felix, Senior Vice-Chairman of the Board and Chief Executive Officer Robert W. Heyer, President, and James Stuart Douglas, Executive Vice-President.

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The Comptroller of the Currency James J. Saxon announced Jan. 28 that he has given preliminary approval to organize a National Bank in Denver, Colo.

Initial capitalization of the new bank will amount to $500,000 and it will be operated under the title **Boulevard National Bank.**

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The Comptroller of the Currency James J. Saxon announced Jan. 28 that he has given preliminary approval to organize a National Bank in Pinedale, Wyo.

Initial capitalization of the new bank will amount to $225,000 and it will be operated under the title **First National Bank of Pinedale.**

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Promotion to Vice-President at **Bank of America, San Francisco, Calif.,** office of William F. Ward and H. O. Evanson, district representatives in the national division which handles corporation and bank relations, was announced by President S. Clark Beise.

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Charles de Bretteville, President of **The Bank of California, San Francisco, Calif.,** announced that John M. Schutt has been elected Senior Vice-President and designated to administer the Los Angeles operation. Schutt has been a Vice-President and Senior Loan Officer at the San Francisco head office for the past five years.

* * *

The Wells Fargo Bank, San Francisco, Calif. elected Hector Escobosa, and J. W. Mailliard III, Directors.

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The Comptroller of the Currency James J. Saxon announced Jan. 28 that he has given preliminary approval to organize a National Bank in Pasadena, Calif.

Initial capitalization of the new bank will amount to $1,500,000 and it will be operated under the title **National Southwest Bank.**

Bache Names Schwartz

Alexander C. Schwartz, Jr. has been named Manager of the New Business Department, International Division, of Bache & Co., 36 Wall Street, New York City, Harold L. Bache, managing partner, has announced. His appointment is effective immediately.

Prior to joining Bache Mr. Schwartz served for seven years in the buying and syndicate repartment of Lehman Brothers.

Hirsch Paris Branch

Hirsch & Co., members of the New York Stock Exchange, have announced the opening of their affiliate, Hirsch & Co., S. A. R. L., at 8 rue de Ponthieu, Paris, France.

The firm's new office will be under the direction of Andre Lord, for many years an officer of the Paris branch of Morgan Guaranty Trust Company of New York.

Hirsch & Co., successors to Hirsch, Lilienthal & Co., with headquarters at 25 Broad Street, New York City, also maintains overseas branches in London, Amsterdam, Geneva, Buenos Aires and Sao Paulo.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Iowa Power & Light Company

Iowa Power & Light, with annual revenues of about $55 million (62% electric and 38% gas) is the largest of Iowa's six investor-owned utilities. The company serves about one-fifth of the state's population—over half a million people in Des Moines, Council Bluffs, and 268 other communities, together with 20,000 farms. While the service area covers some 5,600 square miles in central and southwest Iowa, the two leading cities furnish about three-quarters of the revenues.

While Iowa is generally considered a farm state—noted for corn, livestock, dairying, and food processing—industry is now more than twice as important as farming in dollar output, although in 1949 farming had exceeded industry. Des Moines is a printing and publishing center and the major jobbing point for central Iowa; it has diversified food processing, farm implement manufacturing and light consumer goods. The company's electric revenues are about 30% residential, 12% rural, 25% commercial, 22% industrial and 5% miscellaneous. Some 61% of gas revenues represent residential sales, including househeating; saturation of the latter is about 86%.

The company has been working actively to promote greater automation of farms and to attract new industry. As an example of automation, three men with $50,000 worth of electric equipment on one farm were able to feed a continuous flow of 1,500 head of cattle in the final stages before marketing. On another farm thousands of pigs are raised from birth to slaughter, in winter and summer, in air-conditioned barracks-like buildings — fattened scientifically and profitably. The company is trying to persuade other farmers to follow these examples. Iowa ranks first in cattle value, corn production, egg production, grain crop production, hog production, livestock and poultry value and is second only to California in cash farm income. While the number of farms and farm population are declining, the use of automation and electricity continues to climb steadily.

The company is working closely with the government and a State Development Commission to attract new industries to Iowa. The company recently purchased a 77 acre plot near Des Moines, developed it with roads and utilities as an industrial park, and is now selling sections of it to business firms. The company continues to participate actively in the $100 million urban redevelopment program in Des Moines. The legislature has appropriated funds to promote the location of research type industries in the area and the company is cooperating in this field.

The company's rates average about 10% below those of other utilities in the state, the rate structure being designed to aid sales promotion. Both electric and gas advertising campaigns are under way to aid sales of appliances. In November a two months' campaign resulted in the sale of 1,000 automatic clothes dryers, or about three times normal sales. In 1963 special campaigns are planned on residential and commercial lighting, electric heating and rural use of electricity together with promotion of appliances such as dishwashers, freezers, refrigerators, color TV, etc.

Iowa Power & Light's peak load is close to capability but firm capacity of 55,000 kw can be purchased, providing a reserve of some 15% over the anticipated summer peak load of 375,000 kw. A 125,000 kw unit will be completed in May 1964 increasing capacity about 30%, and providing about 24% reserve. The company is a member of the Iowa Power Pool which provides for the interchange of power and the "staggering" of new generating units to the best advantage of member companies. The company has projected its construction program, credits for interest on construction, and tax savings from liberalized depreciation and the 3% investment credit as follows (in millions):

	Est. Cost of Construction	Interest Credit	—Tax Savings From— Accelerated Depreciation	3% Investment Credit
1962	$10.0	$120	$738	$77.6
1963	18.5	450	739	323.4
1964	11.0	400	820	558.7
1965	10.0	90	924	257.8
1966	10.0	100	860	275.2
1967	11.0	150	869	181.5

The company expects to generate internally about two-thirds of the $60 million to be expended for construction during the five years 1963-67, with the balance of $20 million to be obtained from sale of securities.

Regarding regulation, there is no state commission in Iowa, although it has been proposed from time to time that one should be created. Under a court decision "fair value" is regarded as the basis for rate making in the state, but as the rates are negotiated with municipalities use of fair value is not always assured. The company is earning about 5.7% on invested capital, which on a fair value basis would work out at only about 4-5%, which allows room for improvement in earnings. Electric rates were revised in 1958 and gas rates were adjusted in 1959. The company has no present intention of asking for a rate increase.

Aided by cold weather, earnings in 1962 were $2.43 a share compared with $2.21 in 1961 (growth in earlier years was rather slow and irregular). President Paul Thompson in a recent talk before the New York Society of Security Analysts made an optimistic forecast regarding the future trend of earnings:

"Projecting as realistically as we can, we believe our revenues will increase almost 30% during the next five years—to about $72 million in 1967. Our common stock earnings during that period should rise close to 50%. In 1967, we expect to earn about $7.8 million net." Assuming no equity financing during this period this should mean share earnings of $3.61 in 1967; or about $3.44 if equity financing at a rate of perhaps 1-for-20 should prove advisable in later years. The rate of gain in share earnings on the first basis would approximate 8.3% compounded; on the second 7.2%.

The stock has been selling recently on the New York Stock Exchange around 55½; the yield based on the $1.80 dividend is 3.2%, and the price-earnings ratio is 22.8.

E.C.M. Impasse Affects The Investment Outlook

Continued from page 1

to shoulder the bulk of the burden for defending the Free World and its efforts were directed toward making the total cost as small as possible.

The emphasis underlying the operation of NATO is cooperation. The same was true of the OEEC, and the same is now true of the OECD — the Organization for Economic Cooperation and Development.

The third long-range goal—a close relationship between the Atlantic Community and the rest of the Free World—also demands cooperation. In fact, the United States for some time has been trying to persuade the more affluent European countries to contribute more in the form of aid to underdeveloped nations. This is the kind of cooperation that counts.

De Gaulle's actions can have the effect of diverting us from all three of these objectives.

Economic Implications

Since we are all interested in the investment outlook, we might attempt to appraise the economic implications of de Gaulle's vetoing Great Britain's membership in the Common Market. In so doing, I realize that I might be raising more questions than I can answer. But the sooner we start discussing the problem the better off we will be.

First, we should consider the effect the veto will have on the Common Market itself. Immediate reactions to the veto were expressed by most of the five Common Market nations which supported Britain's bid for membership. Germany may not ratify the treaty signed by de Gaulle and Adenauer which pledged increased cooperation between France and Germany. Ludwig Erhard, West Germany's economic minister, said: "The European Common Market is now only a mechanism and no longer is a living thing."

Paul Henri Spaak, Belgium Foreign Miinster, said: "The Common Market will continue to live, but the European spirit has been badly hit."

Belgium's Prime Minister Theo Lefevre said the British membership dispute was a grave crisis "which could affect the entire status of European defense." The Associated Press also quoted Lefevre as saying: "A United Europe can sit down as an equal with the United States, but individual countries cannot do this. Only small countries are left in Western Europe now — those which know they are small and those which do not know it."

Many observers of the Common Market — both inside and out—have expressed the view that the Common Market was beginning to lose some of its momentum and that Britain's entry would renew the surging economic forces that had marked the dynamic progress of the six nations.

The five nations which backed Britain's application felt the British would force the Common Market to look outward from the Continent. The feeling after the dispute was that the Common Market may tend to look inward and turn its back on increased trade with the rest of the world.

But the actions of the French raise other serious questions. The Common Market has shown phenomenal growth because the six countries cooperated to a much greater extent than anyone had ever dreamed possible. Nationalistic jealousies that had existed for centuries were minimized for the good of the six. With the cooperative environment, nations made concessions that reflected an unprecedented degree of mutual trust and responsibility. The split will surely cause the other five nations to take a harder look at new policy decisions. Nationalistic views will again bear more weight than in the recent past.

In some respects the situation is comparable to that of a football team which is driving down the field and suddenly fumbles away the ball. They may be able to pick up momentum again when they get the ball back, but they will have to start all over.

Being unable to overcome French resistance to her entry into the Common Market, Britain logically might be expected to turn toward closer trade relationships with other members of the European Free Trade Association —commonly known as the Outer Seven. Whether or not this could serve as a satisfactory alternative for Britain is debatable. In any event, however, the rivalry of regional trading blocks within Europe could scarcely be considered to be conducive to European political, economic, and social unity; and the end result could easily be the growth of regional protectionism and a sacrifice of the benefits which can ensure from a reduction of trade barriers throughout the Free World.

Affect Upon U.K., and U.S.A.

Finally, it should be noted that the inability of Britain to enter the Common Market may make the defense of the pound in international markets a much more difficult task. The flow of foreign capital to Britain is likely to be dampened by the new developments, and the longer-range outlook for British export opportunities becomes less favorable. These circumstances could complicate Britain's balance-of-payments problems and, as a result, increase the risks of international monetary instability.

How will the breakdown in negotiations affect Great Britain? Great Britain has had its economic problems. Unemployment is very high, and entry into the Common Market was expected to help increase Britain's exports to the six nations on the Continent. The Conservative Government led by Prime Minister Macmillan has based its future on the expectation of Britain's joining the Common Market. Rejection by de Gaulle may force the Conservatives out.

How will the new situation affect the United States? While no one can be sure at this point, several consequences appear to be in prospect. First, our efforts to help Europe develop into a cooperative economic unity have been thwarted at least temporarily.

Secondly, United States trade and balance-of-payments policies may be put to sterner tests. In the short run, any loss of steam in the economies of the Common Market countries will tend to weaken our export markets and make it difficult for us to maintain our trade surplus at adequate levels. In the longer run, an inward-looking Common Market—should it develop—might reasonably be expected to maintain tariff walls specifically calculated to reduce the inflow of American and British goods. Such a development would seriously interfere with our objective of achieving permanent balance-of-payments equilibrium.

The Trade Expansion Act of 1962, designed to protect United States producers against exclusion from the rich and growing markets of Continental Europe, loses much of its significance as a result of Britain's inability to enter the market.

The Act gives the President authority to eliminate tariff on goods for which the United States and the Common Market together furnish 80% or more of world exports. According to the Annual Report of the Council of Economic Advisers, with Great Britain in the Common Market this provision of the act would apply to a wide range of products including coal, organic chemicals, transportation equipment, most kinds of machinery, photographic supplies, paints, cosmetics and miscellaneous chemical products. "In 1960," according to the report, "Free World exports of those goods to which the special authority would apply amounted to $22.5 billion; of this total, exports from the United States were $8.8 billion." However, the United States and the Common Market **without** Great Britain accounted in 1960 for 80% of world exports in only two commodity groups: aircraft, and margarine and shortenings.

Investments Flow

In addition to carrying unfavorable implications for our export markets, an inward-looking Common Market also could heighten our balance-of-payments problem by contributing to a net outflow of private capital. Prospects for British entry into the Market, and for the reduction of trade barriers between the United States and Europe, have encouraged many American firms to believe that they would be able to serve the rich European market through export sales. Now, if an inward-looking Europe is to develop and barriers to free trade are to persist, the participation by American producers in European markets may well require the location of production facilities and investments inside — rather than outside—the tariff walls.

It is too early to say whether this potential pressure for an increased flow of investment funds to Europe actually will materialize, but the possibility should not be ignored. At the same time, forces working in the opposite direction — notably French efforts to curtail American investment in the Common Market—also must be considered. The initial reaction of France's Common Market partners to suggestions for curbs on the inflow of private capital from America has been cold. In the short run, however, investors may hesitate to make capital investments in Europe until the future course of European affairs becomes clearer.

Granting that the recent developments in Europe canont be fully appraised until the situation firms up a bit, there nevertheless are grounds for wondering whether or not a new note of additional gravity has been added to our balance-of-payments problem.

The President, discussing the balance-of-payments in his economic report to Congress, said, and I quote: "The area in which our greatest efforts must now be concentrated is one in which the government can provide only leadership and opportunity; private business must produce the results. Our commercial trade surplus—the excess of our exports over imports of goods and services—must rise substantially to assure that we will reach balance-of-payments equilibrium within a reasonable period."

The surplus in our trade account has been substantial for many years. But it is not large enough to compensate for the large outlays for defense and economic aid that add to our payments deficits.

Alternative Cut in Foreign Aid

The government cannot shift the entire burden to business. Increased exports would alleviate the situation; but, if business is unable to generate the necessary trade surplus, the responsibility rests squarely on the government to correct the imbalance by further reducing the dollar outflow associated with government aid and military programs.

Another point that should be noted in regard to our balance-of-payments is this: the United States is relying more and more on increased cooperation among the foremost trading nations of the world to prevent disruptive currency speculation. This approach is implemented in part, through close coordination of fiscal and monetary policies of the various countries. France, if interested in reducing the influence of the United States on the Continent, could become reluctant to participate in these cooperative efforts.

What can the United States do about developments in Europe? Secretary Rusk stated a week ago that if our policies—a strong unified Europe, a close Atlantic Alliance, and cooperation with the Free World — were sound in the beginninng, they are just as sound now and that we should continue with our basic plans.

Apparently the first reaction in Washington to the French action was one of wait and see. However, spokesmen have indicated that the United States will continue to negotiate for tariff concessions with the Common Market. And Great Britain, with the support of the five Common Market members which supported her, will probably try again at a later date to gain membership. We cannot exert too much pressure without irritating those who support our position.

In closing, let me say that Jan. 29, 1963, will undoubtedly be remembered for a long time as a crucial date in the history of the Western Alliance. Its implications will be felt for many years. As one observer put it, de Gaulle has succeeded in doing what Khrushchev could not do in 15 years—drive a wedge in the Western Alliance.

We will be hearing much more about this development in the weeks and months ahead. It will figure more dominantly in our economic forecasts.

It will test anew the vision, the will and the judgment not only of our government spokesmen but of all Americans who believe that a strong and united Western Alliance is essential to our ultimate victory over Communism.

*From an address by Mr. Kimbrel before the 44th Mid-Winter Trust Conference sponsored by the A.B.A.'s Trust Division, New York City, Feb. 4, 1963.

Knowles to Head Joint Economic Committee Staff

Senator Paul H. Douglas (D., Ill.), Chairman of the Joint Economic Committee, announced the appointment of James W. Knowles as Executive Director of the staff of the Joint Economic Committee, succeeding Wm. Summers Johnson. Mr. Johnson has resigned to become Staff Director and Clerk of the Committee on Banking and Currency of the House of Representatives, chaired by Congressman Wright Patman, Democrat of Texas, who has just completed a two-year term as Chairman of the Joint Economic Committee.

Senator Douglas said that he was delighted that Mr. Knowles has accepted the appointment as director. "Not only has Mr. Knowles been with the staff for over 12 years," he said, "but he has also played a leading role in every economic investigation undertaken by the Committee. The study on 'Productivity, Prices, and Incomes' and the study on 'The Potential Economic Growth of the United States' are among his original contributions to economic knowledge. I am sure that the economic profession as well as the general public will be delighted to know that such a competent professional economist is to head the Committee staff."

Mr. Knowles served the Committee as its senior economist, as economist for its Subcommittee on Economic Statistics, and as its special economic counsel for its large-scale study, in 1959, of "Employment, Growth and Price Levels."

Diamond, Steckler To Admit Diamond

Diamond, Steckler & Co., 60 Broad Street, New York City, members of the New York Stock Exchange, on Feb. 7 will admit Howard A. Diamond to limited partnership.

Investing in Today's Less Turbulent Market

Continued from page 3

terminate the outgrown statutory Federal debt ceiling of $284.9 billion and you have something else for our Federal Reserve authorities and institutional buyers of long-term bonds to evalue. The Federal debt is now actually above the $300 billion level. Combine assumed lowered taxes to accelerated Federal spending and the present price structure for long-term bonds should give way —especially in those credits with coupons of 3½% or less.

Long-term bond prices appear high. They are headed downward in 1963. This conclusion is advanced despite the fact that when there were no bids for the $8.5 Oklahoma Lake Development Authority, a Federal agency bought the issue. Price was par for a 3⅜% coupon with staggered maturities to June 1, 2002. This is tax-payers' money, not private funds. There is a difference! This observation recalls Sir Ernest Benn's remark: "When a businessman spends money he can be trusted to get value for it—when a politician spends money, value leaves the market."

Business

No recession. Rather a leveling off as intense competition continues to accent the profit margin squeeze. Farm income holding the $34 billion level, which figure includes Federal subsidies. Rental starts adversely affected in some sectors by racial restrictions attached to borrowed Federal funds. No marked improvement in the temporary glut of rental units, especially deluxe apartments. Housing starts down from 1962. The estimate, 1.2 million. The automobile industry is looking at another excellent new-car year. A modest pickup in capital spending to $38.5 billion could occur as informed businessmen are compelled to meet the profit squeeze with automation and improved facilities.

Last year's enacted tax credit accelerating the depreciation schedule on new equipment could provide the needed stimulus. Inventory buildup before mid-year seems likely as inflationary forces and agitation by labor leaders for the 35 hour mandatory work week gather steam. Excellent retail sales, particularly for home goods and apparel. An increase in spending at Federal and state levels should throw an additional $6 billion into commercial channels. This means public spending approaching $100 billion annually for armament and public improvements. National income should better 1962. An estimate—$565 billion! A depression? The thought is absurd!

Dow-Jones

It is unfortunate that this widely accepted stock market barometer should have such a profound impact on the welfare of the financial community. Down 25 points or up 25 points has dramatic appeal. When a broker is asked: "How is the market?" and can answer: "down 10," it brings a wince. Actually, 10 minus points on Dow need not make a dent in the well-groomed security portfolio. Last year the 30 stocks comprising the Dow-Jones industrial average had a 27% plunge from top to bottom — to be specific from 726.01 to 535.76—a resounding 190.25 points. Approaching year-end, some Dow components had nearly cancelled their declines. Two examples: long-time laggards Standard Oil of New Jersey and Chrysler.

Now with 50% margins, speculative fever could mount as bears and bulls appear more evenly matched. The 70% margin requirement penalized "short" sellers. Undoubtedly it impaired stock market liquidity. When credit factors are imbalanced, a liquidation once begun, feeds on itself. So reinstatement of the 50% margin rule has already aided a sharp recovery in the Dow index. Let us take one Dow favorite and see what could happen.

Suppose you own 100 shares of blue-chip Texaco. These shares are pledged with your bank or broker against the purchase of another 100 shares. At $60 per share, the pledged Texaco creates a debit of $6,000. The well-protected annual dividend is $1.85 per share. Therefore, the indicated income from 200 shares is $370 annually. This $370 figures is a credit to offset the $330 which is the 5½% interest levied on the $6,000 borrowed funds required to carry the second 100 shares. Conversely, should you wish to wager that Texaco will go down, then the borrowing process is reversed with this difference. The "short sale" accommodation is made with your broker, not your bank. Any realized profits from "short" sales are always treated as ordinary income —not capital gains.

Because of 50% margins and the growing prospects for a resurgence of latent inflationary trends, the market measured by Dow-Jones could again this year have some wild gyrations. A guess would be 715 high, 620 low—the same 12% swing predicted for last year. Which guess brings to mind an observation of Charles Dow: "When the public begins to sell, they sometimes sell as blindly as they bought."

Stock Market

The price movement of individual stocks since 1959 has been unrelated to the sluggish nature of the economy. Actually the opportunity for capital growth has narrowed considerably in recent years. For example, a one-time speculative favorite (Texas Instruments) had its amazing markup from 5⅛ to 256 months preceding last year's dramatic stock market plunge. Those who purchased Chrysler back in 1955-56 have been tree'd most of the time. For the legion of newcomers to the market, it was largely a numbers game centered in stocks priced under 20. The goal was quantity, not value. If a stock of your choice sold above 50, the audience was restricted. At $75 per share, interest was negligible. When one lady was asked why she fancied shares with a $5 tag or less, her answer typified the times: "If the $5 stock goes to zero, you can't lose as much!" Balance sheet items and comparative earning trends were ignored.

Turn to last May or June and trace the price recovery in many individual stocks. Learn first hand how difficult or easy can be the art of speculation where capital gain is the aim. Was it IBM or Sperry Rand that surged forward in the fall recovery? Is it surprising that Kaiser Aluminum (yielding 2.4%) and Alcoa (yielding 1.9%) are approaching their 1962 highs while Harvey Aluminum trades under 20 to yield 6% plus from its indicated $1.20 annual dividend? In the food field American Bakeries fell from 40 to under 20 and offers a 9% return assuming the hazardous $1.80 dividend can be maintained. Blue-chip General Foods with its matching protected $1.80 dividend yields 2.2% and trades near $80 per share. There are many comparisons to illustrate that quality is generally related to price in the stock market as indeed it generally is elsewhere. The widely heralded price-earnings ratio frequently substantiates this observation. A high price-earnings multiple implies quality—a low price-earnings ratio risk. When a stock trades at ten or fifteen times its price-earnings ratio in this economy, look for a worm in the corn. More often than not, he is there.

The premium is still on management. The key to adjudge management is comparative profit margins. For an easy example, compare General Motors, Ford and Chrysler. You will learn that over the years the balance sheet and earning appraisal of these three concerns has been quite accurate. General Motors spread-eagles the field—this despite the fact its 283,-545,000 issued shares are more than twice the combined issued shares of Ford and Chrysler (119,-286,000 shares).

For those who can still afford the luxury of growth over current income, the life insurance industry appears now completely isolated from other industrial classifications, even including local favorites—petroleum, drugs and public utilities. There are substantial reasons to support this observation. The life company deals only in money. There is no inventory problem. There is no obsolescence. The home office is generally fully automated. The diversified security portfolio runs the gamut of bonds, mortgages, real estate and stocks. Payrolls are modest because agents are on straight commission. This industry has escaped the profit squeeze. Reliable sources indicate the change in operating costs at less than 1% in the decade 1952-62.

For those who seek factual evidence, Dr. Ira Cobleigh, the distinguished economist, used the comparisons in the accompanying table to review the growth rate of some industrial and life companies (**Commercial and Financial Chronicle,** Feb. 1, 1962):

A $10,000 INVESTMENT COMPARISON
(12-31-51 to 12-31-61)

	Bid 12-31-61	Value of $10,000 12-31-61	% Gain
Ten Representative Dow-Jones Industrial Companies—			
IBM	579	$226,743	2,167
General Foods	96⅜	85,905	759
General Electric	75¼	37,941	279
Radio Corporation	53¼	24,247	140
Sears Roebuck	89⅜	48,842	388
Standard Oil (N. J.)	50¾	20,099	101
General Motors	57	32,882	229
E. I. duPont	243⅜	25,454	165
American Tel. & Tel.	136⅛	26,094	161
American Airlines	22¼	13,185	32
Average Gain			442
Ten Representative Life Co.'s—			
Franklin Life	140	462,117	4,521
U. S. Life	78	425,455	4,155
Commonwealth Life	58½	178,353	1,684
Continental Assurance	195	115,770	1,058
Government Employees Life	146	371,892	3,619
Connecticut General	284	92,358	824
Lincoln National Life	175	79,545	695
Aetna Life	138	68,148	581
Travelers Insurance	166	68,595	586
Jefferson Standard	91½	69,318	593
Average Gain			1,832

Selecting a promising life insurance stock can be as tedious and exacting as the industrial stock or the real estate venture. Examples: United States Life Insurance Co. of New York commenced business March 4, 1850. It is the oldest stock life insurance company in America. There are issued 1,710,000 shares. At $81 per share, the company commands an open-market valuation approaching $140 million. The annual cash dividend per share is 15 cents. One hundred shares purchased fifty-five years ago (1907) has grown now to 1,250 shares currently worth $105,000. For contrast, Republic Life Insurance Co. of Dallas, Texas, commenced business Nov. 24, 1928. There are issued 2,210,716 shares. At $85 per share, the open-market valuation is $188 million. The cash dividend is 10 cents. At the highest offered price in 1955, 100 shares cost $8,000. Since then, a Republic stockholder has received 4,500 shares worth now $378,000. Should a proposed 50% dividend be approved March 12, the Republic stockholder will own 6,750 shares for each 100 shares held eight years ago.

What is the future for selected and seasoned life companies? By 1970, the total population of the United States will have risen from 180 million counted in the 1960 census to somewhere between 209 and 214 million. For 1980, a range of 246 to 260 million is indicated. Inflation, arrested or chronic, increases the amount and need for life insurance. Because the seemingly ubiquitous life insurance salesman is everywhere, there is a natural revulsion when "life insurance" is mentioned—unless it's a widowed mother. Those breadwinners who pay the premiums are not always around on settlement day. Yet it cannot be denied that upwards of $78 billion of life insurance was purchased last year. Another $78 billion or more is indicated for 1963.

Conclusion

It is sad but true that each year seemingly brings into sharper focus the sage observation of the Philippines' General Romulo, former president of the General Assembly of the United Nations and warm U. S. friend, ". . . I am increasingly worried by the alarming capacity of Americans to believe in the 'happy ending'—that, with international relations as with the TV western, the bad man may draw first but the good man is bound to win. Such an attitude makes for a contented country but if it persists, I sadly predict that Khrushchev will be proved right: your grandchildren will be living under communism. . . ."

Cuba has completely embraced state capitalism. Brazil moves rapidly in that direction. Expropriation of American-owned telephone and electric properties has occurred. Peru, Chile, Costa Rica and Uruguay are faced with unpopular austerity measures to counter their alarming inflation. Bolivia is in complete chaos and collapse. In nine years, the cost of living has soared 4,000%. By contrast, after forty-five years of currency inflation, France has officially revalued the franc. On Jan. 1, 1963, 1,000 old francs are automatically exchangeable for 10 new de Gaulle francs.

With Cuba in the Marxist camp, are not thoughts of disarmament preposterous? Is not the cold war more likely to intensify? How can disarmament talks be conducted with Soviet leaders when Red China is their equally aggressive Marxist partner? As a prop for our economy, advancing military expenditures seem here to stay!

Beside accelerated deficit financing at home, there is the growing unemployment problem. Labor leaders will intensify their push for a shortened work week. Their economists will attempt to prove that if each of two employed workers can be induced to work seven hours for five days, then a third worker can take up the thirty-five hours relinquished by the other two. Businessmen are not alarmed by this proposal. Rather is it the demands of 40 hours pay for 35 hours work. The shortened work week could be a stock market deterrent as we approach mid year.

With or without manipulation, certain selected shares will again this year be in the spotlight—this despite the impending S. E. C. report to Congress on its investigation of the financial industry. A careful perusal and comparison of annual reports is more than ever essential. A culling out of those careless, thoughtless purchases associated with inflation and our "fast buck" economy is suggested. For the speculator, the road will be rough! For the investor, more of the same; i.e. eternal vigilance!

Named Branch Mgr.

ROCHESTER, N. Y.—Charles W. Higbie has been appointed manager of the Rochester office of Francis I. duPont & Co., 8 Exchange Street.

Leonard Bakrow and John Frey, former co-managers with long standing in Rochester's financial community, are relinquishing their managerial responsibilities in order to devote their entire time to servicing the requirements of their many investment accounts with Francis I. duPont & Co.

Mr. Higbie has a background of over 25 years experience in the field of business and finance.

Puerto Rico's Economic And Political Future

Continued from page 5

firms, organized early under the industrial program, generally represent investments smaller than is the case with those more recently established. It is therefore expected that the rate of closings would be even lower for the newer, more highly capitalized and well-rooted enterprises.

Favorable Outlook

Prospects for a continued high level of economic activity in Puerto Rico appear to be extremely good. Continued growth is expected in the prinicpal sectors of manufacturing, agriculture and tourism, with great strides following in the supporting sectors of the economy. Although our rate of progress gives us great confidence, we know that much remains to be done in all sectors of the economy, and it will require a continuation of the same efforts we have applied in the past. We shall have to continue to look to the United States financial community for support. Obviously our access to mainland capital markets has been one of the advantages enjoyed by Puerto Rico in its effort to accomplish its goals of economic progress. Investment bankers' assistance as a part of the United States financial community has indeed played a vital role in Puerto Rico's economic development program and we are certainly hopeful and confident that it will continue to play an increasingly important role.

Unique Political Formation

Now as to the political status that goes with this progress in Puerto Rico I should like to say a few words. Puerto Rico started out as a possession of the United States following the Spanish-American War. With great wisdom from the beginning of the relationship in 1900 the Congress of the United States ratified within the next few years, by decision of the Supreme Court of the United States, a completely new constitutional relationship between the United States and Puerto Rico. This completely new relationship is what has opened the door to creative political thinking in Puerto Rico and in the Congress of the United States in connection with developments in Puerto Rico.

Up to 1900 there were only two methods of being part of the United States: by being a state of the Union or by being an incorporated territory of the Union. In both cases, of course, the Constitution of the United States applied fully, including that clause in the constitution which provides that the rule of taxation shall be uniform throughout the United States.

In 1900, after the Spanish-American War, Congress realized that if Puerto Rico had to be an incorporated territory, it would sink economically. It would have no possible hope of making progress. The poverty was extreme among most of the people. Hope was not very bright for the great majority of families in Puerto Rico. So Congress invented something. You have to invent things to meet needs in this world! You cannot be the slave of what has heretofore existed, when what existed is going to be tyrannous in the future.

So Congress proceeded to originate a new concept—an unincorporated territory. Nobody had ever heard of this before 1900. This meant that the United States did not have to run it fully. Therefore, the door to invention —as Felix Frankfurter was to say, the door of political creativeness —was left wide open for the Congress and the people of Puerto Rico to work out their future development and future political status. On the basis of that, after many years, which I shall not go into in detail, between 1950 and 1952 the Commonwealth of Puerto Rico was created.

Commonwealth Status in 1952

The Commonwealth of Puerto Rico was begun by an Act of Congress known as Law 600 of 1950, a law approved on the principle of government by mutual consent and the principle of compact. The law itself says that this law is approved in the nature of a compact and subject to the approval of the people of Puerto Rico at the polls before it could go into effect. On the basis of that the Puerto Rican people held a constitutional convention and drew up a constitution, and on July 25, 1952, the Commonwealth of Puerto Rico was proclaimed.

Under the constitution that Puerto Ricans themselves drew up, all the internal government of Puerto Rico arises from the sovereignty of the Puerto Rican people. They elect the legislature —two houses — they elect their governor—one. They elect their mayors and their municipal assemblies. And then the governor, with the consent of the Senate, appoints the judiciary—the Supreme Court for life, the Superior Court, which is the next level, for 12 years, and the Municipal Courts, known as Districts Courts for four years, with the consent of the Senate. So that there is full local self-government.

Present Political Relationship With U. S. A.

The relationship with the United States is based on what is known as the State of Federal Relation, which is a promulgation of the statute that had fixed that relationship before 1950, mentioning free trade, of course, and common citizenship. Between the United States and Puerto Rico there is practically a customs union, since the federal United States tariff obtains in Puerto Rico. But the money that is collected at the customs house goes into the treasury of the Commonwealth and not into the treasury of the United States. Practically all Federal laws are the same in Puerto Rico, excepting the tax laws, so Puerto Rico is virtually exempt from Federal taxation. We also have no voting representation in the Congress of the United States. The idea of "No taxation without representation" is one of the old ideas that is still good! You don't have to invent anything in connection with that!

That is the situation as it has been during the last 10 years, so you can see that that is why I am proposing that the legislature renew the tax-exemption law at the end of this year, December, 1963.

You might say, Does anyone want to change this? Well, you would be surprised! Some people do want to change it. In Puerto Rico there are those who believe that Puerto Rico should become a State of the Union, and there are in Puerto Rico—a small minority by this time—those who believe that Puerto Rico should be independent. There are those who believe in statehood. At the last election—if you count votes of parties on political status by what they have in their platforms—those who believe in statehood obtained 32% of the votes, those who believe in independence obtained 3%, and those who believe, as I do, in the continuance of Commonwealth status, with all its potential for growth within its own nature, obtained 59% of the votes.

Plebiscite on Commonwealth Status

But almost from the beginning there has been some question as to the validity of the Commonwealth status of Puerto Rico, a questioning by some people in good faith in Puerto Rico and by a lot of people in bad faith outside of Puerto Rico, meaning principally the Communists, and, more recently, the Castroist propagandists. They claim that Puerto Rico is a colony of the United States. They claim that this Commonwealth status is a mere disguise for colonialism. They claim that there is no such thing as a compact, that it is called a compact but it is just a fraud that the United States tries to perpetrate on the good faith of the rest of the world.

We know it is not so. We are convinced it is not so. But the propaganda persists — and even among some conservative persons it persists. They, I say, are those who believe so in good faith. But good faith does not guarantee that they have a good head!

So on the 10th anniversary of our Commonwealth it was felt it would be a good idea to make a record of how the people of Puerto Rico felt about this. On the basis of that we called upon the legislature to take measure for a plebiscite in which the idea of an expanded Commonwealth should be put to the vote, along with statehood and independence, without any candidates involved. After extensive hearings and many discussions and debates, the legislature approved a bipartisan resolution almost unanimously—I think it had a couple of votes against it in the house and one vote against it in the senate—proposing to the Congress of the United States the following procedure for dealing with the status question of Puerto Rico:

One, for the Congress and those of us in Puerto Rico who believe in the worth and validity of the Commonwealth status to agree as to how the Commonwealth status should be broadened; two, when the Congress and Congressional leadership and the people of Puerto Rico have arrived at an agreement as to the Commonwealth growth, that agreement should be spelled out in a law and then be put to a vote by the people of Puerto Rico, giving the people of Puerto Rico a chance at the same time to vote for statehood or independence if they should prefer either of those two forms of status to that of the Commonwealth as so developed.

I don't know what Congress is going to do about the development of the Commonwealth. So far as the feeling of the people of Puerto Rico is concerned, they would vote for Commonwealth status even if it had no potential for growth and development beyond what exists today. If, however, there is that potential for growth and development, obviously they would vote still more strongly and decisively for Commonwealth status.

Independence has so few followers that perhaps, since we have so brief a time at our disposal here today, we should not even refer to it.

Disadvantages of Statehood

Statehood would immediately place the whole Federal tax system upon the shoulders of Puerto Rican taxpayers, and, of course, indirectly, upon the shoulders of the entire economy of Puerto Rico. It would, I think, make a shambles of our industrial program. There would be no possible incentive for investment. Industries already established would find—or least most of them I feel would find—that they would have no special reason for continuing. New industries would be very, very difficult to promote. Statehood in Puerto Rico would mean at this time a siphoning out of about $200 million a year from the economy, meaning about 14% of the income of the Puerto Rican community. I don't have to tell this audience what that would mean.

Imagine what would happen if, all of a sudden, the United States had to pay out 14% of its national income to the United Nations! What would happen to the United States? You would have a revolution! That would amount to about $75 billion — almost your entire budget all over again! The same thing would happen proportionately in Puerto Rico.

Forming An Above Suspicion Compact

But the Commonwealth will be sustained. Of that I am completely certain. The principal thing is the growth of the Commonwealth, or in the growth of the idea of the Commonwealth, what we want to accomplish and that we should accomplish, is to make certain there is a compact, to put the idea of compact beyond any possible shadow of doubt, to destroy all the propaganda of the Communist and Castroist forces in the world as to there being a system of colonialism in Puerto Rico, or that the compact itself is a fake and a fraud and that the United States, with the help of Puerto Rican leadership, tries to perpetrate that fraud on the world. And in some way—whichever way might be most effective —the idea of compact should be made clear and definite, because it should not be open to question.

Then, of course, we should distribute power between the Federal Government and Puerto Rico in whichever manner appears to be conducive to the greatest measure of self-government. But it will be on the basis of common citizenship, common defense, common obligation to all the duties of democracy, and free trade. There will be no substantial change there.

Would Contribute Payments to U. S. A. In Lieu of Taxes

We are proposing, however, that Puerto Rico begin to contribute money to the general expense of the Union, because we don't want to get a free ride for the mere sake of getting a free ride! We don't want the Puerto Rican economy crushed, as it

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Puerto Rico's Economic And Political Future

Continued from page 25

would be by the taxation involved in statehood. But we do feel that as its economy grows Puerto Rico should contribute to the general expenses of the Federal union. And although the legislature has not spelled it out, my view is that the formula should be on the basis of payments by Puerto Rico into the Federal treasury of whatever percentage would appear to be fair and adequate of the annual growth of Puerto Rico's economy.

So there you have it, by definition. It cannot possibly ruin Puerto Rico. It may be millions of dollars in the future. But it is part of our growth, and the rest of that growth will contribute to the raising of our standard of living and to the general economic growth of Puerto Rico.

The legislature also mentions in its resolution the possibility that Puerto Ricans shall have the right to vote for a President and Vice-President of the United States, since the United States will always retain Federal power in Puerto Rico, on the basis of common citizenship, common defense, and common currency. However, for Puerto Ricans to vote for a President and Vice-President, the Constitution of the United States would have to be amended, and Congress has only the power to initiate an amendment to the Constitution of the United States. An amendment to the Constitution of the United States cannot be ratified until three-fourth of the state legislatures have agreed. So that cannot form any part of the compact to which the Congress can agree. But it can be urged as a separate resolution, proposing an amendment to the Constitution of the United States.

Giving Puerto Ricans the Right Of Choice

What we are now presenting to the Congress is not just commonwealth growth. But we are presenting to Congress the whole resolution of the Puerto Rican legislature. We are presenting to Congress the idea that the Commonwealth should be developed, and especially that the compact should be made sure, and by that I mean it should be placed beyond even the shadow of doubt.

What we are also presenting to Congress is that the Puerto Rican people should have the right to vote for statehood if they want it, and to vote for independence if that is what they want. I think I have assured my listeners that they won't do it. But they should have the right to do it. Therefore, what is about to be placed before Congress is not really the matter of commonwealth status, of statehood, or independence, but the issue of self-determination. And I certainly hope that we can get the support of every citizen for this principle of self-determination, of which I have very briefly attempted to explain the meaning for Puerto Rico.

I certainly hope also that the talks with Congress will be carried out in an atmosphere of dignity and not in an atmosphere of dickering. I am presenting this to Congress as a measure and not as a party proposal. If it is bipartisan in Puerto Rico it should also be bipartisan in Congress. It should be treated with dignity, and, whatever is worked out in regard to the Commonwealth, should have dignity and greatness. It should not be a mere tampering with or a mere fixing-up of an old sock or an old piece of cloth! It should be something of depth and dignity, both for the good image and prestige of the United States and the pride of the Puerto Rican people.

*Stenographic transcript of an address by Governor Louis Munoz Maria at a luncheon sponsored by the Government Development Bank for Puerto Rico, New York City, Jan. 18, 1963.

Chase Bank Lauds Five Staffers For Civic Duties

The Chase Manhattan Bank recently announced the presentation of its first Outstanding Citizen Awards to five staff members with distinguished records in political affairs.

Chase Manhattan Chairman George Champion presented the awards at a luncheon honoring the winners. Each received a citation scroll, a one-week paid vacation and a $100 U. S. Savings Bond.

"In keeping with the objectives of the Public Affairs Program," Mr. Champion said at the luncheon, "the bank is justly proud to present these awards to such outstanding individuals who have demonstrated exceptional qualities of good citizenship.

"Selecting only five was a difficult task for the awards committee," continued Mr. Champion, "as many outstanding candidates were nominated. The bank congratulates the winners and the more than 700 staff members who made notable contributions to civic betterment through activities in public affairs during 1962."

The winners of the awards participated in a wide range of political activity in the boroughs of New York City last fall.

Raymond A. Guenter, assistant staff counsel in the bank's legal department, was campaign manager for New York State Assemblyman Jerome Kretchmer in his successful bid in both the September primary and November election. A founder of the New Chelsea Democratic Club, he was also campaign co-ordinator for New York State Senator Manfred Ohrenstein, who was re-elected in New York's 25th Senatorial District. In the September primary, Mr. Guenter was a successful candidate for election to the Democratic State Committee as representative for the Third Assembly District.

Kenneth T. Hoeck Jr., an assistant Vice-President in the bank's United States department, has been active in politics since 1949. He headed the campaign for Gilbert A. Robinson, Republican candidate for Congress in the 20th Congressional District. Although unsuccessful, the campaign was rated by the *Congressional Quarterly* as "the best the Republicans have waged in the district since Senator Jacob Javits left the district to run for the Senate in 1956." Mr. Hoeck has also participated in the campaigns of Representative John V. Lindsay, Republican Congressman from the 17th District in Manhattan.

Kathryn A. Kearns of the bank's credit department served as coordinator of special events for "Citizens for Rockefeller-Javits" at the New York State headquarters last fall. In 1961 she was comanager for Joseph F. Periconi in his successful campaign for the office of Bronx Borough President.

Louis A. Menendez of the bank's international department campaigned for Oscar Gonzales-Suarez, unsuccessful Republican candidate for the 22nd Congressional District seat in the Bronx. He worked in the 4th Assembly District, a predominantly Spanish-speaking area, and one of his main duties was the handling of the Spanish-language publicity. He also worked as a member of the nationality group for the reelection of Governor Rockefeller.

Estelle B. Noble of the bank's international department was active in door-to-door canvassing, distribution of campaign literature and clerical work as a member of the "Citizens for Rockefeller-Javits" committee. She was also active in the fund-raising campaign for Manhattan Borough President Edward R. Dudley, unsuccessful Democratic candidate for the post of New York State Attorney General.

The awards, which will be presented each January, are administered by the bank's public affairs department. All members of the bank's staff are eligible and each candidate must be nominated by a staff member. An awards committee determines the winners.

The Awards Program is part of Chase Manhattan's campaign to encourage active participation in civic affairs by its staff members.

New Market Info. Service

A new stock market information service for the investment community was introduced to the 44th Mid-Winter Trust Conference of the American Bankers Association in New York. The new service will enable bankers and brokers to utilize their own data processing systems for trust account pricing, stock action analysis and portfolio evaluation.

John R. Scantlin, President of Scantlin Electronics, Inc., Los Angeles, originators of the service, said closing stock prices as well as a summary of stocks' daily activities will be available for the first time in computer language through the medium of magnetic tape.

The information is offered in two forms, the Quotron data format which furnishes the open, high, low, closing price and volume on each of some 4,000 stocks, and the summary format which supplies the closing price of the same list of securities.

Mr. Scantlin said the data will be supplied from the company's New York computer center, the world's largest for the processing and dissemination of stock market information.

NSTA NOTES

BOND CLUB OF DENVER

At its Annual Meeting in January, the Bond Club of Denver elected the following new officers for 1963:


James A. Hill


W. Birkenmayer


William E. Sweet, Jr.


Robert F. Gerwin

President: James H. Hill, Boettcher & Co.

Vice-President: Wilson C. Birkenmayer, Birkenmayer & Co.

Secretary: William E. Sweet, Jr., Peters, Writer & Christensen, Incorporated.

Treasurer: Robert F. Gerwin, Coughlin & Co., Inc.

NASHVILLE ASSOCIATION OF SECURITIES DEALERS

The following officers have been elected by the Nashville Association of Securities Dealers for the calendar year 1963:


T. H. Mitchell, Jr.

President: Tom H. Mitchell, Jr., Cumberland Securities Corporation.

Vice-President: W. Irvin Berry, Berry, Douglas & Fitzhugh.

Secretary-Treasurer: H. O. Booth, Jr., Spencer Trask & Company.

Directors: Morris C. Early, Merrill Lynch, Pierce, Fenner & Smith Incorporated; Enoch Stephenson, Mid-South Securities Company; and William L. Granbery, Stein Bros. & Boyce.


W. Irvin Berry

The Association's annual Spring Party has been scheduled for May 16 and 17 at Hillwood Country Club and Belle Meade Country Club, respectively.

SECURITY TRADERS ASSOCIATION OF PORTLAND


Jack Bader


Pierre A. Kosterman

The new officers for the calendar year 1963, of the Security Traders Association of Portland are as follows:

President: Jack Bader, First California Company, Inc.

Vice-President: P. A. Kosterman, E. I. Hagen & Co.

Secretary-Treasurer: Richard M. Dominey, George Patten Investment Co.

Witter Appoints

Joseph E. Bitterly has been appointed manager of the 11 East 55th Street, New York City office of Dean Witter & Co., it has been announced.

Mr. Bitterly has been associated with the investment business for 13 years in sales and sales management capacities. He is a member of the Association of Customers Brokers.

Chicago Analysts To Hear

CHICAGO, Ill. — Hartman L. Butler, partner in Duff, Anderson & Clark, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held today, Feb. 7, at the Midland Hotel. Mr. Butler's subject will be the aerospace industry.

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.

Abbot 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. **Offering**—Indefinite.

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. **Offering**—Indefinite.

Aerosystems Technology Corp.
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. **Offering**—Indefinite.

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.

Alaska Power & Telephone Co.
Dec. 26, 1962 filed $600,000 of 6% debentures due 1978, 240,000 common, and 180,000 10-year warrants to purchase a like number of common shares, to be offered in 600 units, each consisting of one $1,000 debenture, 400 common, and 300 warrants. **Price**—$1,000 per unit. **Business**—A public utility supplying electricity and telephone service to 4 Alaskan communities. **Proceeds**—Expansion of service, loan repayment, and working capital. **Office**—Fifth Ave., Skagway, Alaska. **Underwriter** — Jay W. Kaufmann & Co., New York. **Offering** — Expected in March or April.

Allied Mortgage & Development Co., Inc.
Jan. 28, 1963, filed $2,000,000 of 6% subordinated sinking fund debentures due 1973 (with warrants) and 100,000 common, to be offered in units of one $20 debenture (with a warrant to purchase two shares) and one common share. **Price**—By amendment. **Business**—Mortgage banking, real estate development, and sale of insurance. **Proceeds** — For debt repayment, land development, and working capital. **Office** — 3756 Lamar Ave., Memphis, Tenn. **Underwriter**—To be named.

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.
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. **Offering**—Indefinite.

American Mortgage Insurance Co.
Jan. 10, 1963 filed 31,070 common to be offered for subscription by stockholders on the basis of one share for each five shares held. **Price**—$18. **Business**—A mortgage insurance company. **Proceeds** — For investments. **Office**—300 S. Salisbury St., Raleigh, N. C. **Underwriter**—None.

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).

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**—Indefinite.

Anadite, Inc.
Jan. 28, 1963, filed $800,000 convertible subordinated debentures due 1978, and 15,000 capital shares. **Price**—For debentures, at par; for stock, by amendment (max. $20). **Business**—Furnishing of specialized chemical metal processing and finishing services. **Proceeds**—For debt repayment, new plants and other corporate purposes. Proceeds from the stock sale will go to certain stockholders. **Address**—10647 Garfield Ave., South Gate, Calif. **Underwriter**—Dean Witter & Co., San Francisco.

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.

Arkansas Power & Light Co. (2/20)
Jan. 10, 1963 filed $15,000,000 of first mortgage bonds due 1993. **Proceeds**—To refund outstanding 5⅝% first mortgage bonds due Dec. 1, 1989. **Address** — Ninth and Louisiana Sts., Little Rock, Ark. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.-Dean Witter & Co. (jointly); Lehman Brothers-Stone & Webster Securities Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly). **Bids** — Feb. 20 (11:30 a.m.) at 2 Broadway (28th floor), New York.

Ashland Oil & Refining Co. (2/20)
Jan. 23, 1963 filed $25,000,000 sinking fund debentures due 1988; $35,000,000 convertible subordinated debentures due 1993; and 260,000 common. **Price**—By amendment. (max. $30 for the common). **Business** — A refiner, transporter and marketer of petroleum products. **Proceeds**—For proposed acquisition of United Carbon Co. **Address**—1409 Winchester Ave., Ashland, Ky. **Underwriter**—Eastman Dillon, Union Securities & Co., and E. F. Hutton & Co., Inc., New York, and A. G. Becker & Co., Inc, Chicago.

Associated Mortgage Co., Inc.
Dec. 21, 1962 filed 135,205 common, of which 100,000 are to be offered by company and 35,205 by stockholders. **Price**—By amendment (max. $10). **Business**—Originating, marketing and servicing of first mortgages and loans on real estate. **Proceeds**—For loan repayment, and working capital. **Office**—1120 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Shields & Co., Inc., New York. **Offering**—Indefinite.

● 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**—To be named. **Offering**—Indefinite.

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.

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. **Offering**—Indefinite.

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. **Offering**—Expected in April.

● Black Hills Power & Light Co. (2/14)
Jan. 17, 1963, filed 22,516 common to be offered for subscription by stockholders on the basis of one new share for each 19 held. **Price**—By amendment (max. $44.40). **Proceeds**—For construction, and loan repayment. **Office**—621 Sixth St., Rapid City, South Dakota. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

● Buckingham Corp. (2/18-21)
Jan. 25, 1963, filed 400,000 class A common. **Price**—By amendment (max. $30). **Business** — Importer of Cutty Sark Scotch whiskey. **Proceeds**—For selling stockholders. **Address**—620 Fifth Ave., New York. **Underwriter**—Lehman Brothers, New York.

Butternut Basin, Inc.
Jan. 15, 1963 ("Reg. A") 250 common. **Price** — $1,000. **Business**—Development and operation of a ski and recreational area. **Proceeds**—For construction, equipment and working capital. **Address**—Butternut Basin, Great Barrington, Mass. **Underwriter**—Kennedy-Peterson, Inc., Hartford, Conn.

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** — Broadwell Securities, Inc., New York. **Offering**—Indefinite.

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.

Canaveral Hills Enterprises, Inc. (2/25-28)
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.

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.

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.

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Address—Box 469, Wallace, Idaho. **Underwriters**—Pennaluna & Co. and Standard Securities. Inc., Spokane, Wash. **Offering**—Expected sometime in March.

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. **Offering**—Indefinite.

Chemair Electronics Corp.
Dec. 28, 1962 filed $150,000 of 6% subordinated income debentures due 1973 and 30,000 common shares to be offered in units consisting of one $10 debenture and two common. **Price**—$12 per unit. **Business**—Production and sale of chemicals designed to control odors, bacterial growth and air pollutants; and development, production and sale of an electronic vaporizing unit for dispensing such chemicals. **Proceeds**—For debt repayment, equipment, sales promotion and working capital. **Office**—221 N. La Salle St., Chicago. **Underwriter**—Price Investing Co., New York.

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.
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. **Offering**—Indefinite.

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

● **Colonial Board Co.**
March 28, 1962 filed 37,500 shares of $1.50 preferred ($25 par), 75,000 common and warrants to purchase 37,500 common shares to be offered in units of one preferred, two common and a warrant to purchase one common share. Of the common, 26,000 shares will be sold for the company and 49,000 for stockholders. **Price**—By amendment. **Business** — Manufacture of fiberboard, boxboard and shoeboard. **Proceeds**—For equipment, plant improvement, loan repayment and working capital. **Office**—615 Parker St., Manchester, Conn. **Underwriter**—Putnam & Co., Hartford. **Offering**—Expected in March.

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.

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. **Offering**—Indefinite.

Computer Control Co., Inc. (2/11-15)
Jan. 24, 1962 filed 165,000 common, of which 100,000 will be sold for the company and 65,000 for stockholders. **Price**—By amendment (max. $10). **Business**—Design and manufacture of digital equipment. **Proceeds**—For debt repayment. **Office**—983 Concord St., Framingham, Mass. **Underwriter**—Kidder, Peabody & Co., New York.

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

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**—Indefinite.

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.

Consultant's Mutual Investments, Inc.
Dec. 21, 1962 filed 500,000 common. **Price**—$10. (For an initial period the fund will also offer its shares in exchange for acceptable securities on the basis of one share for each $10 market value of securities). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—211 S. Broad St., Philadelphia. **Underwriter**—Gerstley, Sunstein & Co., Philadelphia.

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. **Offering**—Indefinite.

Continental Device Corp.
Dec. 26, 1962 filed 275,000 common. **Price**—By amendment (max. $6). **Business**—Company is engaged in research, development and manufacture of certain types of semiconductor products, and specialized test equipment. **Proceeds**—For loan repayment, equipment, and other corporate purposes. **Office**—12515 Chadron Ave., Hawthorne, Calif. **Underwriter**—Carl M. Loeb, Rhoades & Co., Inc. New York. **Offering**—Expected in February or March.

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**—Sometime in March.

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,

Continued on page 29

NEW ISSUE CALENDAR

February 7 (Monday)

Atlanta Gas Light Co.--------Bonds
(Stone & Webster Securities Corp. and First Boston Corp.) $27,000,000

February 11 (Monday)

American Savings & Loan Association---Cap. Shs.
(J. A. Hogle & Co.) $2,061,938

Computer Control Co., Inc.--------Common
(Kidder, Peabody & Co.) 165,000 shares

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

Florida Bancgrowth, Inc.--------Common
(Dempsey-Tegeler & Co., Inc.) 250,000 shares

Hobam, Inc.--------Class A
(Doolittle & Co.) $300,000

Lunar Films, Inc.--------Common
(Ingram, Lambert & Stephen, Inc.) $718,750

Roddy Recreation Products Inc.--------Units
(Dempsey-Tegler & Co., Inc.) $1,300,000

February 13 (Wednesday)

Pacific Southwest Airlines--------Common
(E. F. Hutton & Co., Inc.) 293,000 shares

Pioneer Telephone Co.--------Common
(Dean Witter & Co. and M. H. Bishop & Co.) 75,000 shares

February 14 (Thursday)

Black Hills Power & Light Co.--------Common
(Offering to stockholders—underwritten by Eastman Dillon, Union Securities & Co.) 22,516 shares

Drexel Enterprises, Inc.--------Common
(Lehman Brothers; R. S. Dickson & Co., Inc. and Powell, Kistler & Co.) 156,414 shares

R. E. D. M. Corp.--------Common
(Schweickart & Co.) 80,000 shares

Southern Railway Co.--------Equip Tr. Ctfs.
(Bids 12 noon EST) $4,020,000

Wallace & Tiernan Inc.--------Common
(White, Weld & Co. and Cyrus J. Lawrence & Sons) 256,000 shares

February 18 (Monday)

Atlantic Coast Line RR.--------Equip. Trust Ctfs.
(Bids 12 noon EST) $3,600,000

Buckingham Corp.--------Class A
(Lehman Brothers) 400,000 shares

Emtec Inc.--------Debentures
(Fulton, Reid & Co., Inc.) $300,000

Great Eastern Insurance Co.--------Common
(Emanuel, Deetjen & Co. and Zuckerman Smith & Co.) $1,908,000

Natural Gas & Oil Producing Co.--------Class A
(Peter Morgan & Co.) $900,000

Texas Power & Light Co.--------Bonds
(Bids 11:30 a.m. EST) $10,000,000

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

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

February 19 (Tuesday)

Emerson Electric Manufacturing Co.--------Common
(Blyth & Co., Inc.) 162,045 shares

Packard Instrument Co., Inc.--------Common
(A. G. Becker & Co., Inc.) 100,000 shares

Potomac Electric Power Co.--------Bonds
(Bids 11 a.m. EST) $50,000,000

Presbyterian Ministries, Inc.--------Bonds
(B. C. Ziegler & Co.) $3,504,000

February 20 (Wednesday)

Arkansas Power & Light Co.--------Bonds
(Bids 11:30 a.m. EST) $15,000,000

Ashland Oil & Refining Co.--------Debentures
(Eastman Dillon, Union Securities & Co.; E. F. Hutton & Co., Inc.; and A. G. Becker & Co., Inc.) $35,000,000
(Eastman Dillon, Union Securities & Co.; E. F. Hutton & Co., Inc.; and A. G. Becker & Co., Inc.) $25,000,000

Ashland Oil & Refining Co.--------Common
(Eastman Dillon, Union Securities & Co.; E. F. Hutton & Co., Inc.; and A. G. Becker & Co., Inc.) 260,000 shares

February 25 (Monday)

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

February 26 (Tuesday)

Seaboard Air Line RR.--------Equip. Trust Ctfs.
(Bids 12 noon EST) $6,360,000

February 27 (Wednesday)

Brooklyn Union Gas Co.--------Bonds
(Bids 11 a.m. EST) $12,000,000

March 4 (Monday)

Data Corp. of America--------Common
(A. D. Gilhart & Co., Inc.) $131,250

March 5 (Tuesday)

John's Bargain Stores Corp.--------Common
(Hayden, Stone & Co. Inc.) 50,000 shares

Northwestern Bell Telephone Co.--------Debentures
(Bids to be received) $40,000,000

March 6 (Wednesday)

Atlantic City Electric Co.--------Bonds
(Bids 11 a.m. EST) $15,000,000

March 7 (Thursday)

Great Northern Ry.--------Equip. Trust Ctfs.
(Bids 12 noon EST) $5,250,000

March 11 (Monday)

Central Illinois Light Co.--------Bonds
(Bids 11 a.m. EST) $9,375,000

Kansai Electirc Power Co., Inc.--------ADR's
(Merrill Lynch, Pierce, Fenner & Smith, Inc. and The Nomura Securities Co., Ltd.) 1,300,000 ADR's

March 12 (Tuesday)

Oklahoma Gas & Electric Co.--------Bonds
(Bids 11 a.m. EST) $15,000,000

March 19 (Tuesday)

Michigan Consolidated Gas Co.--------Bonds
(Bids to be received) $30,000,000

March 25 (Monday)

Norfolk & Western Ry.--------Equip. Trust Ctfs.
(Bids to be received) $5,475,000

March 26 (Tuesday)

Texas Electric Service Co.--------Bonds
(Bids 11:30 a.m. EST) $22,000,000

March 27 (Wednesday)

Southern Railway Co.--------Equip. Trust Ctfs.
(Bids 12 noon EST) $4,020,000

April 2 (Tuesday)

Pacific Northwest Bell Telephone Co.--------Debens.
(Bids to be received) $50,000,000

May 1 (Wednesday)

Tampa Electric Co.--------Bonds
(Bids to be received) $25,000,000

Western Light & Telephone Co., Inc.--------Common
(Offering to stockholders underwritten by Dean Witter & Co.) $3,000,000

May 9 (Thursday)

Alabama Power Co.--------Bonds
(Bids to be received) $13,000,000

Alabama Power Co.--------Preferred
(Bids to be received) $5,000,000

May 14 (Tuesday)

Virginia Electric & Power Co.--------Bonds
(Bids to be received) $30,000,000

November 7 (Thursday)

Georgia Power Co.--------Bonds
(Bids to be received) $30,000,000

Georgia Power Co.--------Preferred
(Bids to be received) $7,000,000

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D. C. **Proceeds**—For construction and general corporate purposes. **Office**—3600 M St., N. W., Washington, D. C. **Underwriter**—None.

● Data Corp. of America (3/4-8)
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.

De Troy Bergen, Inc.
Dec. 20, 1962 filed 140,000 common. **Price**—$4. **Business**—Commercial printing. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—750 Hyler St., Teterboro, N. J. **Underwriter**—Van Alstyne Noel Corp., New York. **Offering**—Expected in late Feb. or March.

Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, 2 units for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction, equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

Diamond 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** — Consolidated Financial Program (same address). **Offering**—Indefinite.

Diversified Resources, Inc.
Jan. 16, 1963 ("Reg. A") 67,000 common. **Price** — $3. **Business**—Manufacture of a lightweight structural board and sheet insulating material (wallboard). **Proceeds**—For equipment, leasing of working space, advertising, and working capital. **Office**—42 Broadway, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York.

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**—Indefinite.

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 February.

Dudley Sports Co., Inc.
Jan. 28, 1963 ("Reg. A") 66,000 common. **Price**—$2.25. **Business** — Distribution of baseballs, softballs, baseball pitching machines and other sports equipment. **Proceeds**—For repayment of loans, promotional materials and working capital. **Office** — 633 Second Ave., New York. **Underwriter**—W. R. Reisch & Co., Inc., New York. **Offering**—Imminent.

● Drexel Enterprises, Inc. (2/14)
Jan. 23, 1963 filed 156,414 common. **Price**—By amendment (max. $25). **Business**—Manufacture of furniture for homes and institutions. **Proceeds**—For selling stockholders. **Address**—Drexel, N. C. **Underwriters**—Lehman Brothers, New York, R. S. Dickson & Co., Inc., Charlotte, N. C, and Powell, Kistler & Co., Fayetteville, N. C.

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** — Temporarily postponed.

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

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.

● Electro-Temp Systems, Inc. (2/11-15)
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.

Electronic Dispenser Corp.
Jan. 29, 1963, filed 50,000 common. **Price**—$2. **Business**—Manufacture of the SAFER Butter Chipping machine, and processing of tray-forming and chip-covering materials. **Proceeds**—For operating expenses, equipment, inventory and advertising. **Office**—118 E. 28th St., New York. **Underwriter**—L. D. Brown Co., New York.

Emerson Electric Manufacturing Co. (2/19)
Jan. 17, 1963 filed 162,045 common. **Price**—By amendment (max. $35). **Business** — Manufacture of electric motors, automatic controls, electronic devices, and builder products. **Proceeds**—For selling stockholders. **Address**—8100 Florissant Ave., St. Louis. **Underwriter**—Blyth & Co., Inc., New York.

● Emtec Inc. (2/18-21)
Jan. 4, 1963 ("Reg. A") $300,000 of 6% convertible subordinated debentures due 1968. **Price**—At par ($500). **Business** — Design and manufacture of miniature and subminiature metal products for electronic, appliance and automotive industries. **Proceeds**—For equipment, debt repayment and working capital. **Office** — 140 S. Olive St., Elyria, Ohio. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland.

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.

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 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.

● Florida Bancgrowth, Inc. (2/11-15)
March 16, 1962 filed 250,000 common. **Price**—By amendment (max. $15). **Business**—An investment company specializing in bank stocks. **Proceeds**—For investment. **Office**—3356 Atlantic Blvd., Pompano Beach, Fla. **Underwriter**—Dempsey-Tegeler & Co., Inc., St. Louis.

Florida Jai Alai, Inc.
June 28, 1962 filed 400,000 common. **Price**—$5. **Business** — Operation of Jai Alai games and pari-mutuel betting. **Proceeds**—For rent, purchase of leased quarters, building improvements, working capital. **Office**—Fern Park, Fla. **Underwriter**—To be named.

Floseal Corp.
May 10, 1962 filed 169,420 common to be offered for subscription by stockholders. **Price**—By amendment (max. $2). **Business**—Company owns and licenses carton pouring spout patents and die patents. **Proceeds**—For debt repayment and other corporate purposes. **Office**—100 W. 10th St., Wilmington, Del. **Underwriter**—None.

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.

Freoplex, Inc.
Jan. 2, 1963 ("Reg. A") $200,000 of 7% convertible subordinated debentures due March 1, 1975. **Price**—At par. **Business**—Operation of retail meat supermarkets. **Proceeds**—For debt repayment and working capital. **Address**—Route 18, Tices Lane, East Brunswick, N. J. **Underwriter**—Alessandrini & Co., Inc., N. Y.

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**—March.

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.

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

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-March.

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. (2/18-21)
April 13, 1962 filed 381,600 common. **Price**—$5. **Business**—Company plans to write certain types of fire and casualty insurance. **Proceeds** — For general corporate purposes. **Office**—116 John St., New York. **Underwriters**—Emanuel, Deetjen & Co., and Zuckerman Smith & Co., New York.

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. **Offering**—Indefinite.

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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.

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.

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., New York. **Note**—This registration will be withdrawn.

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. **Offering**—In mid-March.

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. **Note**—This statement has become effective.

● **Hobam, Inc. (2/11-15)**
Jan. 16, 1963 ("Reg. A") 75,000 class A. **Price**—$4. **Business**—Development and marketing of new equipment for the processing industry. **Proceeds**—For debt repayment, purchase of Strudh Co., in Sweden, and working capital. **Office**—1720 Military Rd., Tonawanda, N. Y. **Underwriter**—Doolittle & Co., Buffalo.

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.

Home Entertainment Co. of America
Jan. 16, 1963 filed 230,000 common of Home Entertainment Co., Inc., Los Angeles, a subsidiary, and 23,000 stock purchase warrants in parent, to be offered in units of 10 shares and one warrant. **Price** — $100 per unit. **Business**—Company and subsidiary are engaged in the development and promotion of a pay television system in Santa Monica, Calif. **Proceeds**—For installation of a pay television system. **Address** — 19th and Broadway, Santa Monica, Calif. **Underwriter**—Bernard M. Kahn & Co., Inc., New York. **Offering**—Expected in February.

Hunsaker (S. V.) & Sons
March 30, 1962 filed $1,300,000 of convertible subordinated debentures due 1977 and 200,000 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.

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

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.

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. **Offering**—Imminent.

Interstate Equity
March 30, 1962 filed 1,605,100 shares of beneficial interest **Price**—(max. $10). **Business**—A real estate investment company. **Proceeds**—For investment. **Office**—450 Seventh Ave., N. Y. **Underwriter**—Van Alstyne, Noel & Co., N. Y. **Offering**—Indefinite.

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.

Investors Trading Co.
Jan. 17, 1963 filed 200,000 capital shares. **Price** — Net asset value (max. $5), plus 8% sales charge. **Business**—A mutual fund. **Proceeds**—For investment. **Office**—460 Denver Club Building, Denver. **Distributor**—Nemrava & Co., (same address).

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

Jamoco Air Conditioning Corp.
Feb. 28, 1962 ("Reg. A") 40,000 common. **Price** — $3 **Business**—Design, installation and maintenance of heating, plumbing and air conditioning systems. **Proceeds**—For inventory, equipment and other corporate purposes **Office** — 954 Jamaica Ave., Brooklyn, N. Y. **Underwriter**—Martin-Warren Co., Ltd., New York **Offering**—Indefinite.

● **Jayark Films Corp.**
Aug. 24, 1961 filed 85,000 common. **Price**—By amendment. (Approx. $5). **Business**—Company is engaged in distribution of motion picture films for television. **Proceeds** — For financing of production costs of films, for sales and promotion, debt repayment, and general corporate purposes. **Office**—733 Third Ave., New York. **Underwriter**—Pacific Coast Securities Co., San Francisco. **Offering**—Expected in mid-February.

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. **Offering**—Indefinite.

● **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. **Note**—This statement has become effective.

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).

Lewis (Tillie) Foods, Inc.
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., New York. **Offering**—Indefinite.

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.
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. **Offering**—Indefinite.

Lord Jim's Service Systems, Inc.
Jan. 14, 1963 ("Reg. A") 100,000 common. **Price** — $1. **Business**—Operation of drive-in restaurants. **Proceeds**—For leases, equipment and working capital. **Office**—1601 Mandeville Canyon Rd., Los Angeles. **Underwriter**—Keon & Co., Los Angeles.

Loyalty Financing Corp.
Dec. 19, 1962 ("Reg. A") 24,000 shares of 6½% cumulative convertible preferred and 60,000 common to be offered in units consisting of 20 preferred and 50 common shares. **Price**—$250 per unit. **Business**—A business finance company. **Proceeds**—For working capital. **Office**—5 W. Main St., Freehold, N. J. **Underwriter**—Friedman & Co., Inc., New York.

● **Lunar Films, Inc. (2/11-15)**
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., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York.

Madison Life Insurance Co.
Dec. 27, 1963 filed 219,000 capital shares. **Price** — $6. **Business** — Company plans to sell life, accident and health, group insurance and annuities in New York State. **Proceeds**—For organizational expenses, and investment. **Office**—1 Liberty St., New York. **Underwriter**—None.

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 re-

payment 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.

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.

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.

Midwestern Indemnity Co.
Dec. 26, 1962 filed 25,495 common to be offered for subscription by stockholders on the basis of one share for each three held of record Dec. 31, 1962. **Price**—$19.50. **Business**—A multiple line insurance carrier. **Proceeds**—For additional capital and surplus. **Office**—6901 Wooster Pike, Cincinnati. **Underwriters**—W. D. Gradison & Co., Cincinnati, and Greene & Ladd, Dayton.

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. **Offering**—Imminent.

Monarch Plastics Corp.
May 28, 1962 ("Reg. A") 140,000 common. **Price**—$2. **Business**—Manufacture and sale of plastic letters, embossed sign faces, quantity signs and boat windshields. **Proceeds**—For purchase of land and building, moving expenses, equipment and working capital. **Office**—5606 Stuebner Airline Rd., Houston. **Underwriter**—W. R. Sauve Co., N. Y.

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 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 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., Inv., New York. **Offering**—Indefinite.

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., Inc.
Dec. 28, 1962 refiled $8,000,000 face amount certificates (series 20) and 300,000 common shares. **Price**—For certificates, $762; for stock, $1.15. **Business**—A mortgage loan company. **Proceeds**—For general corporate purposes. **Office**—113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc., (same address). **Note**—This offering will be made only in the State of Kansas.

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 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 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. (2/18)
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.

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 March.

Nordon Corp., Ltd.
March 29, 1962 filed 375,000 capital shares, of which 100,000 are to be offered by company and 275,000 by stockholders. **Price**—By amendment (max. $6). **Business**—Acquisition and development of oil and natural gas properties. **Proceeds**—For drilling expenses and working capital. **Office** — 5455 Wilshire Blvd., Los Angeles. **Underwriter**—Gregory-Massari, Inc., Beverly Hills, Calif.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O. Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Note**—This registration will be withdrawn.

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.

Oklahoma Gas & Electric Co. (3/12)
Jan. 30, 1963, filed $15,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Office**—321 No. Harvey St., Oklahoma City. **Underwriters** — (Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co. Inc. (jointly); First Boston Corp.; Harriman Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp. **Bids**—March 12 (11 a.m. EST) at First National City Bank, 55 Wall St., New York.

Orr (J. Herbert) Enterprises, Inc.
May 1, 1962 filed 200,000 common. **Price**—$5.25. **Business**—The company and its subsidiaries manufacture and distribute cartridge type tape player recorders and programs therefor; sell at retail nationally known audio visual equipment; and manufacture men's and boy's dress trousers. **Proceeds** — For additional inventory, equipment, research, and working capital. **Address**—P. O. Box 27, Opelika, Ala. **Underwriter**—First Alabama Securities, Inc., Montgomery. **Offering**—Indefinite.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

• Pacific Southwest Airlines (2/13)
Dec. 26, 1962 filed 293,000 common, of which 80,000 are to be offered by company, and 213,000 by stockholders. **Price**—By amendment (max. $20). **Business**—Company operates a scheduled airline in California, providing daily service between San Diego, Los Angeles, and San Francisco. **Proceeds**—For prepayment of loans. **Office**—3100 Goddard Way, San Diego, Calif. **Underwriter**—E. F. Hutton & Co., Inc., Los Angeles.

Packard Instrument Co., Inc. (2/19)
Jan. 28, 1963, filed 100,000 common, of which 50,000 are to be offered by company and 50,000 by L. E. Packard, Chairman. **Price**—By amendment (max. $25). **Business**—Development and manufacture of scientific instruments, principally for detection and measurement of radio-activity. **Proceeds**—For debt repayment, plant expansion, and working capital. **Office**—3713 Grand Blvd., Brookfield, Ill. **Underwriter**—A. G. Becker & Co., Inc., Chicago.

• 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 April or May.

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.

• Pioneer Telephone Co. (2/13)
Dec. 28, 1962 filed 75,000 common, of which 44,416 are to be offered by company and 30,584 by stockholders. **Price**—By amendment (max. $20). **Proceeds**—For debt repayment, expansion and working capital. **Office**—40 S. Elm St., Waconia, Minn. **Underwriters**—Dean Witter & Co., San Francisco, and M. H. Bishop & Co., Minneapolis.

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**—Golkin, Divine & Fishman, Inc., Chicago. **Offering**—Indefinite.

• Potomac Electric Power Co. (2/19)
Jan. 25, 1963, filed $50,000,000 of first mortgage bonds due 1998. **Proceeds**—For loan repayment, and construction. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—(Competitive) Probable bidders: Dillon, Read & Co., Inc.-Lehman Brothers-Eastman Dillon, Union Securities & Co.-Stone & Webster Securities Corp.-Johnston, Lemon & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co.-Salomon Brothers & Hutzler (jointly). **Bids**—Feb. 19 (11 a.m. EST) in Room 933, above address. **Information Meeting**— Feb. 14 (11 a.m. EST) at 48 Wall St., N. Y.

Potomac Real Estate Investment Trust
July 6, 1962 filed 1,000,000 shares of beneficial interest. **Price**—By amendment (max. $5). **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—880 Bonifant St., Silver Spring, Md. **Underwriter**—None.

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.

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Power Cam Corp.
Jan. 28, 1963, filed 200,000 capital shares. **Price**—$4.75. **Business**—Company plans to manufacture a new type of brake unit for heavy duty automotive vehicles. **Proceeds**—For equipment, and working capital. **Office** — 2604 Leith St., Flint, Mich. **Underwriter**—Farrell Securities Co., New York.

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.

Professional Men's Association, Inc.
Jan. 8, 1963 filed 40,000 common. **Price**—$5. **Business**—Company specializes in financial consulting, and servicing patients' accounts of member hospitals, physicians and dentists. **Proceeds**—For debt repayment and working capital. **Address**—100 W. Tenth St., Wilmington, Del. **Underwriter**—None.

Publishers Co., Inc.
Aug. 29, 1962 filed 25,000 outstanding common shares to be sold by stockholders. **Price**—By amendment (max. $10). **Business**—Book publishing. **Office**—1106 Connecticut Ave., Washington, D. C. **Underwriter**—Roth & Co., Inc., Philadelphia. **Note**—This registration will be withdrawn.

Putnam Management Co., Inc.
Aug. 22, 1962 filed 150,000 common (non-voting). **Price**—By amendment (max. $14). **Business**—An investment adviser and distributor of mutual funds. **Proceeds**—For selling stockholders. **Office**—60 Congress St., Boston. **Underwriter**—To be named.

● **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. **Offering**—Expected in March.

● **R. E. D. M. Corp. (2/14)**
June 29, 1962 filed 80,000 common, of which 40,000 will be offered for the company and 40,000 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**—Schweickart & Co., New York.

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.

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. **Offering**—Indef.

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.

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

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**—Indefinite.

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.

● **Roddy Recreation Products Inc. (2/11-15)**
Dec. 31, 1962 filed $1,000,000 of 6½% convertible subordinated debentures due 1978 and 50,000 common shares to be offered in units of one $500 debenture and 25 shares. **Price**—$650 per unit. **Business**—Manufacture and sale of fishing equipment, ammunition reloading devices and cord, tapes, etc. **Proceeds**—For debt repayment and working capital. **Office**—1526 W. 166th St., Gardena, Calif. **Underwriter** — Dempsey - Tegeler & Co., Inc., St. Louis.

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

Ruby Silver Mines, Inc.
Jan. 2, 1962 ("Reg. A") 2,400,000 common. **Price**—12½ cents. **Business**—Exploration and development of mineral deposits. **Proceeds**—For debt repayment and general corporate purposes. **Address**—Box 1088, Wallace, Idaho. **Underwriter**—To be named.

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**—Indefinite.

San Francisco Capital Corp.
April 23, 1962 filed 60,000 common. **Price**—$12.50. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—400 Montgomery St., San Francisco. **Underwriter**—Cantor, Fitzgerald & Co., Inc., Beverly Hills, Calif. **Note**—This registration will be withdrawn.

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).

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.

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**—Indefinite.

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.

Southwest Forest Industries, Inc.
Jan. 11, 1963 filed 638,237 common to be offered for subscription by stockholders on the basis of three new shares for each five held. **Price**—By amendment (max. $7). **Business**—Company manufactures lumber and wood products, and converts, processes and distributes paper products. **Proceeds**—For working capital and debt repayment. **Office** — 444 First National Bank Building, Phoenix. **Underwriter**—None.

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**—Indefinite.

Stars of New York, Inc.
Dec. 28, 1962 filed $450,000 of 15-year 8% debentures and 15,000 common shares to be offered in 300 units, each consisting of $1,500 of debentures and 50 shares. **Price**—$2,000 per unit. **Business**—Operation of discount department stores. **Proceeds**—For debt repayment and working capital. **Office**—North Colony Rd., Wallingford, Conn. **Underwriter**—None.

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.

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.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. **Price**—$100. **Business**—A holding company which plans to organize a life insurance company. **Proceeds**—For investment in U. S. Government Bonds and in new subsidiary. **Office**—801 Lafayette Life Bldg., Lafayette, Ind. **Underwriter**—Amosand Inc., (same address).

Ten-Tex, Inc.
Dec. 31, 1962 ("Reg. A") 3,000 units each consisting of one 6½% 10-year debenture, 25 common shares and purchase warrants for 100 common shares to be offered for subscription by stockholders of Ten-Tex Corp., parent, of record Feb. 1, 1963 on the basis of one unit for each 150 common shares held. **Price**—$100. **Business**—Sale and lease of machinery for production of tufted textile products. **Proceeds** — For debt repayment and working capital. **Office**—3814 Tennessee Ave., Chatsworth, Ga. **Underwriter**—Irving J. Rice & Co., Inc., St. Paul.

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.

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.**

Texas Power & Light Co. (2/18)
Jan. 22, 1963 filed $10,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction, and other corporate purposes. **Office** — 1511 Bryan St., Dallas. **Underwriters**—(Competitive). Probable bidders: Kuhn, Loeb & Co.-Blyth & Co., Inc.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); Lehman Brothers; Halsey, Stuart & Co. Inc. **Bids**—Feb. 18 (11:30 a.m. EST) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting**—Feb. 14 (11 a.m. EST) at same address.

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.

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.

Tyson's Foods, Inc.
Dec. 26, 1962 filed 100,000 common. **Price**—By amendment (max. $12). **Business**—Company operates an integrated poultry business. **Proceeds** — For construction, equipment and working capital. **Office**—317 East Emma Ave., Springdale, Ark. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas.

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., 50 Broad St., New York. **Offering**—Expected in March.

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

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.

Valley Investors, Inc.
Jan. 23, 1963, filed 328,858 common. **Price**—$1. **Business**—A new mutual fund. **Proceeds**—For investment. **Address**—Sidney, Montana. **Underwriter**—To be named.

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.

Vend-Mart Inc.
Jan. 22, 1963 filed 60,000 common. **Price**—$4. **Business**—Operation of coin-operated automatic ice cube vending machines and clothes washing and drying machines. **Proceeds** — For debt repayment, equipment, expansion and working capital. **Office**—565 Fifth Ave., New York. **Underwriter**—M. G. Davis & Co., Inc., New York.

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.

Wallace & Tiernan Inc. (2/14)
Jan. 16, 1963 filed 256,000 common. **Price**—By amendment. **Business** — Manufacture of chemicals, equipment and pharmaceuticals. **Proceeds**—For selling stockholders. **Office**—25 Main St., Belleville, N. J. **Underwriters**—White, Weld & Co. and Cyrus J. Lawrence & Sons, N. Y.

Wallace (William) Co.
Jan. 9, 1963 filed $2,500,000 of subordinate debentures due 1981 (wth attached warrants) and 150,000 common to be offered in units consisting of one $1,000 debenture and one warrant to purchase 55 common shares. **Price**—By amendment. **Business**—Manufacture of double wall gas vent systems, prefabricated chimneys, roof drainage equipment, stove pipe, and fittings. **Proceeds**—For loan repayment and working capital. **Address**—230 Park Ave., New York. **Underwriters**—Reynolds & Co., Inc., and P. W. Brooks & Co., Inc., New York. **Offering**—Expected in late February.

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.

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 Power & Gas Co.
Jan. 21, 1963 filed $9,000,000 of subordinated debens. due Feb. 15, 1978. **Price**—By amendment. **Proceeds**—For debt repayment, construction, advances to subsidiaries, and other corporate purposes. **Office**—144 South 12th St., Lincoln, Neb. **Underwriters**—Paine, Webber, Jackson & Curtis, Dean Witter & Co. and Stone & Webster Securities Corp., New York. **Offering**—Imminent.

Western Travel, Inc.
Oct. 29, 1962 ("Reg. A") 187,000 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. (2/18-21)
July 13, 1962 filed 100,000 common. **Price**—$3.50. **Business**—Photo-offset printing. **Proceeds** — For debt repayment, equipment and working capital. **Office**—142 W. 26th St., N. Y. **Underwriter** — K-Pac Securities Corp., New York.

Widman (L. F.), Inc.
Oct. 27, 1961 filed 162,000 common, of which 102,000 are to be offered by the company and 60,000 by stockholders. **Price**—$3. **Business**—Operates a chain of retail drug stores. **Proceeds**—Expansion, equipment and working capital. **Office**—738 Bellefonte Ave., Lock Haven, Pa. **Underwriter**—Godfrey, Hamilton, Taylor & Co., N. Y.

Wiener Shoes Inc.
April 2, 1962 filed 80,000 common. **Price** — By amendment (max. $11). **Business**—Operation of a chain of shoe stores. **Proceeds**—For debt repayment, expansion and working capital. **Office** — 808 Dakin St., New Orleans. **Underwriter** — Howard, Weil, Labouisse. Friedrichs & Co., New Orleans. **Note**—This registration will be withdrawn.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. **Price**—$4. **Business**—Design and manufacture of precision electrical and electronic measuring devices and test equipment. **Proceeds**—For debt repayment and other corporate purposes. **Office**—1005 First Ave., Asbury Park, N. J. **Underwriter**—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. **Offering**—February.

● Zero Mountain Inc. (2/18)
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.

Issues Filed With SEC This Week

★ Atlantic Gas Light Co. (2/27)
Feb. 1, 1963 filed $27,000,000 of first mortgage bonds due March 1, 1988. Of the total, $17,000,000 principal amount will be ready for delivery about March 6, and the balance, on or about Aug. 15. **Proceeds**—To redeem approximately $17,000,000 of outstanding 5⅛% bonds due 1982 and 1985; retire outstanding 3% bonds maturing Sept. 1, 1963; repay bank loans, and for construction and other corporate purposes. **Office**—243 Peachtree St., N. E., Atlanta. **Underwriters**—Stone & Webster Securities Corp., and First Boston Corp., New York.

★ Beech Mountain Development Co., Inc.
Jan. 24, 1963 ("Reg. A") 60,000 common. **Price** — $15. **Business**—Establishment of a winter and summer sports area. **Proceeds**—For general corporate purposes. **Address**—Banner Elk, N. C. **Underwriter**—None.

★ Brooklyn Union Gas Co. (2/27)
Feb. 4, 1963 filed $12,000,000 of first mortgage bonds due 1988. **Proceeds**—For repayment of bank loans. **Office**—195 Montague St., Brooklyn, N. Y. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Blyth & Co., Inc.-Eastman Dillon, Union Securities & Co.- F. S. Moseley & Co. (jointly). Harriman Ripley & Co., Inc.-First Boston Corp. (jointly). **Bids**—Expected Feb. 27 (11 a.m. EST).

★ Danac Real Estate Investment Corp.
Feb. 1, 1963 filed 300,000 common. **Price**—$10. **Business**—Real estate development and ownership. Company plans to deal primarily in commercial, light industrial and apartment properties. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—1710 Chapman Ave., Rockville, Md. **Underwriter** — Ferris & Co., Washington, D. C.

★ Defenders Insurance Co.
Jan. 30, 1963 filed 100,000 common. **Price**—$12.50. **Business** — Company plans to write automobile insurance. **Proceeds**—For general corporate purposes. **Office**—146 Old Country Rd., Mineola, N. Y. **Underwriter**—None.

★ Fischbach & Moore, Inc.
Feb. 4, 1963, filed 75,000 common. **Price**—By amendment (max. $25). **Business**—Company is engaged in various types of electrical contracting. **Proceeds**—For selling stockholders. **Address** — 545 Madison Ave., New York. **Underwriter**—Allen & Co., New York.

★ Green Shoe Manufacturing Co.
Feb. 6, 1963 filed 170,500 common. **Price**—At-the-market. **Business** — Manufacture and sale of children's shoes. **Proceeds**—For the selling stockholders. **Office**—960 Harrison Ave., Boston. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston.

★ Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price** — $12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—216 E. Monroe St., Springfield, Ill. **Underwriter**—Horace Mann Investors Inc., (same address).

★ John's Bargain Stores Corp. (3/5)
Feb. 5, 1963 filed 50,000 common. **Price**—By amendment (max. $12). **Business** — Operation of a chain of retail stores selling housewares, apparel, toys, etc. **Proceeds**—For selling stockholders. **Office** — 1200 Zerega Ave., Bronx, N. Y. **Underwriter**—Hayden, Stone & Co., Inc., New York.

★ Kansai Electric Power Co., Inc. (3/11-15)
Feb. 6, 1963 filed 1,300,000 American Depositary Receipts. **Price**—By amendment. **Business** — An electric utility serving the Osaka-Kyoto-Kobe area. **Proceeds**—For expansion. **Address**—Osaka, Japan. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and The Nomura Securities Co., Ltd., New York.

★ Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile home parks and residential and commercial real estate. **Proceeds**—For general corporate purposes. **Office**—82 Baker St., Atlanta. **Underwriter**—Overseas Investment Service, Seville, Spain.

★ Stone Mountain Scenic Railway Co., Inc.
Jan. 22, 1963 filed 105,000 common to be offered for subscription by stockholders on the basis of one share for each three shares held. Unsubscribed shares will be sold to the public. **Price**—To stockholders, $5.50; to public, $6.50. **Business**—Operation of a scenic railroad. **Proceeds**—For general corporate purposes. **Address** — Stone Mountain, Ga. **Underwriter**—None.

★ Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest. **Price**—$100. **Business** — A real estate investment trust. **Proceeds**—For investment. **Office**—4900 Wilshire Blvd., Los Angeles. **Underwriter**—None.

★ Western Steel, Inc.
Jan. 17, 1963 ("Reg. A") 245,000 common. **Price** — $1. **Business**—Company plans to erect a mill to produce certain types of iron by the new "Taylor Process." **Proceeds**—For plant construction and general corporate purposes. **Address**—Suite 412-413 Hynds Bldg., Cheyenne, Wyo. **Underwriter**—C. B. Hoke Agency, Cheyenne, Wyo.

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 Gas Co.
$2,300,000 of 6½% sinking fund debentures due Jan. 15, 1978 and 230,000 common shares offered in units of one $20 debenture and two shares, at $25 per unit, by A. C Allyn & Co., Chicago and Walston & Co., Inc., New York.

Bell Telephone Co. of Pennsylvania
$50,000,000 of 4⅜% debentures due 2003 offered at 101.625% and accrued interest, to yield 4.29%, by First Boston Corp., New York.

Caldwell Publishing Corp.
100,000 common offered at $3.50 per share by S. B. Cantor Co., New York.

Greatamerica Corp.
2,500,000 common shares offered at $16 per share by Goldman, Sachs & Co., and Lehman Brothers, New York.

Laclede Gas Co.
$10,000,000 of 4½% sinking fund debentures due 1983 offered at 100.657% plus accrued interest to yield 4.45% by Halsey, Stuart & Co., Inc., New York.

Laclede Gas Co.
200,000 4.56% preferred shares at $25 per share by Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc., New York, and Reinholdt & Gardner, St. Louis.

Moore-McCormack Lines, Inc.
$9,000,000 of U. S. Government Insured Merchant Bonds, 4.20% S. S. Brasil Series, offered at par and accrued interest by Lehman Brothers and Kuhn, Loeb & Co. Inc., New York. (Issue was exempted from SEC registration).

Olympia Record Industries, Inc.
53,000 class A shares offered at $5 per share by Mid-Town Securities Corp., New York.

Southern Public Service Co.
$14,000,000 of 4⅜% first mortgage bonds due Jan. 1, 1993 offered at 100.75% and accrued interest to yield 4.33% by Dillon, Read & Co. Inc., New York.

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Prospective Offerings

Alabama Power Co. (5/9)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $13,000,000 of first mortgage bonds and $5,000,000 of preferred stock in May. **Proceeds**—For construction. **Office**—600 North 18th St., Birmingham, Ala. **Underwriters**—(Competitive). Probable bidders: (Bonds): Blyth & Co., Inc.-Kidder, Peabody & Co. (jointly); Lehman Brothers; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp.-Drexel & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co. (Preferred): First Boston Corp.; Eastman Dillon, Union Securities & Co.-Equitable Securities Co. (jointly); Blyth & Co.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—Expected May 9, 1963.

American Savings & Loan Association (2/11-15)
Jan. 29, 1963 it was reported that 242,581 shares of this firm's capital stock will be offered publicly in February. Of the total, 200,000 will be sold for the company and 42,581 for certain stockholders. The issue is exempted from SEC registration. **Price**—$8.50. **Business**—A savings and loan company with branches in Utah and Hawaii. **Office**—63 South Main St., Salt Lake City. **Underwriter**—J. A. Hogle & Co., Salt Lake City.

● Atlantic City Electric Co. (3/6)
Jan. 22, 1963 it was reported that the company plans to sell $15,000,000 of first mortgage bonds due 1993. **Office**—1600 Pacific Ave., Atlantic City, N. J. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.-Shields & Co. (jointly); Kuhn, Loeb & Co., Inc.-American Securities Corp.-Wood, Struthers & Co. (jointly); Lee Higginson Corp.; Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.-Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Blyth & Co. **Bids**—Expected March 6 (11 a.m. EST) at Irving Trust Co., One Wall St., New York. **Information Meeting**—March 1 (11 a.m. EST) at some address.

Atlantic Coast Line RR (2/18)
Jan. 15, 1963 it was reported that this road plans to sell about $3,600,000 of 1-15 year equipment trust certificates. **Office**—220 E. 42nd St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Feb. 18 (12 noon EST) at above address.

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.

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. (3/11)
Jan. 2, 1963 it was reported that this utility plans to sell $9,375,000 of first mortgage bonds due 1993 in March. **Proceeds**—To refund a like amount of 3¼% bonds due April 1, 1963. **Office**—300 Liberty St., Peoria, Ill. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Stone & Webster Securities Corp. (jointly); Blyth & Co.-Lehman Brothers & Co.-Salomon Brothers & Hutzler (jointly). **Bids**—March 11 (11 a.m. EST) at 300 Park Ave., New York. **Information Meeting**—March 8 (11 a.m.) at 16 Wall St. (2nd floor), New York.

Central Illinois Public Service Co.
July 10, 1962 it was reported that this company plans to issue about $10,000,000 of first mortgage bonds in 1963. **Proceeds**—For construction. **Office**—607 E. Adams St., Springfield, Ill. **Underwriters**—(Competitive). Probable bidders: Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler; First Boston Corp.; Lehman Brothers-Bear, Stearns & Co. (jointly).

Chicago Burlington & Quincy RR
Jan. 16, 1963, following the sale of $6,300,000 of equipment trust certificates, it was reported that $14,700,000 of certificates remain to be sold in 1963, in two or more instalments. **Office** — 547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.

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.

★ Columbia Gas System, Inc.
Feb. 5, 1963 it was reported that the company plans to sell about $50,000,000 of 25-year debentures, half in June and the balance in October. **Office**—120 E. 41st St., New York. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co.

Community Public Service Co.
Jan. 16, 1963 it was reported that this company plans to sell $8,000,000 of first mortgage bonds in June 1963. **Office**—408 W. 7th Street, 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.
Jan. 16, 1963 it was reported that the company plans to sell $40,000,000 of bonds in the second half of 1963, or in 1964. **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.

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).

★ General Telephone Co. of California
Feb. 5, 1963 it was reported that this subsidiary of General Telephone & Electronics Corp., plans to sell $25,000,000 of first mortgage bonds in June. **Office** — 2020 Santa Monica Blvd., Santa Monica, Calif. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.-Equitable Securities Corp. (jointly); Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis-Stone & Webster Securities Corp. (jointly); White, Weld & Co.-Kidder, Peabody & Co. (jointly).

★ General Telephone & Electronics Corp.
Feb. 5, 1963 it was reported that this company plans to sell $50,000,000 of sinking fund debentures in March or April. **Proceeds**—To repay bank loans, make advances to subsidiaries, etc. **Office** — 730 Third Ave., New York. **Underwriters** — Paine, Webber, Jackson & Curtis, and Stone & Webster Securities Corp., New York; Mitchum, Jones & Templeton, Los Angeles.

Georgia Power Co. (11/7)
Jan. 22, 1963 it was reported that this subsidiary of The Southern Co., plans to sell $30,000,000 of first mortgage bonds and $7,000,000 of preferred stock in November. **Proceeds**—For construction. **Office**—270 Peachtree Bldg., Atlanta. **Underwriters** — (Competitive). Probable bidders: (Bonds): Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co.; Morgan Stanley & Co.; Lehman Brothers. (Preferred): First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected Nov. 7, 1963.

Great Northern Ry. (3/7)
Jan. 30, 1963 it was reported that this road plans to sell $5,250,000 of equipment trust certificates in March. **Office**—39 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected March 7 (12 noon EST) at above address.

Gulf States Utilities Co.
Jan. 29, 1963 the company announced plans to sell 100,000 shares of preferred stock (par $100) in the second half of 1963. **Office**—285 Liberty Ave., Beaumont, Tex. **Underwriters**—(Competitive). Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers-Equitable Securities Corp. (jointly); Glore, Forgan & Co.-W. C. Langley & Co. (jointly); Lee Higginson Corp.

★ Hartford Electric Light Co.
Feb. 6, 1963 it was reported that this utility plans to sell $151,000,000 of first mortgage bonds in the first or second quarter. **Proceeds**—For construction. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters**—To be named. The last sale of bonds in October 1958, was handled on a negotiated basis by First Boston Corp., New York; Putnam & Co., Hartford, and Chas. W. Scranton & Co., New Haven.

★ Hawaiian Telephone Co.
Feb. 4, 1963, the company announced plans to sell about $9,000,000 of common stock late in the third quarter. Details have not been decided upon. However, in the period August 1937 to October 1961 the company offered common to stockholders through subscription rights, 14 times. **Office**—1130 Alakea St., Honolulu. **Underwriter**—Kidder, Peabody & Co., New York.

● Interstate Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $6,000,000 of first mortgage bonds and $3,000,000 of common stock in May 1963. **Office**—1000 Main Street, 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 Power & Light Co.
Jan. 16, 1962 it was reported that the company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & 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.

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).

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.

Massachusetts Electric Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly).

Michigan Consolidated Gas Co. (3/19)
Jan. 30, 1963 it was reported that this company plans to sell $30,000,000 of 25-year first mortgage bonds in March. **Office**—415 Clifford St., Detroit. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co.-Lehman Brothers (jointly). **Bids**—Expected March 19.

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 England Power Co.
Jan. 16, 1963 it was reported that this utility plans to sell $10,000,000 of bonds and $10,000,000 of preferred stock in the fourth quarter. **Office**—441 Stuart St., Boston. **Underwriters** — (Competitive). Probable bidders: (Bonds) Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. (Preferred) First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.-Wertheim & Co. (jointly); Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.

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.

Norfolk & Western Ry. (3/25)
Dec. 26, 1962 it was reported that this road plans to sell about $5,475,000 of 1-15 year equipment trust certificates in March. **Office**—8 N. Jefferson St., Roanoke, Va. **Underwriters**—(Competitive.) Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids** — Expected March 25.

Northern Illinois Gas Co.
Dec. 20, 1962 the company stated that it plans to spend $40,000,000 on construction in 1963, an undetermined amount of which will be raised by sale of bonds. **Office**—615 Eastern Ave., Bellwood, Ill. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-Equitable Securities Corp. (jointly); Glore, Forgan & Co.

Northern Indiana Public Service Co.
Jan. 27, 1963, the company stated that it plans to sell $25-$30,000,000 of first mortgage bonds sometime in 1963, depending on market conditions. **Office** — 5265 Hohman Ave., Hammond, Ind. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Lehman Brothers-Bear, Stearns & Co. (jointly); Equitable Securities Corp.; Dean Witter & Co.-Blyth & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Kuhn, Loeb & Co.

Northern Natural Gas Co.
Jan. 16, 1963 it was reported that this company plans to sell $30,000,000 of debt securities sometime in 1963 or 1964. **Office**—2223 Dodge St., Omaha, Neb. **Underwriter**—To be named. The last sale of debentures on Nov. 16, 1960 was handled on a negotiated basis by Blyth & Co., Inc., N. Y.

Northern States Power Co. (Minn.)
Jan. 11, 1963, it was reported that this company plans to sell $25,000,000 of first mortgage bonds due 1993 in the last half of the year. **Proceeds** — For construction. **Office**—15 South Fifth St., Minneapolis. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Blyth & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers-Riter & Co. (jointly).

Northwestern Bell Telephone Co. (3/5)
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.

Otter Tail Power Co.
Jan. 16, 1963 it was reported that this company plans to sell $10,000,000 of bonds in the fourth quarter. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. Inc.; Glore, Forgan & Co.-Kalman & Co. (jointly); White, Weld & Co.

Pacific Northwest Bell Telephone Co. (4/2)
Jan. 28, 1963 it was reported that this company plans to sell $50,000,000 of debentures due 2003. **Proceeds**—To reduce outstanding debt, due Pacific Telephone & Telegraph Co., in connection with the transfer in 1961 of the latter's properties in Washington, Oregon and Idaho. **Office**—1200 Third Ave., Seattle, Wash. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc. **Bids** — Expected April 2.

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).

★ Presbyterian Ministries, Inc. (2/19)
Feb. 6, 1963 it was reported that $3,504,000 of this corporation's FHA insured sinking fund bonds (yielding 4% to 5.1%), maturing serially Feb. 1, 1964 to Nov. 1, 2003, will be offered publicly in late February. **Price**—$1,000 each. **Business**—A non-profit corporation affiliated with the Synod of Washington - Alaska of the United Presbyterian Church in the U. S. A. **Proceeds**—To help finance the construction of a new $6,000,000 retirement residence in Seattle. **Underwriter**—B. C. Ziegler & Co., West Bend, Wis.

Seaboard Air Line RR (2/26)
Jan. 29, 1963 it was reported that this company plans to sell $6,360,000 of equipment trust certificates in late February. This is the second installment of a total issue of $12,720,000. **Office**—3600 W. Broad St., Richmond, Va. **Underwriters** — (Competitive.) Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Feb. 26 (12 noon EST) at office of Willkie, Farr, Gallagher, Walton & Fitzgibbon, One Chase Manhattan Plaza, New York.

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 in 35 major cities. **Proceeds**—For expansion. **Office**—1530 Chestnut St., Philadelphia. **Underwriter**—To be named.

Socony Mobil Oil Co., Inc.
Jan. 22, 1963 the company announced plans to sell about $200,000,000 of debentures in early April. **Business**—Company and its subsidiaries are engaged in the production, refining, transportation and distribution of petroleum products. **Proceeds**—For general corporate purposes. **Office**—150 E. 42nd St., New York. **Underwriter**—Morgan Stanley & Co., New York.

Southern California Edison Co.
Jan. 16, 1963 it was reported that this company plans to sell $60,000,000 of bonds later this year or in 1964. **Office**—601 West Fifth St., Los Angeles. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp., and Dean Witter & Co. (jointly).

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Southern Railway Co.
Jan. 15, 1963 stockholders authorized 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). **Bids**—Expected in March.

Southern Railway Co. (2/14)
Jan. 16, 1963 it was reported that the company plans to sell $4,020,000 of equipment trust certificates in February. **Office**—70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids** — Feb. 14 (12 noon EST) at above address.

● Southern Railway Co.
Jan. 29, 1963 it was reported that this company plans to sell $4,020,000 of equipment trust certificates in March. This is the second instalment of a total $8,040,000 issue. **Office** — 70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—March 27, 12 noon EST) at above address.

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.
Jan. 16, 1963 it was reported that this company plans to sell $30,000,000 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.

★ Tampa Electric Co. (5/1)
Feb. 5, 1963 it was reported that this utility plans the sale of from $25-$50,000,000 of bonds due 1993. **Proceeds**—For construction, and possible refunding operations. **Office**—111 No. Dale Maby Hwy., Tampa, Fla.. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co. **Bids**—Expected May 1.

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 Electric Service Co. (3/26)
Feb. 5, 1963 it was reported that this subsidiary of Texas Utilities Co., plans to sell $22,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Address**—Seventh and Lamar Sts., Fort Worth. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kuhn, Loeb & Co.-Blyth & Co.-Lehman Brothers (jointly). **Bids**—Mar. 26 (11:30 a.m. EST) at Ebasco Services, 2 Rector St., New York. **Information Meeting** — March 22 (11 a.m. EST) at same address.

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.

Virginia Electric & Power Co. (5/14)
Jan. 16, 1963 the company announced plans to sell $30,-000,000 of first mortgage bonds due 1993. **Proceeds**—For construction. **Address**—7th and Franklin Sts., Richmond. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Salomon Brothers & Hutzler. **Bids**—Expected May 14.

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. (5/1)
Jan. 29, 1963, the company announced plans to raise about $3,000,000 by offering stockholders the right to purchase 113,300 additional common shares on the basis of one new share for each 10 held of record about May 1. **Proceeds**—To repay bank loans, and for construction. **Office**—2015 Forest Ave., Great Bend, Kan. **Underwriter**—Dean Witter & Co., San Francisco.

Wisconsin Public Service Corp.
Jan. 16, 1963 it was reported that this company plans to sell $15,000,000 of bonds later this year or in 1964. **Office**—1029 North Marshall St., Milwaukee. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly); First Boston Corp.; White, Weld & Co.; Kidder, Peabody & Co.

Current News in the Field

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

NEW BRANCHES

BRUSSELS, Belgium.—**H. Hentz & Co.**, 333 Avenue Louise. Jean Henri Imperiali is resident manager.

FOND DU LAC, Wis. — **Lon L. Grier & Company**, 104 South Main Street. Henry J. Borne is resident manager. He was formerly Vice-President of the Marshall Company, with headquarters in Fond du Lac.

FT. DODGE, Iowa.—**T. C. Henderson & Co., Inc.**, 906 First Avenue South. Omar K. Brooks is resident manager. He formerly was in charge of Hayden, Stone & Co., Inc.'s local office.

Montgomery, Ala.—**Investors Planning Corporation of Atlanta**, 33 South Perry Street. Roswell E. Currie is manager.

MOUNT GILEAD, Ohio — **First Columbus Corporation**, 246 West High Street, under the management of George Kemnitzer.

REDWOOD CITY, Calif.—**Hooker & Fay, Inc.**, has consolidated their Burlingame office with the office in Redwood City, 723 Middlefield Road. Lawrence H. Easterling, Jr., is resident vice president in charge. John Inglis is assistant manager.

ST. PETERSBURG, Fla.—**Harris, Upham & Co.**, 3444 Fifth Avenue, North. Albert Wadle is local manager.

TOLEDO, Ohio—**First Columbus Corporation**, 4132 Heathergreen Court. Thurman B. Turner is resident manager.

NEW FIRMS

ALBUQUERQUE, N. Mex.—**Coronado Investment**, 130 Alvarado, N. E. Richard P. Hiron is sole proprietor.

BIDDEFORD, Maine.—**D. T. Moore & Sons**, 5 Washington Street. Roger P. Moore is now sole proprietor of the firm.

BROOKLYN, N. Y. — **Hurley Investors Service**. Ira Hurley is principal of the firm. Mail address is P. O. Box 142, Homecrest Station.

GREENVILLE, Miss. — **Consolidated Planning Corporation**, 340 Washington Avenue. Officers are Charles W. Blaylock, president; Robert O. May, chairman; Morris F. Paden, vice president, and Malcolm H. James, secretary and treasurer.

LITTLETON, Colo. — **Oakley Investment Securities Company**, 722 West Caley Avenue. Oliver H. Oakley is sole proprietor. He was fomerly with Birkenmayer & Co.

NEW YORK CITY. — **Joseph M. Weiner**, 420 East 55th Street. Mr. Weiner was formerly with Joseph Nadler & Co. and Kesselman & Co.

TAMPA, Fla. — **Stanley Hirsch**, 8715 Thornwood Lane.

PAWTUCKET, R. I.—**E. J. Dwyer & Co.**, 188 Oriole Avenue. Partners are Edmund J. Dwyer, Jr., and M. M. Dwyer. Both were formerly with the Ollen Investment Company.

PERSONNEL

BOSTON, Mass.—Saul L. Landey has joined the staff of Blair & Co. Incorporated, 10 Post Office Square. He was formerly with Josephthal & Co.

BOSTON, Mass.—Robert S. Welling is now affiliated with **Josephthal & Co.**, 19 Congress St. He was formerly with Goodbody & Co.

BOSTON, Mass.—Howard S. Neff, Jr. has become connected with **Walston & Co., Inc.**, 80 Boylston Street. He was formerly with Shearson, Hammill & Co. and W. E. Hutton & Co.

CHAPEL HILL, N. C. — Robert W. Rich has joined the staff of **Clemens Co., Inc.**, 157 East Franklin Building. He was formerly with Registered Funds, Inc.

CHARLOTTE, N. C.—Robert D. Baskervill is now with **Southeastern Securities Corp.**, 120 East Third Street. He was previously with Powell and Company, Inc.

CLEVELAND, Ohio — Frank L. Gorman has become associated with **Paine, Webber, Jackson & Curtis**, Union Commerce Building. He was formerly with Bache & Co.

LINCOLN, Neb.—Charles E. Stickles has been added to the staff of **First Nebraska Securities, Inc.**, 1001 "O" Street, members of the New York Stock Exchange.

NEWARK, N. J.—Associated with the recently opened office of **Edwards & Hanly**, 5 Commerce St., are Robert F. Calabrese, Leonard W. Cohen, William T. Eldred, Donald W. LeBaron, Levon E. Locke, Alexander A. Maddalena, Martin E. Rosenfeld, Bernard Solomon, Lawrence Stolk, Ronald H. Walton and Ted Willner.

Robert E. Zoellner is resident manager. Richard Gillman is assistant manager.

NEW YORK CITY.—Morgan W. Felt has become associated with the New York Stock Exchange firm of **Cyrus J. Lawrence & Sons**, 115 Broadway, in its investment advisory department.

OMAHA, Neb.—Donald M. Bell is now affiliated with **Eisele, Rayner & Fisher, Inc.**, First National Bank Building.

OMAHA, Neb.—Arville V. Nielsen has been added to the staff of **Van Horne Investments, Inc.**, Farm Credit Building. He was previously with J. Cliff Rahel & Company, Inc.

OMAHA, Neb.—James T. Warren has joined the staff of **Dean Witter & Co.**, Farnam Building.

PORTLAND, Ore.—Robert A. Bogardus has become affiliated with **Walston & Co., Inc.**, 901 Southwest Washington Street. He has recently been with First California Company and prior thereto was with Zilka, Smither & Co., Inc.

PORTLAND, Oreg. — Joe V. Caruson is now with **Blankenship, Gould & Blakely, Inc.**, Equitable Building.

JANESVILLE, Wis.—Marshall C. Brown has become associated with **The Milwaukee Company**. He was formerly local manager for Cruttenden, Podesta & Co.

To Address Pace Tax Work Shop

Congressman Abraham J. Multer, Brooklyn Democrat, a ranking member of the House Banking and Currency Committee, will be the principal luncheon speaker at a tax workshop and conference for small business on Saturday afternoon, Feb. 16, 1963, at Pace College, 41 Park Row, Manhattan, New York.

Mr. Multer, who is also a member of the House Small Business Committee, will discuss "How the Government Helps Small Business" during the luncheon session to be held in the Pace College Shaeble Hall.

The all-day tax conference and workshop is being jointly sponsored by the Small Business Administration, the Internal Revenue Service and the Tax Institute of Pace College.

The New York Region of the Small Business Administration, headed by Charles H. Kriger, has launched an extensive educational campaign to acquaint small business leaders with the facilities and assistance available to them under the SBA and other Federal agency programs.

The Small Business Administration helps small firms financially through loans, overcome the effects of disasters, sell to or buy from the Government, strengthen their management and production capabilities and generally achieve increased growth and prosperity.

More than 200 small business executives are expected to attend the sessions which will be conducted by ranking officials of the Internal Revenue Service and banking and tax experts.

The tax workshops are designed to assist owners and managers of small business to gauge the effect of current and new tax laws on operational costs, thereby creating a better understanding by owners and managers of small business of the tax laws.

Others who will participate in the different discussion periods will be: Howard D. Taylor, New York Regional Commissioner of the Internal Revenue Service; Elmer Klinsman, Assistant Regional Commissioner in charge of collections, Internal Revenue Service and Thomas E. Scanlon, Brooklyn District Director of Internal Revenue Service.

Also, Dr. Edward J. Mortola, president of Pace College; Charles E. Eltinge, tax editor of Research Institute of America; Benjamin L. Stern, president of the Estate Planning Council of New York; Fred L. Rush, trust officer of the First National City Bank and Edward A. Fogel, associate professor of Pace College.

The workshops will stress:

"Investment Credit and Depreciation Under the New Depreciation Guidelines"

"How to Handle Travel and Entertainment Expenses."

"Tax Considerations in Choosing Your Form of Doing Business."

Whitlock Joins Moore & Schley

Moore & Schley, 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, have announced that Willard P. Whitlock, III has become associated with them as analyst and registered representative.

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 AND STEEL INSTITUTE:					
Steel ingots and castings (net tons)	Feb. 2	1,874,000	1,863,000	1,879,000	2,446,000
Index of production based on average weekly production for 1957-1959	Feb. 2	100.6	100.0	100.9	131.3
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Jan. 25	7,245,460	7,299,210	7,361,760	7,414,010
Crude runs to stills—daily average (bbls.)	Jan. 25	8,681,000	8,611,000	8,741,000	8,519,000
Gasoline output (bbls.)	Jan. 25	30,337,000	30,256,000	31,701,000	29,417,000
Kerosene output (bbls.)	Jan. 25	3,641,000	3,568,000	3,729,000	3,568,000
Distillate fuel oil output (bbls.)	Jan. 25	15,637,000	15,503,000	14,960,000	16,074,000
Residual fuel oil output (bbls.)	Jan. 25	6,113,000	6,293,000	6,104,000	6,615,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Jan. 25	198,976,000	194,418,000	187,876,000	193,781,000
Kerosene (bbls.) at	Jan. 25	27,571,000	28,843,000	32,164,000	27,110,000
Distillate fuel oil (bbls.) at	Jan. 25	122,929,000	129,744,000	149,376,000	122,610,000
Residual fuel oil (bbls.) at	Jan. 25	49,114,000	49,349,000	50,660,000	43,492,000
Unfinished oils (bbls.) at	Jan. 25	80,487,000	82,048,000	85,458,000	79,404,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Jan. 26	462,019	501,957	357,217	533,643
Revenue freight received from connections (no. of cars)	Jan. 26	453,182	478,361	405,436	506,104
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Jan. 26	7,365,000	8,505,000	6,190,000	8,225,000
Pennsylvania anthracite (tons)	Jan. 26	348,000	399,000	272,000	435,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS - RECORD—NEW SERIES:					
Total advance planning by ownership	Jan. 31	$723,700,000	$601,900,000	$156,800,000	$385,000,000
Private	Jan. 31	308,000,000	239,000,000	61,400,000	219,600,000
Public	Jan. 31	415,700,000	362,900,000	95,400,000	165,400,000
State and Municipal	Jan. 31	374,800,000	302,300,000	95,400,000	160,200,000
Federal	Jan. 31	40,900,000	60,600,000	------	5,200,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Jan. 26	83	*94	121	84
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 2	18,188,000	18,321,000	16,874,000	16,440,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jan. 31	320	321	241	345
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Jan. 28	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Jan. 28	$63.43	$63.43	$63.43	$66.44
Scrap steel (per gross ton)	Jan. 28	$27.83	$27.17	$26.50	$36.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 1	30.600c	30.600c	30.600c	30.600c
Export refinery at	Feb. 1	28.405c	28.500c	28.475c	28.575c
Lead (New York) at	Feb. 1	10.500c	10.500c	10.000c	9.750c
Lead (St. Louis) at	Feb. 1	10.300c	10.300c	9.800c	9.550c
‡Zinc (delivered at)	Feb. 1	12.000c	12.000c	12.000c	12.500c
Zinc (East St. Louis) at	Feb. 1	11.500c	11.500c	11.500c	12.000c
Aluminum (primary pig, 99.5%) at	Feb. 1	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Feb. 1	110.350c	111.500c	111.125c	120.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 5	90.49	90.21	90.00	86.38
Average corporate	Feb. 5	89.09	89.09	88.81	86.11
Aaa	Feb. 5	93.08	92.93	92.93	89.92
Aa	Feb. 5	90.77	90.77	90.63	87.99
A	Feb. 5	89.37	89.37	88.81	85.59
Baa	Feb. 5	83.53	83.53	83.15	81.29
Railroad Group	Feb. 5	86.11	86.11	85.85	83.40
Public Utilities Group	Feb. 5	90.63	90.63	90.34	87.32
Industrials Group	Feb. 5	90.63	90.63	90.20	87.72
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 5	3.67	3.71	3.72	4.09
Average corporate	Feb. 5	4.48	4.48	4.50	4.70
Aaa	Feb. 5	4.20	4.21	4.21	4.42
Aa	Feb. 5	4.36	4.36	4.37	4.56
A	Feb. 5	4.46	4.46	4.50	4.74
Baa	Feb. 5	4.90	4.90	4.93	5.08
Railroad Group	Feb. 5	4.70	4.70	4.92	4.91
Public Utilities Group	Feb. 5	4.37	4.37	4.39	4.61
Industrials Group	Feb. 5	4.37	4.37	4.40	4.58
MOODY'S COMMODITY INDEX	Feb. 5	373.6	374.9	371.2	373.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Jan. 26	352,233	341,351	313,358	331,122
Production (tons)	Jan. 26	360,835	350,964	265,486	345,837
Percentage of activity	Jan. 26	95	94	46	96
Unfilled orders (tons) at end of period	Jan. 26	446,729	446,459	413,806	455,418
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Feb. 1	124.51	124.06	123.95	115.30
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 11	2,989,770	2,178,010	2,619,560	2,879,060
Short sales	Jan. 11	662,540	405,920	515,430	427,420
Other sales	Jan. 11	2,554,230	2,209,620	1,940,180	2,643,070
Total sales	Jan. 11	3,216,770	2,615,540	2,455,610	3,070,490
Other transactions initiated off the floor—					
Total purchases	Jan. 11	623,890	433,540	397,680	382,760
Short sales	Jan. 11	53,210	39,700	43,250	39,310
Other sales	Jan. 11	616,080	397,800	400,750	407,235
Total sales	Jan. 11	669,290	437,500	444,000	446,545
Other transactions initiated on the floor—					
Total purchases	Jan. 11	1,109,120	917,919	874,485	884,198
Short sales	Jan. 11	183,690	130,420	130,300	73,720
Other sales	Jan. 11	1,161,049	950,036	866,230	1,002,283
Total sales	Jan. 11	1,344,739	1,080,456	996,530	1,076,003
Total round-lot transactions for account of members—					
Total purchases	Jan. 11	4,722,780	3,529,469	3,891,725	4,146,018
Short sales	Jan. 11	899,440	576,040	688,980	540,450
Other sales	Jan. 11	4,331,359	3,557,456	3,207,160	4,052,588
Total sales	Jan. 11	5,230,799	4,133,496	3,896,140	4,593,038
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	Jan. 11	1,932,829	1,327,453	1,242,682	2,275,155
Dollar value	Jan. 11	$92,651,610	$62,026,252	$59,847,835	$130,429,979
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Jan. 11	1,972,213	1,620,489	1,769,299	1,921,264
Customers' short sales	Jan. 11	15,735	9,315	16,237	21,301
Customers' other sales	Jan. 11	1,956,478	1,611,174	1,753,062	1,899,583
Dollar value	Jan. 11	$95,492,912	$71,040,982	$79,230,271	$106,060,254
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 11	615,690	730,720	777,980	510,870
Short sales	Jan. 11				
Other sales	Jan. 11	615,690	730,720	777,980	510,870
Round-lot purchases by dealers—Number of shares	Jan. 11	574,710	312,830	231,190	837,000
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	Jan. 11	1,175,380	726,010	930,940	706,220
Other sales	Jan. 11	23,328,920	17,569,720	17,906,830	18,525,503
Total sales	Jan. 11	24,504,300	18,295,730	18,837,770	19,231,723
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Jan. 29	100.4	100.5	100.6	Not avail.
Farm products	Jan. 29	98.5	98.8	99.1	Not avail.
Processed foods	Jan. 29	100.5	100.5	100.8	Not avail.
Meats	Jan. 29	96.0	96.6	97.2	Not avail.
All commodities other than farm and foods	Jan. 29	100.6	100.6	100.7	Not avail.

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

	Latest Month	Previous Month	Year Ago
AMERICAN TRUCKING ASSOCIATION, INC.— Month of November:			
Intercity general freight transport by 346 carriers (in tons)	6,193,501	5,969,950	6,811,109
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of November (Millions of dollars):			
Manufacturing	$57,130	*$57,270	$55,030
Wholesale	13,840	*14,030	13,340
Retail	27,460	*27,400	26,750
Total	$98,440	$98,700	$95,120
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE—Month of December (000's omitted)	$2,968,200	$412,000	$2,750,500
COAL OUTPUT (BUREAU OF MINES)—Month of December:			
Bituminous coal and lignite (net tons)	32,590,000	37,000,000	35,044,000
Pennsylvania anthracite (net tons)	1,511,000	1,660,000	1,376,000
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of December 31:			
Total consumer credit	$63,447	$61,473	$57,139
Instalment credit	48,232	47,274	43,163
Automobile	19,373	19,307	16,960
Other consumer credit	12,855	12,186	11,771
Repairs and modernization loans	3,290	3,302	3,177
Personal loans	12,714	12,479	11,255
Noninstalment credit	15,215	14,199	13,976
Single payment loans	5,579	5,526	4,955
Charge accounts	5,642	4,825	5,438
Service credit	3,994	3,848	3,583
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of December:			
Cotton Seed—			
Received at mills (tons)	837,700	1,137,100	877,800
Crushed (tons)	640,700	770,200	649,300
Stocks (tons) December 31	2,473,500	2,276,500	2,561,400
Cake and Meal—			
Stocks (tons)	98,500	99,200	81,500
Produced (tons)	300,000	362,900	294,900
Shipped (tons)	300,700	356,600	299,200
Hulls—			
Stocks (tons) December 31	51,800	52,400	111,600
Produced (tons)	148,500	171,900	152,100
Shipped (tons)	149,100	180,400	145,500
Linters—			
Stocks (bales) December 31	213,800	177,500	158,300
Produced (bales)	180,300	222,000	193,100
Shipped (bales)	144,000	167,800	190,700
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1957-59 Average=100—Month of December.			
Sales (average daily) unadjusted	216	152	213
Sales (average daily) seasonally adjusted	118	121	116
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of November (000's omitted)	61,029,349	64,712,955	59,869,049
Revenue from ultimate customers—Month of November	$1,071,545	$1,084,567	$1,008,969
Number of ultimate customers at Nov. 30	61,029,349	60,984,310	59,869,782
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of December:			
All manufacturing (production workers)	12,370,000	*12,500,000	12,303,000
Durable goods	6,953,000	*6,987,000	6,844,000
Nondurable goods	5,417,000	*5,513,000	5,459,000
Payroll indexes (1957-59 average=100)—			
All manufacturing	114.8	*115.0	*112.3
Estimated number of employees in manufacturing industries—			
All manufacturing	16,730,000	*16,871,000	16,556,000
Durable goods	9,493,000	*9,527,000	9,297,000
Nondurable goods	7,237,000	*7,344,000	7,259,000
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of November:			
Death benefits	$318,900,000	$316,600,000	$292,700,000
Matured endowments	60,100,000	63,400,000	60,800,000
Disability payments	11,500,000	13,400,000	10,900,000
Annuity payments	68,900,000	66,700,000	62,700,000
Surrender values	133,200,000	146,600,000	140,700,000
Policy dividends	149,200,000	169,800,000	143,500,000
Total	$741,800,000	$776,500,000	$711,300,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE—Month of November (000's omitted):			
Ordinary	$4,920	$4,891	$4,979
Industrial	590	618	591
Group	1,078	1,484	1,185
Total	$6,588	$6,993	$6,755
MANUFACTURERS' INVENTORIES & SALES—Month of November (millions of dollars)			
Inventories—			
Durables	$32,610	*$32,760	$31,530
Nondurables	24,520	*24,510	23,500
Total	$57,130	*$57,270	$55,030
Sales	34,000	*33,480	32,180
NEW YORK STOCK EXCHANGE— As of December 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers net debit balances	$4,148,000	$3,975,000	$4,294,000
Credit extended to customers	24,000	24,000	35,000
Cash on hand and in banks in U. S.	405,000	385,000	430,000
Total of customers free credit balances	1,216,000	1,151,000	1,219,000
Market value of listed bonds	111,093,562	113,069,327	104,634,320
Market value of listed shares	345,846,116	341,136,631	387,841,207
Member borrowings of U. S. Govt. issues	843,000	810,000	618,000
Member borrowings on other collateral	3,004,000	2,678,000	3,121,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of December (in billions):			
Total personal income	$450.4	*$448.2	$430.5
Wages and salary receipts, total	300.7	*299.8	288.3
Commodity producing industries	117.8	117.8	114.9
Manufacturing only	94.0	94.0	91.5
Distributing industries	77.4	*77.1	74.5
Service industries	47.5	*47.2	44.9
Government	58.0	57.7	54.0
Other labor income	12.5	12.5	11.6
Business and professional	37.4	*37.3	36.2
Farm	14.0	*13.6	13.5
Rental income of persons	12.9	12.9	12.5
Dividends	17.0	16.2	15.9
Personal interest income	30.8	30.6	28.4
Transfer payments	35.7	35.8	34.0
Less employees contribution for social insurance	10.6	10.5	9.9
Total nonagricultural incomes	432.2	*430.4	412.7

The State of TRADE and INDUSTRY

Continued from page 14

have completed their model runs and are in the process of retooling. Other major consumers are in seasonal slumps. Altogether, pressure on the part of consumers for an early settlement would be at the lowest point.

Referring to the Human Relations Committee, *Iron Age* says there has been progress on a number of key issues. But insiders say much remains to be done if negotiations are to be smoothed to the point where a peaceful settlement can be predicted.

Auto Output Gains 12.5% Over Last Year's Week

Auto output in the U. S. during January ran "bumper-to-bumper" with the record 688,690 assemblies in the same month of 1960, *Ward's Automotive Reports* said.

The statistical agency also said that truck production during the month similarly matched 122,533 units made in January of 1960, highest except for war-time January of 1951.

Ward's said that car and truck production during the month this year, however, was prodded on only by record demand, whereas high-level output in early 1960 was an effort toward making up heavy production losses incurred in a lengthy steel tieup in late 1959.

Passenger car production last week was scheduled 2.8% ahead of the prior week. An estimated 155,724 cars was made last week compared with 151,416 units made two weeks ago, when bad weather and "cold-outs" took about a 5,000-unit toll of planned production.

For the same week a year ago, production amounted to 138,467 cars, or a net year to year gain for the week of 12.5%.

Weather Blamed for Drop in Rail Freight Loadings

Loading of revenue freight in the week ended Jan. 26, which was affected by record breaking cold weather and heavy snow, totaled 462,019 cars, the Association of American Railroads announced. This was a decrease of 39,938 cars or 7.9% below the preceding week.

The loadings represented a decrease of 71,624 cars or 13.4% below the corresponding week in 1962, and a decrease of 14,181 cars or 3.0% below the corresponding week in 1961.

There were 13,029 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Jan. 19, 1963 (which were included in that week's over-all total). This was an increase of 940 cars or 7.8% above the corresponding week of 1962 and 3,666 cars or 39.2% above the 1961 week.

Cumulative piggyback loadings for the first three weeks of 1963 totaled 36,238 cars for an increase of 3,044 cars or 9.2% above the corresponding period of 1962, and 8,041 cars or 28.5% above the corresponding period in 1961. There were 61 class I U. S. railroad systems originating this type traffic in this year's week compared with 57 one year ago and 54 in the corresponding week in 1961.

Truck Tonnage Dips 5.7% Below Last Year's Level

Intercity truck tonnage in the week ended Jan. 26 was 10.1% behind the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 5.7% below the volume for the previous week of this year.

The year-to-year and week-to-week decreases can be attributed, in part, to the longshoreman strike at Eastern and Gulf ports. However, severe winter weather conditions at many points also contributed to the tonnage decreases.

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 nine localities, with 25 points reflecting decreases from the 1962 level. Terminals at four centers reflected gains of more than 10%, while 16 areas registered decreases over 10%.

Compared with the immediately preceding week, 10 metropolitan areas registered increased tonnage, while 23 areas reported decreases. One terminal city, Los Angeles, showed no change from the earlier week.

Lumber Data Unavailable

Editor's Note: Weekly and yearly lumber production, shipment and new order data are unavailable this week.

Electric Output Rises to 10.6% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 2, was estimated at 18,188,000,000 kwh., according to the Edison Electric Institute. Output was 133,000,000 kwh. less than the previous week's total of 18,321,000,000 kwh., and 16,440,000,000 kwh., or 10.6% above the total output of the comparable 1962 week.

Business Failures Steady In Latest Week

Holding even, commercial and industrial failures totalled 320 in the week ended Jan. 31, about the same as in the preceding week when 321 occurred, reports Dun & Bradstreet, Inc. Casualties continued below their 1962 level of 345 in the similar week and the 1961 level of 368. However, they matched their pre-war toll of 318 in 1939.

Sixty of the week's failures had liabilities topping $100,000. This was an increase from 53 a week earlier and 42 a year ago. Casualties involving losses under $100,000 dipped to 260 from 268 in the previous week and fell considerably short of the 303 of this size in the corresponding week last year.

The toll among retailers climbed to 166 from 141, while wholesaling failures declined to 30 from 37 and service to 23 from 40. Little change occurred in manufacturing where 56 failed as against 55 in the prior week or in construction with 45 as against 48. Compared with last year, fewer retailers, construction contractors and wholesalers succumbed, but both manufacturing and service concerns suffered slightly heavier tolls than a year earlier.

In most geographic regions, casualties showed little change. The Middle Atlantic States' toll stood at 91 as compared with 96, the East North Central at 60 as against 66, the South Atlantic at 34 as against 35, and the Pacific at 62 as against 60. In most areas, business mortality came close to 1962 levels. Nearly all of the decline from last year was concentrated in the Pacific States.

Forty-two Canadian failures were reported, changing little from 41 in the preceding week but exceeding by a moderate margin the 35 in the similar week a year ago.

Wholesale Food Price Index Slides This Week

After two steady weeks, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., took a downturn to $5.85 on Feb. 7. This 0.7% dip from $5.89 in the preceding week brought the index to the lowest level since June 13, 1962. As well, it remained down 1.2% from the $5.92 registered on the comparable day of February last year.

In all, 12 foodstuffs and meats were priced lower at wholesale markets this week. Hams led the list followed by wheat, corn, rye, bellies, lard, butter, milk, cottonseed oil, raisins, hogs and lambs. These declines substantially outweighed the few higher quotations for coffee, cocoa, eggs, molasses and steers.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Lower in Latest Week

After dipping last Friday to the lowest level since mid January, the general wholesale commodity price edged up fractionally this Monday but still continued below a month-ago and a year-ago, reported Dun & Bradstreet, Inc. Compared with prices on the similar day last week, declines were registered in wholesale quotations for wheat, rye, corn and tin. The strongest offsetting increase was posted in steel scrap prices.

The Daily Wholesale Commodity Price Index slipped to 269.29 (1930-32=100) on Monday, Feb. 4, from 269.75 a week earlier. Off slightly from 270.84 on the corresponding day last month, it ran substantially lower than the 274.02 on the similar day a year-ago.

Consumer Buying Bogs Down In Storms

Further onslaughts of snow, ice and frigid temperatures cut retail purchases in the week ended Wednesday Jan. 30. In most areas of the country, the wintry weather pushed volume beneath comparable 1962 levels for the first time in January. Consumers concentrated on heavy clothing, electric heaters, electric heating tapes, auto batteries, snow removal supplies. Meanwhile, interest dwindled in major home furnishings items, building materials, garden supplies and hardware. They did hold car purchases to a good level, however. Fur clearances and White Sales attracted a fair amount of business.

The total dollar volume of retail trade in the reported Wednesday-ending week ranged from 7% to 3% lower than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: East North Central —17 to —13; West North Central —10 to —6; Middle Atlantic —9 to —5; West South Central —7 to —3; New England —6 to —2; East South Central —2 to +2; Mountain 0 to +4; South Atlantic +3 to +7; Pacific +4 to +8.

Nationwide Department Store Sales Rise 5% Over Last Year's Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index reported an overall gain of 5% for the week ended Jan. 26, compared with the like period in 1962.

In the four-week period ended Jan. 26, 1963, sales gained 5% over the corresponding period in 1962.

According to the Federal Reserve System, department store sales in New York City for the week ended Jan. 26, were 2% less than the same period in 1962.

The New York City newspapers strike by the printers' Big Six commenced 2 a.m. Saturday, Dec. 8, 1962. One can only speculate as to what the sales would have been in the absence of the strike. Even though the strike has spread to Cleveland, the four-week average totalled 5% more than a year ago for the country's 12 principal retail centers which, incidentally, includes Cleveland and New York City.

Japan's New Foreign Exchange Policy to Bolster U. S. Trade

U. S.-Japanese trade relations will be greatly facilitated by new measures just announced by Japan's Ministry of Finance—the first significant shift in foreign exchange policy since adoption of tightened credit restrictions 18 months ago.

Such is the conclusion of the Fuji Bank, Japan's largest commercial banking institution as disclosed in New York City on Feb. 6 by Rikuro Takahashi, New York Agent. He said:

"These measures reflect Japan's improved international balance of payments—and are in line with the government's policy of shifting administration of foreign exchange from direct to indirect control and delegating more responsibility to private financial institutions.

"The lifting of restrictions on the limit of foreign loans and on payment guarantees for foreign loans is not expected to cause an immediate rush abroad for additional funds. Rather they are part of the government's policy of gradually easing credit to domestic corporations. Those foreign exchange banks whose loan limits had been reached, will once again be able to obtain loans from foreign banks. Since the Fuji Bank's foreign loans are lower than the government-set limits, the removal of these restrictions will have no immediate and substantial effect on our foreign activities, until and if, demand for foreign loans rises sharply. I do not anticipate such an increase for the present. With current capital movements reflecting a decline in investment for both equipment and imports, there may even be a decrease in foreign loans for the short term.

"The decision of the Bank of Japan to increase the foreign currency reserves ratio of the foreign exchange banks from 20% to 35% applies only to that portion of foreign currency liabilities in excess of the banks' outstanding balances as of Dec. 31, 1962. This action will serve to check to some extent the inflow of Euro-dollars, foreign call money and non-resident free yen deposits. Since Japan's official discount rate is the highest of any country in the Free World, there has in recent weeks been a noticeable rise in short-term foreign deposits. A continuation of this trend will, under the new regulations, oblige the foreign exchange banks to tighten their terms of condition for accepting Euro-dollars. The main portion of the increased reserves will be deposited with foreign banks, principally in New York."

Funston Speaks On Tax Bill

Keith Funston, President of the New York Stock Exchange, in a Business Day address at Arizona State University, urged that any new tax bill aimed at stimulating the economy should not include provisions that might actually discourage initiative and investment.

Keith Funston

Mr. Funston praised President Kennedy's overall goal of cutting taxes as a spur to economic growth, but he took issue with some points in the President's program on the ground that they were in conflict with its stated objective of encouraging investment. He singled out for criticism proposals to lengthen the capital gains tax holding period and bring back full double taxation of dividends through cancellation of the present dividend exclusion and credit.

"From the Exchange's point of view, the President's recent message to Congress on tax policy was, by and large, constructive," Mr. Funston declared.

"For years leaders of the business community have been arguing that lower taxes on individual income and on corporate profits would be a strong incentive to economic growth. We are delighted that the President espouses this philosophy."

However, Mr. Funston criticized the fact that the Administration would increase government spending while cutting taxes, at the cost of a bigger budget deficit.

"Most of us have to balance our family and our business budgets or face bankruptcy. Thus, it is hard for us to understand how our government, at a time when the country is not engaged in war or confronted by all-out national emergency, can live by another set of rules."

The Exchange President noted that businessmen and investors will welcome the Administration's proposal to lower capital gains rates. This would be taken as recognition of the need to free millions of dollars of locked-in capital to help expand the economy and create jobs.

On the other hand, the proposal to lengthen the capital gains holding period from six months to a year would have an opposite effect, he said, discouraging investment and restraining capital growth.

Likewise, elimination of the $50 credit and 4% exclusion allowed on individuals' dividend income would also discourage investment, Mr. Funston noted. These were passed by Congress in 1954 to give stockholders partial relief from the double taxation of dividends—as both corporate profits and individual income.

In other parts of his speech, Mr. Funston discussed the Exchange's various educational activities and its self-regulatory role. He cited the pioneering work of the Exchange, dating from the last century, in encouraging corporations to provide fuller information for investors. These efforts were in a sense the precursors of "truth in securities" laws, he noted.

The securities industry executive also took note of warnings the Exchange has given on several occasions in recent years against reckless, uninformed speculation, and of Exchange programs to encourage informed shareownership.

"Nothing could be more dangerous to our economy," he said, "than to have investors who are uninformed, or who are too lazy or indifferent to get information. In fact, I would say that an uninformed investor can be as dangerous in the marketplace as a poorly trained driver on the highway.

"He is a gullible prey for unfounded rumors, or for a shyster promoter, or in plainer words, he is a sucker; he panics easily in time of crisis; he blames others for his own stupidity; in all, he is an unsound economic citizen."

Describing the work of the Exchange in bringing more information to the attention of investors, Mr. Funston said this continuing campaign has resulted in growth of shareownership on a sound basis.

"There are fewer fly-by-night shareowners in the stock market, and that is all to the good," he said.

TAX-EXEMPT BOND MARKET

Continued from page 6

demand was widespread, with the present balance only $35,000.

Tuesday was an active day with four isues of note on the calendar. Efforts by the City of Lafayette, La., to refund three issues of utility bonds failed, due to bidding restrictions, to attract bids for $15,545,000 refunding bonds. No plans to reoffer the bonds due 1964-1987 have been announced. These loans had been listed as the largest competitive underwriting this week.

Tuesday's largest competitive sale consisted of $6,000,000 Boulder Valley School District RE-2, Colo., general obligation building (1964-1983) bonds which were awarded to the group managed by The First Boston Corporation at a 2.879% net interest cost. The runner-up bid, a 2.89% net interest cost, came from Harris Trust and Savings Bank and associates.

Other major members of the successful group include Mellon National Bank and Trust Company, Seattle First National Bank, National Bank of Detroit, Industrial Bank of Providence, R. I., First National Bank of Memphis and Mercantile Trust Company of Dallas.

Reoffered to yield from 1.70% to 3.10%, the present balance in group is $910,000.

Raleigh, N. C., sold $4,010,000 various purpose (1964-1992) bonds to the *Wachovia Bank and Trust Company* syndicate at a net interest cost of 2.8419%. There were fifteen additional bids ranging in interest cost from 2.842% to 3.19% made for this popular issue.

Other members of the winning syndicate include Mellon National Bank and Trust Company, Connecticut Bank and Trust Company, Hartford, National City Bank, Cleveland, Republic National Bank, Dallas and Federation Bank and Trust Company, New York.

Scaled to yield from 1.60% in 1964 to 3.00% in 1984, bank demand was immediate and all but $705,000 of the bonds have been sold. The bonds due 1985 to 1992 were sold pre-sale.

Pensacola, Fla., awarded $2,300,000 Excise Tax and Revenue, Improvement (1963-1982) bonds to the *Ira Haupt & Company* account at a net interest cost of 3.227%. The second bid, a 3.24% net interest cost, was made by Halsey, Stuart & Company, Inc. and associates.

Other major members of the winning account include F. S. Smithers & Company, J. C. Bradford & Company, Pierce, Carrison & Wulbern, Inc., Rand & Company, Stubbs, Watkins & Lombardo, Inc., William R. Hough & Company and Potts & Shepard.

Reoffered to yield from 1.70% to 3.40%, the present balance in syndicate is $1,672,000.

Week's Major Sale

This past week's underwriting activity was climaxed by the negotiated sale to the *Phelps, Fenn & Company* group of $89,020,000 New York State Housing Finance Agency, General Housing Loan Bonds, 1963, Series A due 1965-2006. Bearing a 3.60% coupon throughout the maturity schedule, the bonds were priced to yield from 1.90% to 3.55% in 1994. The bonds due 1995-2006 were dollar priced from 100 to 98.

This New York State Agency was created by the legislature in 1960 to finance middle income housing. The bond proceeds will be used to make low cost mortgage loans of up to 90% of the project costs to the sponsors. The sponsors contract to limit profits to 6%.

Associated with Phelps, Fenn & Company as managers are Lehman Brothers, Smith, Barney & Company and W. H. Morton & Company along with a national group. The reoffering has gone very well.

Dollar Bonds Strong

The dollar quoted toll road, toll bridge, public utility and other long term revenue issues continue to do better. Our revenue bond yield Index, utilizing the 23 most active issues, averages at 3.48% this week. This week's big gainers are as follows: Indiana Toll Road 3½ at 92 bid up 2; Kansas Turnpike 3⅜ at 87 bid up 2 and Kentucky Turnpike, Eastern 4.80 at 110¼ bid up 1¼. Many other issues were up fractionally. This type of obligation seems still to be considerably behind the general market.

DIVIDEND NOTICES

O'okiep Copper Company Limited

Dividend No. 65

The Board of Directors today declared a dividend of one Rand per share on the Ordinary Shares of the Company payable February 26, 1963.

The Directors authorized the distribution of the said dividend on March 12, 1963 to the holders of record at the close of business on March 5, 1963 of American shares issued under the terms of the Deposit Agreement dated June 24, 1946. The dividend will amount to approximately $1.40 per share, subject, however, to any change which may occur in the rate of exchange for South Africa funds prior to February 26, 1963. Republic of South Africa non-resident shareholders tax at the rate of 6.99525% will be deducted.

By Order of the Board of Directors
F. A. SCHECK, *Secretary.*
New York, New York, February 6, 1963.

DIVIDEND NOTICES

EATON MANUFACTURING COMPANY
CLEVELAND 10, OHIO
DIVIDEND No. 171

On January 25, 1963, the Board of Directors declared a dividend of forty-five cents (45¢) per share on the common shares of the Company, payable February 25, 1963, to shareholders of record at the close of business February 5, 1963.

R. G. HENGST, *Secretary*

Manufacturing plants in 22 cities, located in six states, Canada, England, Italy, Argentina and Brazil.

YALE & TOWNE
300th Quarterly Dividend
25¢ a Share
Payable: April 1, 1963
Record Date: Mar. 15, 1963
Declared: Jan. 31, 1963
Elmer F. Franz
Vice President and Treasurer
THE YALE & TOWNE MFG. CO.
Lock and Hardware Products since 1868
Materials Handling Equipment since 1875
Cash dividends paid every year since 1899

DIVIDEND NOTICES

BRILLO MANUFACTURING COMPANY, INC.
Dividend No. 132

A Dividend No. 132 of Twenty-Five Cents ($.25) on the Common Stock has been declared, payable April 1, 1963 to stockholders of record March 15, 1963.

M. B. LOEB, President
Brooklyn, N. Y.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 178 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable March 1, 1963 to stockholders of record at the close of business on February 5, 1963.

GERARD J. EGER, Secretary

Harbison-Walker Refractories Company

Board of Directors has declared for quarter ending March 31, 1963 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.50 per share on PREFERRED STOCK, payable April 19, 1963 to shareholders of record April 5, 1963.

Also declared a DIVIDEND of $.45 per share on COMMON STOCK, payable March 1, 1963 to shareholders of record February 11, 1963.

Thomas Welfer
Secretary
Pittsburgh, January 31, 1963

THE TITLE GUARANTEE COMPANY
DIVIDEND NOTICE

Trustees of The Title Guarantee Company have declared a dividend of twenty-seven and a half (27½) cents per share designated as the first regular quarter annual dividend for 1963, payable February 15, 1963 to stockholders of record on February 1, 1963.

WILLIAM H. DEATLY *President*

ROCKWELL-STANDARD REPORTS EXCELLENT 4TH QUARTER . . . 1962 SALES SET ALL TIME RECORD FOR PEACETIME YEARS

The Board of Directors has today declared a regular quarterly dividend of fifty cents (50¢) per share on the Common Stock of the Company, payable March 10, 1963, to shareholders of record at the close of business February 18, 1963.

A. A. Finnell, Secretary
January 28, 1963

ROCKWELL-STANDARD SERVES:
Transportation • Construction
Agriculture • Petroleum
Public Utilities • General Industry and Government

ROCKWELL-STANDARD PRODUCES:
Axles • Transmissions
Torque Converters
Leaf and Mechanical Springs
Bumpers • Cushion Springs
Brakes • Forgings
Stampings
Grating • Universal Joints
Executive Aircraft
Lighting Standards
Gas and Liquid Filters

ROCKWELL-STANDARD CORPORATION
Coraopolis, Pennsylvania

DIVIDEND NOTICE

The more than 720,000 owners of Standard Oil Company (New Jersey) will share in the earnings of the Company by a dividend,

declared by the Board of Directors on January 31, 1963 and payable March 11, 1963

to shareholders of record February 11, 1963 at the rate of 65¢ per share of capital stock.

1963 is the 81st consecutive year in which cash dividends have been paid.

Standard Oil Company
(New Jersey)

Esso

407th Dividend

Pullman Incorporated

97th Consecutive Year of Quarterly Cash Dividends

A quarterly dividend of thirty-five cents (35¢) per share will be paid on March 14, 1963, to stockholders of record February 21, 1963.

W. IRVING OSBORNE, JR.
President

Divisions and Subsidiaries:
Pullman-Standard division
The M. W. Kellogg Company
Trailmobile division
Trailmobile Finance Company
Swindell-Dressler Corporation
Transport Leasing division

DIVIDEND NOTICE

FLINTKOTE *Diversified Products For Home and Industry*

THE FLINTKOTE COMPANY
NEW YORK 20, N. Y.

quarterly dividends have been declared as follows:

Common Stock*: $.20 per share
$4 Cumulative Preferred Stock: $1 per share
$4.50 Series A Convertible 2nd Preferred Stock: $1.12½ per share
$2.25 Series B Convertible 2nd Preferred Stock: $.56¼ per share

These dividends are payable March 15, 1963 to stockholders of record at the close of business February 18, 1963.

*138th consecutive dividend

JAMES E. McCAULEY, *Treasurer*
February 6, 1963

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—The Interstate Commerce Commission, often accused by the nation's railroads of over-regulating them, has issued a landmark decision.

The independent agency of the Federal Government has shaken up the whole transportation agency, including the many thousands of truck lines and barge lines, with a pro-railway ruling.

The unanimous decision by the ICC's Division 2 will mean a great deal to the American railroads if it stands, and there is nothing in sight that indicates it will be reversed, although the Supreme Court of the United States has issued a restraining order to prevent it becoming effective immediately.

The ICC's far-reaching decision authorizes the Southern Railway System to take advantage of its "Big John" hoppers, a technological advance by Southern, as a competitive weapon and thus sharply reduce rates for multiple-car shipments of grain.

Southern has 500 of these "Big John" cars which represent an investment of millions of dollars. It is a technological innovation by this railroad, which is making some dividends for its stockholders but aims at making more.

Of course the ICC decision, while immediately affecting Southern, would apply to other railroads. A paramount reason that the ruling has evoked tremendous interest in the transportation field is because the commission discusses competing carriers that are "subsidized carriers."

Congress many years ago created the ICC to provide for an agency empowered to regulate, in the public interest, common carriers engaged in the transportation in interstate commerce. The Commission members are appointed by the President of the United States.

Southern's President Urges Industry to "Look Alive"

Not too many weeks ago, but before the ICC decision, D. W. Brosnan, president of Southern, which has its headquarters in the Nation's Capital, and which operates more than 6,300 miles of track, warned in a speech of a grave road block for the railroads, unless something was done.

Mr. Brosnan declared emphatically that it is "as plain as the legs on a dog (the railroads) have no future as a private enterprise unless they set their feet on the pathway to new traffic and higher profits." At the same time, he did not excuse the railroads for part of the troubles that have piled up. He added:

"We must get the lead out of our thinking and tailor our services to fit the distribution plans and needs of modern industry—in transit time, in lower loading and unloading costs, and in performing our service with such reliability that our customers need to carry only minimum inventories. Finally, the price must be right."

Then, apparently looking squarely in the direction of the Interstate Commerce Commission, President Brosnan declared: "The greatest bar to progress is that regulation of minimum rates denies railroads the opportunity to express economies they can generate for the benefit of the people of America."

"Victory for the People"

The ICC decision approved Southern's request to cut the cost of shipping grain in its new jumbo cars by 60%.

Mr. Brosnan described the decision as "a great victory for the people." He said the new rates would be applied "immediately after the Supreme Court lifts its restraining order. Meantime, as long as these rates are not in effect, the people of the Southeastern part of the country will continue to pay exhorbitant rates to the tune of $100,000 daily."

The paramount feature of the Commission's report to allow the drastic rate cut was a determination that "public costs" or subsidies to some modes of transportation must be taken into consideration in figuring the costs of such modes of transportation.

There is speculation in Washington that the decision may serve as an alternative to implementation of President Kennedy's call for ending regulation of minimum rates for the transportation of commodities in bulk and agricultural products.

TVA Voices Opposition to Ruling

Ironically, two agencies of the Federal Government are taking opposite sides in this far-reaching rate case. The Department of Agriculture is supporting Southern's position because it wants to move as much grain as possible from the Grain Belt and move it as cheaply as possible.

On the other hand the Tennessee Valley Authority, which was created for the purpose of navigation and flood control, takes a dim view of Southern Railroad cutting the grain rates by 60%. TVA wants as much of grain as is feasible to move along the Tennessee River. The Tennessee traverses about 650 miles from Knoxville, Tenn., to Paducah, Ky., where it empties into the Ohio River.

The principal philosophy of complaints now reaching the Interstate Commerce Commission is not a question of keeping the rates down, but—of all things—to keep the rates up. This is a marked switch from former years.

Southern's evidence in this case indicated that "public costs" of barge transportation on the traffic at stake ranged from $2.28 to $5.32 per net ton. The present barge rates, which of course, do not reflect these "public costs," range from $2.11 to $7.62 per ton.

ICC Decision Underscores Subsidy Factor to Non-Rail Transport

The approved "Big John" rates for five-car shipments would range from $2.40 to $4.20 a ton.

"The 'public cost' (subsidies) evidence raises an issue of much significance," said the ICC's Division 2. "The Commission adheres to the National Transportation Policy principle that this country's several forms of transportation should be treated fairly and impartially and that no one form should be unduly preferred."

Then in an obvious reference to the many millions of dollars Congress appropriates annually in all parts of the country in rivers, harbors and flood control, and the tremendous sums appropriated for highways, the Commission noted:

"However, Congress has seen fit to accord funds to effect the indicated public improvements. In determining merely the reasonableness of the level of particular rates to be charged shippers by water carriers, the Commission has never considered, as a cost factor, any expenditures of public funds.

"Nevertheless, it is manifest that in competitive ratemaking, where one mode does assert the inherent advantage of low cost in performing a service, sound economics plainly require that all costs, including 'public cost,' which go to make up the asserted inherent advantage must, in all justice, be considered. As we understand the term 'inherent,' it can have no reference other than to permanent, essential, intrinsic characteristics. That an allocation of 'public costs' is a factor to be considered in determining whether an inherent advantage exists is clear, and we so find."

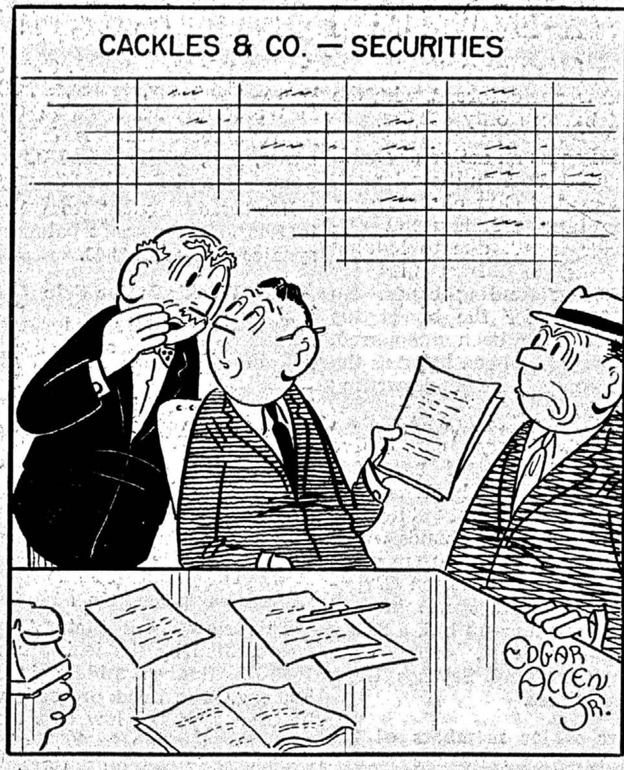
None of the big trucking lines intervened in the case. The barge lines claimed they encountered no truck competition.

The ICC's report went on to say that "we find that Southern's initiative and resourcefulness in coping with substantial unregulated truck competition (present laws exempt trucking of farm and fish products from an ICC regulation) does not constitute a destructive competitive practice . . . merely because a third mode (barge lines) does not suffer from such competition."

The report also praised the railroad's technological innovation in the transportation of grain.

The favorable report undoubtedly will prove to be a marked impetus to the railroads to make continued technological advances, and to stay alive.

[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 realize you've been in Wall Street only a few days, but you'd inspire greater customer confidence if you'd say 'prospectus' instead of 'whatchamacallit'!"

COMING EVENTS

IN INVESTMENT FIELD

Feb. 8, 1963 (Boston, Mass.)
Boston Securities Traders Association annual dinner at the Statler Hilton. A luncheon for out of town guests will be given at the Parker House the same day.

Feb. 20, 1963 (Philadelphia, Pa.)
Security Traders Association of New York-Investment Traders Association of Philadelphia annual bowling tournament at the Pennsylvania Lanes.

Feb. 21, 1963 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual winter dinner at the Bellevue Stratford Hotel.

March 10-15, 1963 (Philadelphia, Pa.)
Institute of Investment Banking at the University of Pennsylvania — sponsored by the Investment Bankers Association and the Wharton School of Finance and Commerce.

March 29, 1963 (New York City)
New York Security Dealers Association 37th Annual Dinner at the Waldorf-Astoria Hotel.

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 26, 1963 (New York City)
Security Traders Association of New York Annual Dinner in the Grand Ballroom, Waldorf-Astoria Hotel.

May 6-7, 1963 (Richmond, Va.)
Association of Stock Exchange Firms Spring Meeting of the Board of Governors at the John Marshall Hotel.

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.

May 13-15, 1963 (Washington, D.C.)
National Association of Mutual Savings Banks 43rd annual conference at the Sheraton Park Hotel.

May 16-17, 1963 (Cincinnati, O.)
Municipal Bond Dealers Group of Cincinnati Annual Field Day—Reception and Dinner May 16 at the Queen City Club; Outing May 17 at the Losantiville Country Club.

SECURITY TRADERS ASSOCIATION OF CHICAGO, INC.

ANNUAL MIDWINTER DINNER

DRAKE HOTEL • • • JANUARY 21, 1963

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Frank X. Cummings, *Bear, Stearns & Co.*, President of the Chicago Traders Association, presents silver bowl to Edward H. Welch, *Sincere and Company*, Chicago, on the 25th anniversary of the latter's presidency of the Association in 1938

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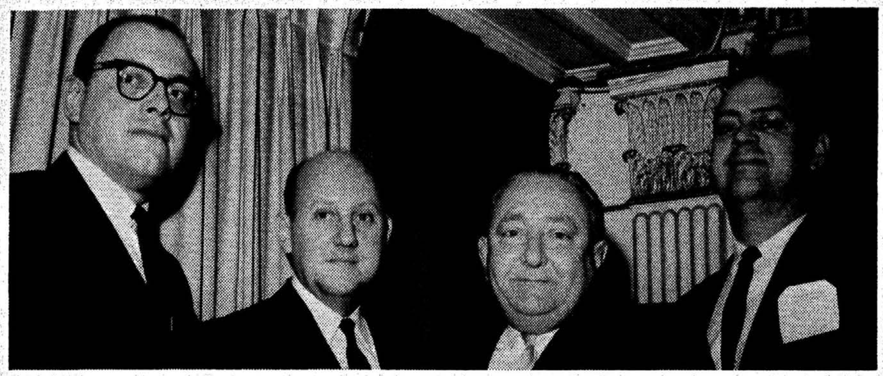

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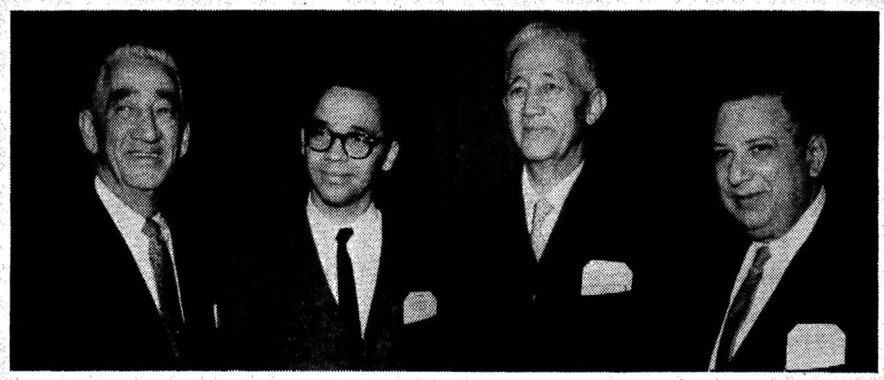

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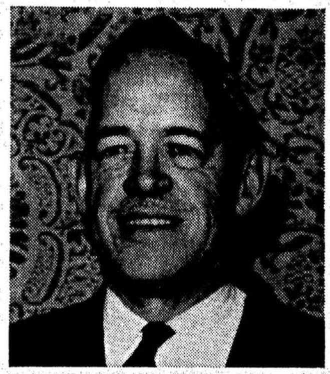

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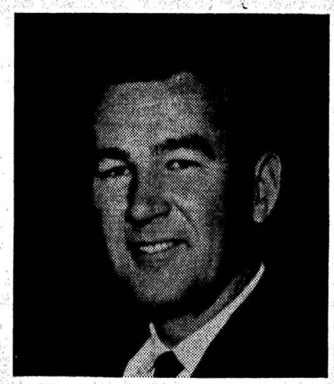

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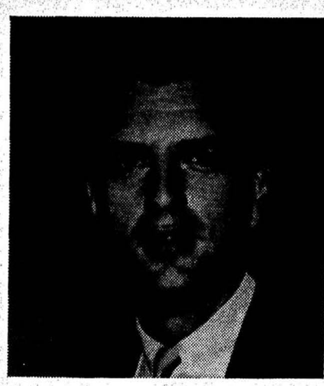

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