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EDITORIAL

As We See It

There seem to be two ways to make use of current facts and figures—and for that matter of popular impressions—to build up political followings. One of them is to boast of betterment that has come, or is claimed to have come, to the land and to assure the public that the improvement is no accident, that it was "planned that way." The other is to say little or nothing about the rosier side of the picture, and trust to efforts to arouse popular distress about continuing miseries and popular support for further forays upon the Treasury. Currently, the latter appears to be the tactic that is viewed with most favor by the leaders of the New Frontier. Much is being said about unemployment—though this condition is not as bad as it was—about the alleged need for more and more housing, more and more Federal aid to combat illness and ignorance—which, of course, like the poor are always with us. Much of all this that is not satisfactory to the powers that be is often attributed to lack of full production or growth as it is now usually termed.

One sometimes is obliged to wonder if the authors and supporters of much of this New Frontier doctrine ever look at the facts and figures, many of them prepared and published by the government itself. Within days, the Department of Commerce has published its statistical summary of "Progress of the American Economy in 1962." The figures are in certain instances preliminary, subject to some revision when all the data are in, but there is no reason to doubt the essential accuracy of the report now presented to the public. A glance at the figures is informative—and, in view of the laments that have been heard, quite heartening. That Gross National Product, the darling of the econo- *(Continued on page 15)*

High Quality Stocks Emphasized By Funds During Market Upsurge

CHRONICLE'S analysis of 100 leading investment companies' portfolio operations during the December quarter's surging stock market disclosed re-stimulated net buying of common stocks. Emphasis was stressed on quality issues, with large stable companies highly favored. Preferred industry groups included airlines, autos, banks, finance companies, insurance, office equipment, oils and utilities. Most popular issue was General Motors, with Standard Oil (N. J.), Royal Dutch, IBM and A. T. & T. runners-up. Sold on balance were cosmetic, rubber and steel stocks. Most widely liquidated issues were Goodrich, Gillette and Schering. Interest in foreign issues revived. Fourth quarter redemptions related to funds' total net assets below 1½%.

[See page 17 for specific stocks purchased and sold by managements in December quarter. For Funds' portfolio position, cash vs. security holdings, on Dec. 31 and Sept. 30, 1962, see page 21.]

Before proceeding with our usual comprehensive analysis of the portfolio operations of the nation's predominant investment companies in the final quarter of 1962, it might be of interest to comment briefly on the course of the stock market in that period. In essence, it was a case of "more of the same." That is to say, the market's trend, as reflected in the Dow-Jones Industrial Average, was again marked by considerable turbulence.

The catalyst in the stock market's gyrations in the December quarter was the Cuban crisis. This event occasioned an initial decline in stock values somewhat reminiscent of the sharp sell-off that occurred in the closing days of last May. Not until after the Washington-Moscow confrontation, which prompted Mr. Khrushchev to bow to the Administration demands, did the market receive a psychological lift and start its upward climb.

In the interregnum, however, the Dow-Jones Average, which was 571.95 on Oct. 1, slipped to 558.06 on Oct. 23, and thereafter reached a high for the closing quarter of 653.99 on Dec. 5. Subsequently, the market remained largely on "dead center" and the year-end D-J close was 652.10. This represented a net advance of 14% in the final quarter, but a decline of 79.04 points, or 10.82%, from the 1961 year-end level of 731.14.

Accordingly, as in preceding periods of 1962, the final quarter had its "crisis" atmosphere — stock marketwise. Which leads us to the central question of our current study: What was the thinking of the funds' investment managers in the December quarter?

Our analysis clearly points up the fact that, on an over-all statistical basis, and particularly in comparison with the earlier quarter, they were rather bullish on common stocks. This is evidenced in the fact that their purchases of equities of $543 million were considerably above the $458 million acquired in 1962's third quarter. Moreover, equity sales in the later period of $462 million were down from the $516 million of liquidations effected in the September quarter. In any event, the funds' net common stock purchases of $80.6 million in the final quarter contrasted with the unprecedented excess of sales over acquisitions of $59.1 million in the September quarter. Although significant, the attitude of the funds toward equities in 1962's final quarter was considerably less enthusiastic than was the case during past rising markets.

In the case of the open-end balanced funds, where the bulk of the December quarter buying stemmed, purchases were 50% greater, while sales dipped 40%. Net group purchases of $85.5 million were primarily the result *(Continued on page 16)*

QUARTERLY INVESTMENT COMPANY ISSUE

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

J. IRVING McDOWELL

Partner, McDowell, Dimond & Co., Providence, Rhode Island

Members Boston Stock Exchange

Texas Eastern Transmission Corp.

In looking around for an investment in the shares of a company that is likely to do well in 1963 our selection would be Texas Eastern Transmission Corporation which is currently selling on the NYSE around 17 and paying 80¢ per share to yield about 4.6%. In 1962 the dividend was 28.074% tax free. Additionally, with the growing diversity of its interests the longer range prospects are good for capital gains.

Texas Eastern Transmission Corporation is both a producer, a purchaser and a transporter of natural gas from the Southwest for re-sale to companies principally in the states of Pennsylvania, Ohio, New Jersey and New York. As an owner of 28% of Algonquin Gas Transmission, it also supplies gas to lower New England. It has just been recently announced that Texas Eastern Transmission and Algonquin Gas Transmission jointly have asked the Federal Power Commission for authority to build an additional $27 million in facilities for the transportation of natural gas. This step will increase its output by 22.3 million cubic feet, which would be sold both to Algonquin and to Texas Eastern's customers in Indiana, Illinois, Missouri and New Jersey.

Texas Eastern owns and operates over 7,000 miles of gas pipelines, which system is for distribution to 70 utilities customers in one of the largest and most densely populated areas of the United States. Such companies as Consolidated Natural Gas, The Columbia Gas System, Public Service Electric & Gas and Equitable Gas are served.

Over the last 10 years, Texas Eastern Transmission Corporation with its diversification of products increased its total assets 136%, its gross earnings 248% and its net income 227%. As of 1961 the break-down in operating revenues was natural gas transmission 84.5%, crude oil and petroleum product sales 12%, and transportation of hydrocarbon products 4%. It has been estimated that gas reserves under contract are approximately 137 trillion cubic feet.

An interesting phase of the Company's operation is the development of large underground storage systems. As the 1961-62 heating season opened there was approximately 46 billion cubic feet of underground storage available for delivery during the peak of the heating periods in the winter season. These reserves are replenished during the summer in the off-peak season.

In 1962 there was $50 million outlay, and gas pipeline capacity was increased 107 million cubic feet daily in addition to 75 million cubic feet daily by utilizing the aforementioned underground storage facilities in the Northeast. It is contemplated that the "Little Big Inch" Division will extend its butane and propane services from the Gulf up along the Eastern Seaboard. In 1963 the program calls for 40 million additional cubic feet daily to gas pipeline capacity.

Through the Little Big Inch Division's 2,225-mile pipeline system, Texas Eastern Transmission is also a common carrier of refined oil products from the Gulf Coast to Midcontinent areas in Chicago and Ohio River Valley. It also connects with the Buckeye Pipe Line system to points in Ohio and Michigan. There should be continued expansion of the revenues of the Little Big Inch Division as the use of products such as butane and propane are growing faster than the average for the country as a whole.

Texas Eastern's operating revenue have been growing steadily and in 1962 the gain was $93,089,000 over 1961. Net income for 1962 was $29,105,894 equal after preferred dividends to $1.12 a share on 19,179,095 common shares. This compares with $.96 per common share in 1961. The question of Texas Eastern Transmission's rates seem to have been satisfactorily settled

The action of the shares has shown a consistent up-trend over the last 10 years with the usual ups and downs in conformity with the trend of the general securities markets. Since the shares were split 2-for-1 in 1961, the stock has sold from a high of 20⅛ in 1961 to a low of 14 in 1962, and should ultimately surpass the old high.

It is hoped that the 88th Congress will grant by right of eminent domain the authority to construct coal pipelines, which will enable Texas Eastern and Consolidation Coal to construct a $100,000,000 coal line between West Virginia and Newark. Such a line would bring coal to this market at a price substantially below the cost of transporting it by rail. Utilities particularly would be able to effect substantial economies through such a project. Should they be successful in this effort it might then be possible for the Company to build a line to transport coal slurry (a mixture of 60% powdered coal and 40% water) from Utah to the West Coast.

In conclusion we foresee gross annual revenues over the next two to three years of well over $200 million with a concomitant increase in earnings per share as well as an increase in dividends. We feel that Texas Eastern Transmission shares are presently in a good position to resist any unfavorable market action on the down side, but with the generous yield, compared to many other issues of equal or lesser quality, to have prospects as well for a steady growth in market value. The stock is suitable for the conservative investor.

ROBERT PARSONS

Parsons & Co., Inc., Cleveland, Ohio

The Joseph & Feiss Co.

Nationally advertised, "Mr. J." and "Mr. F." have become familiar symbols of fashionable clothes at popular prices to well dressed men everywhere. Joseph & Feiss manufactures a complete line of men's suits, overcoats and topcoats incorporating the latest styles and fabrics. The Cricketeer division makes suits, sport coats and slacks for the younger man whose tastes run to the traditional "Natural Look."

Clothing is sold through the Company's own sales force to over 3,000 retail outlets in the United States, Europe and Japan under the "Joseph & Feiss," "Mohara," "Cricketeer" and other labels.

This 122-year-old Cleveland company employs approximately 2,700 people in plants located in Cleveland, Ohio; Utica, New York; and Harrodsburg, Kentucky. Stringent controls instituted by a new management team about two years ago have produced most significant results. Sales for the fiscal year ended Nov. 25, 1962 were $24,898,486 up 10.7% over fiscal 1961 sales of $22,495,070. Earnings rose substantially from $25,969 or 6¢ per share in 1961 to $467,978 or $1.10 per share in fiscal 1962.

Greatly improved turnover and effective reduction of surplus stocks, together with a marked increase in retail outlets distributing their products and effective teamwork between the various branches of the marketing and manufacturing organization are given by the Company in explanation for its substantial growth in sales and earnings.

On Nov. 30, 1962, Joseph & Feiss made its first step in diversification into the $450,000,000 a year field of outerwear and casual sportswear with the acquisition of the WINDBREAKER — Danville Company of Danville, Illinois. Through young and vigorous direction, sales of this Company have risen from under $500,000 in 1954 to over $3,250,000 in 1962.

WINDBREAKER — Danville, if it had been owned by Joseph & Feiss in 1962, would have added 35¢ to the latter's net earnings per share. The trademark, WINDBREAKER, is one of the best known in the industry, and in addition, the Company has an exclusive license to produce Arnold Palmer golf jackets.

With but 40% of its potential market solicited, WINDBREAKER has set out upon a production expansion plan which it was previously unable to undertake without financial assistance which Joseph & Feiss will be able to supply.

The balance sheet of Joseph & Feiss presents a pleasant picture. Current assets of $12,397,768 cover current liabilities of $2,531,824 approximately five times. The

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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.)

Bullish Near-Term Stock Market Outlook for 1963

By Anthony Gaubis* *Anthony Gaubis & Company, New York City*

Investment counselor who heads his own firm sticks to bullish prediction made last June, before the same group of customers' brokers, about the course of stock prices. Mr. Gaubis: (1) reviews numerous predictions he has made in the past decade with but one "bad miss"; (2) explains why he foresees a further rise in stock prices in the months immediately ahead which may temporarily equal or top their 1961 highs; and (3) cautions that the stock market outlook will require careful review in June or July especially if optimism reaches proportions of previous highs. In the event we were to devalue gold, Mr. Gaubis expects his near term forecast of 740-750 DJIA could advance to well above 800.

In June of last year, I stated that on the basis of my own studies, the probabilities definitely favored a rising trend in stock prices until sometime between last November and early 1963. I stressed the fact that "I.B.M. at 300 offers reasonable values; Polaroid certainly is priced much more realistically in the lower 80's than it was two years ago at 240; . . . and Texas Instruments at below 60 has satisfactory possibilities for capital gains in contrast to the situation when this stock was selling at 240 in 1960—or even at 125 early this year."

Anthony Gaubis

In terms of the Dow Industrials, I had expected the market as a whole to fully retrace the ground lost during the first half of the year, by not later than December or January, which would have required a rise to about 725. So far, of course, my expectations have proved overly optimistic, in that the peak for the Dow Industrials during January was 687, or about 5% below our target. However, I think that this is understandable in view of the terrific amount of publicity given in Wall Street to the continued bearish views of one group of technicians who claimed that they knew all of the answers because they had been right in recommending sales in January 1962 — the one time they were publicly on record.

The market also has not been helped by the widely circulated reports of a number of prominent technicians who were debating through October and November as to how long the "bear market" would last . . . and who, as recently as last month, were still telling investors not to expect an advance to above 700 in the Dow Industrials at any time this year. It is not especially surprising, therefore, that the public has balked at adding to their stock positions during the past six months when they were first being told to look for a long "bear market," and since early December, were being warned that stock prices on the average, were within 5% or 6% of the highest levels likely to be seen for the next 12 months.

Holds to Previous D-J Predictions

The only modification I would like to make of the forecast I presented to the Association of Customers' Brokers of New York City, in June is that the underlying trend of the market now seems likely to continue upward into early summer. I see no reason at this time for changing my cycle objective of at least 740-750 for the Dow Industrials, and the possibility of an advance to well above 800, particularly if our Washington economic planners agree to a worldwide increase in the price of gold while we still have some gold left to revalue.

As was the case last June — and for that matter on at least five or six occasions when I spoke before either the Customers' Brokers Association or before other professional groups — I realize that my views on both the stock market and business outlook differ materially from those of the majority of economists and market students. Partly because I would like to show why I am willing to go against prevailing opinion, but also because some have learned that it does not pay to take anyone's opinions on the business or market outlook very seriously unless that individual's *record and possible bias* is known, I would like to review the forecasts I have made over the past ten years. The quotations which follow are all taken verbatim from reports of my talks as published in the *Commercial and Financial Chronicle* under the dates give for these forecasts.

Aug. 27, 1953: "The majority of stocks are in attractive buying areas."

Oct. 14, 1954: "The current bull market probably will not run its course before the summer of 1955, at the earliest, and possibly not until the first quarter of 1956."

Feb. 2, 1956: "My guess is that the next bear market will get underway before the middle of

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Regular Features

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OBSERVATIONS...

BY A. WILFRED MAY

THE WORST OF BOTH POSSIBLE WORLDS

The testimony given by Government officials to the House Ways and Means Committee in support of the President's tax proposals highlights the several dubious assumptions on which, to the accompaniment of wishful thinking, they are based.

Furthermore, they are rendered particularly dangerous by the possibility-probability that the Congress will dispose of the tax cut and reform package by adopting the "sweetening" tax reduction and consigning the reform portion to the "deep freeze." This would be disastrous, both ethically in forestalling badly needed elimination of the present statutes' inequities; and materially in depriving the Treasury of partially offsetting revenues.

In the forefront of the assumptions blandly stated by Secretary of Commerce Luther Hodges was his characterization of the economy as an ailing "patient"—in the face of the Gross National Product, personal incomes, automobile and other retail sales, corporate earnings and dividends at record highs.*

"Dying of Improvement"

The steadily advancing flow of dollar incomes to individuals is now 11% greater, and the physical volume of total output 10% higher than a year ago. In fact, overall economic activity is at an all-time high.

And unemployment, that big worry, has declined during the period from 7% to 5¾%; with *employment* increased by more than 2 million, to practically an all-time high record. Apparently our patient is dying of improvement!

The "Even Better" Psychosis

Capital investment, that villain in the performance, Secretary Hodges derided as being "only" about 5% above 1959, the previous peak year. This typifies the prevalent "we should have done *even* better" phychosis.

This slogan seems to be the Administration's tax-cut-with-spending advocates' only way out of their dilemma in describing the economy's present state, in having on the one hand to term it unsatisfactory to justify their proposal, while avoiding political responsibility therefore.

The fancy stepping needed to get around this was demonstrated by Dr. Heller on last Sunday's (Feb. 10) *Meet The Press* Radio-TV Program. Asked why he had in Aug. 1961 inconsistently stated that tax *increases* would be necessary to offset the effect of deficit spending, he said:

> *"At that time we were in the midst of an upswing in the economy . . . and it looked as if the possibilities for moving on up very close to full employment were very good indeed. And* [sic] *the slowdown which again reflected the gap that opened up in 1957 and the slack that we have had since 1957, that slowdown didn't come into 1962."*

*In Secretary Hodges Statement before the House Ways and Means Committee, Feb. 6, 1963.

Providing "Zip"

Another important risky assumption made by Government spokesman to justify the less-tax-and-greater-spending program, is that the increased money going into the pockets of consumers will give a needed "zip" (Adviser Heller's term) to spending, employment and/or increased capital investment—all pictured as leading to an *ultimate* budget balance.

An Objective Demurrer

Former Economic Adviser Chief Arthur Burns, remarking that "notwithstanding all the theorizing to the contrary, the consumer remains a fickle creature," pointed out that despite a sharp rise of incomes, there was only a negligible increase in retail sales between February and September of 1961.† The pick-up in retail trade came, unrelatedly later.

We agree with Dr. Burns that the Administration's proposals might be justified if our present economic need were to stimulate consumption—but that this is not the case. There is not even sluggishness in consumer spending or buying power. Both the liquid assets in the hands of the consumer and his spending have been rising extraordinarily.

The Medicine for the Two Sacred Cows

The validity of the tax reduction-spending advocates' assumption that its two sacred cows, unemployment and capital investment's alleged short-fall, will be thus remedied, are at least open to some question.

To Secretary of Labor Wirtz's description of the present situation of four million unemployed as "a heart-sickening story of unnecessary human tragedy"‡ that is curable by fiscal pump-priming, there must at least be added a few qualifications. One of the basic factors actually operating as unemployment causes, as recently pointed out by U. S. Commissioner of Labor Statistics Ewan Clague, is the *structure* of the labor force. This, he said, "includes personal, social and institutional factors which operate against the speedy re-employment of displaced workers. . . . There are occupational gaps, geographic gaps, personal deficiencies, discrimination, welfare and pension rights, and other such impediments to job-getting. The supply of labor is not well adjusted to demand." This creates doubt whether we can "just generate substantial increase in demand and the employment problem will melt away like snow in July."§

On the problem of that other Sacred Cow, namely capital investment, our present over-capacity, unequally distributed, also indicates risk, again as proved by the past record, in assuming that the creation of additional consumer savings and the negligible reduction in the corporate tax rate (from 52% to 48% over three years), would bring about Utopia.

****

Even if the revenue-producing "reforms" should be enacted, the risk involved in the success of the Government's Blue Print for "zipping" the economy without bankruptcy is too great to take. If the deficit offsets are not enacted, the outlook would be cataclysmic.

TORPEDOING MUNICIPAL FINANCING

The municipal bond surely would seem to be in for a torpedoing by the proposed major reduction in tax rates. This would come directly and automatically from the decreased benefit derivable from the tax-exempt factor.

Our Table shows the return from Tax Exempt bonds and from taxable income necessary to provide the same net yield—under both the existing and proposed laws.

TAXABLE INCOME BRACKET Thousands	INVESTORS TAX BRACKET Present	As Proposed	EQUIVALENT RETURN NEEDED FROM TAXABLE INCOME Present	As Proposed
$200 and over	91%	65%	34%	8.9%
$50-60	75	58	12	7.4
$16-18	50	40	6.2	5.2
$0-1	20	14	3.9	3.6

Surely the investor in tax brackets presently ranging from taxable incomes of $200,000 and over down to the $50,000-60,000 man (whose gross taxed-income equivalent would be reduced from 12 to 7.4%), would, under the changed tax rates, find the tax exempt securities materially less attractive than under the present law. And in the case of investors in all income brackets, tax rate reduction would enhance the attractiveness of competing securities, including common stocks.

Bleak Background

Unfortunately this prognosis is appearing in a context of the municipal market's worst condition. The unsold supply of issues, as shown on the Blue List, is now $520 million, against $379 million one year ago.

Again, the *backlog* of new municipal issues reported as pending offerings totals $946.8 million, as of Feb. 7; against $833 million as of one year ago, and $399 million of Feb. 9, 1961.¶

†From Dr. Burns' Statement before the Joint Economic Committee; Feb. 4, 1963.

‡From Secretary Wirtz's Statement before the House Committee on Ways and Means. Feb. 8, 1963.

§From an address by Commissioner Clague before the Harmonie Club, New York City, Jan. 19, 1963.

This over-supply situation has resulted from embarkation of the States and Municipalities on financing binges; as well as from the banks' need for higher yields to meet their obligations to pay out greater interest on their competitive savings media.

The Growing Federal Grab

The first mentioned financing distortion of the supply side of bonds may well continue indefinitely. As aggressively pointed out by Pennsylvania's newly elected Governor Scranton, who is facing a prospective $34 million deficit, the States have been collecting a disproportionately small share of the total tax dollar.**

Of every dollar paid in 1962 by Americans to local, State and the National Governments, the Federal Establishment collected almost 69 cents; leaving the States with collection of less than 17 cents. This grab by the Federal Government represents a doubling of its proportionate share since the turn of the Century.

¶Source: Commercial and Financial Chronicle, Monday edition "Corporate and Municipal Financing Ahead" by Sydney Brown.

**From Governor Scranton's address before the New York Republican Victory Dinner, N. Y. City, Jan. 30, 1963.

Cummins Engine Co., Inc.

By Ira U. Cobleigh, Economist

A report on a remarkable company, dedicated to diesels for decades, respected for the advanced design and quality of its products, and notable for a most unusual and sustained rate of growth in sales and earnings.

The diesel engine is an indispensible ingredient of modern industrial life. It differs from an ordinary gasoline engine in that it has no carburetor or electrical ignition system, but creates combustion by high compression. The diesel's principal advantages are more efficient conversion of fuel into power and more miles per gallon, lower maintenance and repair costs, greater reliability and longevity. The diesel also operates on fuel oil costing less than gasoline. Its principal drawbacks have been greater size and weight per horsepower and higher original cost.

Pioneer and Specialist

After years of research Cummins introduced, in 1932, the first practical 6-cylinder diesel engine designed for the heavy duty truck market. This generated 150 HP and featured a revolutionary new fuel injection system. In the 31 years since, Cummins has constantly refined and improved its engines and today supplies over 60% of the diesel engines used in heavy duty highway trucks. (A heavy duty truck is one of over 26,000 pounds gross vehicle weight.) In addition, Cummins is also an important supplier of diesel engines for marine, industrial, construction, mining, and military vehicle use. About 7% of sales now come from government business.

New Models

The engineering goal has been to make diesels smaller, and lighter. Cummins' newest engines the V-6 200 HP Vim, and the V-8 265 HP Vine, are major engineering "breakthroughs" in this direction. They are of over-square design (the diameter of piston is larger than the length of stroke), far more compact, are several hundred pounds lighter than previous models of comparable horsepower, and achieve important gains in fuel economy. The weight and space savings, and superior efficiency of these models not only sustains Cummins' preeminence in the heavy duty field, but their compact design and low horsepower-to-weight ratios, open up a whole new field of expanded future diesel penetration into other markets—medium sized delivery trucks, pleasure, patrol and work boats, etc. A new smaller engine, the 130 HP Cummins Val, is already being road tested.

Growth in Sales and Earnings

Excellence in manufacturing plus leadership in advanced designing have built for Cummins Engine Company, Inc. a great business. Sales have grown from $19 million in 1946 to a high of $147 million in 1959. There were declines in sales due to the 1960/61 recession but, for 1962, sales reached a new all time high of $167,345,860. Cummins began making a profit in 1937 and has done so in every year since.

Earning power has been impressive, and grown remarkably especially in the post war years. Net income which was $1,859,000 in 1952 rose to $8,234,000 in 1959. The figure was $6,315,000 in 1961, and reached $10,624,075 for 1962.

While many other companies have complained of a "profit squeeze," Cummins is actually improving its conversion rate of net sales into net income. For the first six months of 1962, the company showed a profit margin of 6.2%—the highest percentage in over a decade. This is a tribute to excellent cost controls.

Production and Sales

Cummins is a specialist in making engines which it sells directly to users. The Company often installs test engines in trucker's equipment and develops an engine specially tailored to specific needs. Principal production comes from the main 1,200,000 square foot plant at Columbus, Indiana, but Cummins' total domestic and foreign plant facilities now exceed 1.5 million square feet.

From the Investor Viewpoint

From the investor's standpoint, Cummins Engine stock has been a rewarding equity. Sustained average growth in earning power has been remarkable—over 15% annually compounded for 10 years. Net worth reached $50 million at the end of 1961. Company policy has been ultra conservative in cash dividend distributions, the present rate being 60 cents a share; but stockholders have, on many occasions, received recognition of earned additions to net worth in the form of stock dividends. There were 10% stock dividends in 1952, 1957, 1961; 5% dividends in 1958 and 1960 plus a 5-for-4 split in 1956 and a 2-for-1 split in 1960 plus a 25% stock dividend in Dec. 1962.

As a result of this financial fission, there are now outstanding 3,711,901 shares of Cummins' common stock, preceded by about $23.5 million in long-term debt. The common trades OTC at $54½.

In consideration of Cummins' common for investment purposes, the attractive elements are not only the historic growth rate, strong balance sheet position ($32 million in working capital at the 1961 year end), but present and potential earning power.

For 1962 Cummins had by far the best year in its history with sales topping $167 million, $20 million above the previous (1959) high. Per share net of $2.86 for 1962 is equal to $3.57 on the number of shares outstanding a year ago, when $2.13 was reported.

Ahead the future appears bright. Chairman Irwin Miller expressed confidence, at the 1962 meeting, that Cummins can continue its unusual average rate of growth. With new lighter and more compact diesels, vast new markets can be reached; expansion of foreign business throughout the Free World seems assured; and the Company possesses a unique talent for developing successful new products in a highly competitive business. There seems to be solid evidence to support an opinion that Cummins Engine Company, Inc. common stock is a worthwhile growth stock, at current price levels.

Root Cause of Payments Imbalance Is Easy Money

By John Exter,* Senior Vice-President, First National City Bank, New York City

Monetary expansion is the root cause of our international balance of payments deficit and gold loss problems, and can be ended "tonight" by shifting to tight money policy. In support of this diagnosis and prescriptive cure, Mr. Exter peels away the layers of gossamer, such as fiscal, wage and price and trade policies, usually blamed for the payments deficit which he says becloud the crux of the matter. The New York banker: (1) criticizes the Fed's policy of buying domestic assets — primarily U. S. governments; (2) says easy money has increased other banking systems' reserves — not our own; (3) rebuts the argument that easy money stimulates and tight money hurts our economy; and (4) points out that a balance of payments surplus would hold our interest rate down. Mr. Exter calls for world central banking synchronization of monetary policies emphasizing coordinated changes of domestic assets; advises stopping easy money in order to generate a growing economy before embarking upon tax-cutting; and traces harm gold outflow causes.

John Exter

Let me first try answering the question: Why the gold losses anyway? A country with a balance-of-payments deficit is living beyond its means. Neither you personally, nor your country, can live beyond your means without drawing down your cash, selling assets, or borrowing. This is exactly what we as a nation have been doing. We have drawn down our gold stock from a peak of about $24 billion in 1949 to less than $16 billion, we are selling assets, and we have increased our short-term indebtedness to foreigners.[1] We have lived beyond our means almost steadily since 1949, but the really serious payments deficits began at the end of 1957.

Payments deficits do not just happen; they are caused. We Americans could not go on buying and investing abroad unless we were financed, somehow given the purchasing power; and we can be financed only by our central bank. In a modern society, only a central bank through its control of money and credit can provide the purchasing power that enables the people of one country to spend more in other countries than other countries spend in theirs. Countries without central banks do not have balance-of-payments problems. A persistent payments deficit means that central bank monetary policy is too expansionary to permit international equilibrium, that money is too easy — or to put it less accurately but more expressively — that the printing presses are running too fast.

We see clearly that the printing presses cause payments deficits when they also result in rapid internal inflation, like the runaway German inflation of 1923 or the current inflations in Brazil and Chile; but we seem blinded to it when our own monetary expansion goes on more gently, slowly, and unobtrusively, and without serious internal inflation. Payments deficits are primarily caused by monetary policy. Other governmental policies like fiscal policy, public debt policy, tax policy, wage and price policies, trade policy may affect our international payments; but they increase the deficit only to the extent that they influence the Federal Reserve to create more money. We must face this fact and accept it before we can solve our problem.

Some Home Truths

Let us recall a few home truths about central banks. Our deposits in the Federal Reserve are the reserves on which we expand our demand and time deposits. Because they are the basis for multiple expansion, they are called "high-powered" money. The factor of expansion differs from country to country; but for demand deposits in the United States, it is about six times for city banks like mine and eight times for country banks. Federal Reserve notes are also liabilities of our central bank, but they are a minor part of the money supply and change only slowly over time. Any central bank creates reserves, or high-powered money, by buying or acquiring assets and destroys reserves by selling or reducing them. A sharp distinction should be drawn, however, between purchases and sales of foreign assets, which are part of the international reserves of central banks, and purchases and sales of domestic assets, which are not. In a stable exchange rate system, which is what we have in the Free World today, both in practice and by treaty through the International Monetary Fund Agreement, every central bank buys and sells foreign assets involuntarily in unlimited amounts in order to maintain the international value of its currency. The international value of the dollar is maintained by the Federal Reserve, acting on behalf of the Treasury, by buying gold freely from anyone and selling gold freely to foreign monetary authorities at the statutory price of $35 an ounce. In fact, the dollar is the only currency in the world whose value is maintained from day to day by buying and selling gold. Most other central banks, irrespective of whether they hold gold, dollars, or sterling in their reserves, actually maintain the international values of their currencies from day to day by buying and selling one of the key currencies—dollars or sterling.

We are apt to neglect these fundamentals. If ever we hesitate to sell gold freely to foreign central banks, or even through them to private persons, as we did, in fact, hesitate to supply gold to the London market in October 1960, the dollar price of gold will rise, as it did then to $40, and we shall have partially devalued the dollar. The dollar must be defended wherever it is attacked, which is wherever it is traded against gold. Also, the responsibility for maintaining the value of the dollar is ours, and ours alone. The gold pool, for example, does not permit us to slough it off on other central banks. We can hardly expect them to sell their gold to maintain the value of our dollar and take our un-gold-guaranteed dollars in payment. So a gold pool is useful in influencing market psychology, but not in bucking basic trends.

In a stable exchange rate system, it is only in the purchase and sale of domestic assets that a central bank has discretion. In our central bank, this discretion rests in the Federal Reserve Open Market Committee. The heart of the work of that Committee is the making of day-to-day voluntary decisions regarding the purchase and sale of domestic assets, primarily United States Government securities.

Central Bank's Printing Press Power

With given reserve requirements, this power of a central bank to purchase domestic assets is the essence of the internal money-creating or printing-press process. The purchase of gold does not create high-powered money, except for the small purchases each year of newly mined gold; otherwise, a purchase of gold is merely a transfer of preexisting money from seller to buyer. A creditor central bank also creates money, however, when it voluntarily holds the currency of a debtor central bank in its reserves in preference to buying gold. By thus substituting an IOU for cash, high-powered money is increased in the creditor country with no equivalent reduction in the debtor country, as would have occurred from a gold loss. If done on a significant scale, this is called the gold exchange standard.

In a world of free convertibility, there is a closer and more immediate relationship than many realize between central bank purchases and sales of domestic assets on the one hand and sales and purchases of foreign assets on the other. Voluntary purchases of domestic assets by a central bank ordinarily lead to involuntary sales of foreign assets, and sales of domestic assets to purchases of foreign assets. This is what has been happening over the last five years.

Since the end of 1957, our monetary authorities have added to their domestic assets by voluntarily purchasing $7.5 billion of United States Government securities, and we have involuntarily lost almost $7 billion in gold. Despite such heavy purchases of government securities, the total assets of our monetary authorities, and the corresponding Federal Reserve note and deposit liabilities, were even smaller at the end of the period than they were at the beginning; and the money supply had grown by only 6%.

For gold losses took reserves out of the banking system practically as rapidly as the purchases of government securities put them in. We succeeded only in substituting $7.5 billion of government securities for $7 billion of gold.

Thus the central bank, even of such a powerful, diversified, and self-sufficient economy as the United States, cannot force additional liquidity upon its banking system. In effect, the economy rejects the additional liquidity as rapidly as it is injected; and it flows to other countries through all the channels of trade and foreign exchange. Then foreigners exchange the dollars for their own currencies by selling them through their banks to their central banks. The central banks then either buy our gold or decide to hold dollars. To increase outright dollar holdings, however, is equivalent to lending to the United States with neither an exchange rate nor a gold guaranty; and this, foreign central banks are increasingly reluctant to do. As their reluctance grows, their demand for gold grows; and we are increasingly subjected to the full discipline of our balance of payments. Like any other chronic debtor, we find it more and more difficult to borrow; our creditors demand cash.

From the point of view of world liquidity, however, the reluctance to hold more dollars means that the growth of the gold exchange standard has slowed, thus removing an important money-creating factor.

Free Reserve Target

Moreover, the refusal to hold more dollars tends to increase the gold cost of maintaining a given degree of monetary ease. The Federal Reserve establishes whatever degree of ease it thinks appropriate by setting a net free reserve target. The target of about $500 million (more recently $350 to $400 million) was adopted about the end of September 1960, more than two years ago. Since then we have involuntarily lost $2.8 billion of gold, and the Federal Reserve has voluntarily more than offset the gold losses by buying over $4 billion of government securities. After two years of recession and recovery, it should by now be abundantly clear that a net free reserve target of $350 to $500 million represents a degree of monetary ease that is inconsistent with international equilibrium. Yet almost none of the gold losses has led to a lowering of the target to restore equilibrium. Each time we have involuntarily lost $100 million of gold, our foreign assets, the Fed has voluntarily bought $100 million and sometimes more of securities, our domestic assets. This is the heart of our balance-of-payments problem—as long as we maintain for domestic economic considerations a target that is too high from the point of view of international equilibrium and as long as we continue to offset our gold losses with purchases of government securities, we can never eliminate our payments deficit. And the more gold foreign central banks buy, the more securities the Federal Reserve must buy to maintain a given target — a cat chasing its tail.

The paradox is that easy money has been so utterly futile. It has increased the reserves of other banking systems, not our own. Our payments deficits must be other's payments surpluses, so

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[1] For the sake of better international comparability, most figures have been taken from *International Financial Statistics* published monthly by the International Monetary Fund.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The tone of the state and municipal bond market has improved perceptibly over the past few sessions and the "easiness" that had developed in early January and persisted through last week has been completely dispelled. The market has been trying to do better since its early year setback as has been consistently apparent through the stalwart and aggressive bidding for new issues, even in the face of investor disdain.

However, the nullifying effects of the Cuba discussions, the Canadian affaire, the Common Market confrontation, the inexorable inflationary element, the heavy Treasury new money requirements, the enormous Treasury refunding ahead, had quite logically influenced our institutional investors to temporarily defer their purchases pending some worthwhile market break. It seemed that the investors almost had it "made" as the balance of the market seemed weighted on the downside. Price cuts of as much as two points or more had been not infrequently made during this period and the investor appetite for cheaper bonds had been hopefully whetted.

Investor Demand Heightened

However, supply has not quite satisfied the appetite for tax-exempt investment funds as has been evidenced by the market's action even during this holiday period. The market has shown strength on Monday, on Tuesday (Lincoln's Birthday) and yesterday even in the absence of any important new issue financing. The pressure of investment funds seems literally to have exploded, thus forcing investors to scramble for the relatively attractive remnants of new issues spread about the market place. Suddenly the market has been broadened, with new issues taking immediate hold and the secondary market again the object of investor interest.

We feel that investor interest in tax-exempts could even be more pervasive in the near future as disenchantment with the tax proposals for cuts and reforms become obscured in the total tax mess. More and more people thoughtfully realize that, with municipal and state taxes increasing each year, the present Federal gesture is not far removed from being a cruel hoax. The constructive approach, most experts seem to agree, would have called for a national tax convention to have convened months ago. It is not too late!

New Peak in Municipal Prices A Distinct Possibility

Without some relevant budget cut along with a tax cut, assuming that one is to be legislated, the potential for economic improvement for 1963 seems limited to an increment of growth comparable to last year's at best. It seems not surprising that investors seem aware of this and are showing active interest in the relatively generous return available from tax-exempt securities. The market for tax-exempts could in the next couple of months run through the high level reached in the late 1950's.

Martin's Reappointment Source of Gratification

The country, the President and the Federal Reserve Board are indeed fortunate that William McChesney Martin has accepted reappointment as Chairman of the Federal Reserve Board, it would seem to us. Mr. Martin can do nothing about the size of our continuing deficits or about the imbalance of our international payments or about the tax problem for that matter, but he can by his very presence on the Board reassure the country at large and the world in general that our monetary policies will be the best possible implementation of the Administration's legislative and fiscal problems. The problems ahead might easily have deterred as capable a person possessing less devotion. We are all fortunate in this reappointment.

Yield Index Reflects Price Betterment

The *Commercial and Financial Chronicle's* yield Index for 20-year high grade general obligation bonds averages out at 2.947% on Feb. 13. Last week the Index stood at 2.962%. This slight diminution in yield represents an average gain of about ¼ point at the market's offered side.

This week's small gain lends evidence that the pressure of investment funds is temporarily favoring tax-exempts even after January's record volume of state and municipal financing. Bank interest continues to be the dominant component.

No Inventory Problem

The new issue calendar bids well for a fairly active underwriting period ahead. For the next month there is a total of approximately $675,000,000 scheduled and tentatively scheduled sealed bid type offerings. This close to normal schedule is swelled but very little in the negotiated issue area. With the $100,000,000 Triborough issue successfully placed, only the $30,000,000 Bi-State Development Agency, Transit Revenue issue lines up as an imminent negotiated underwriting. *John Nuveen & Company* and *Stifel, Nicolaus & Company, Inc.* are handling this negotiation.

The inventory situation in the street has apparently changed but little recently. As issue go, issues come and there appears to be no particular inventory glut at present. There is just a plentiful supply of all sorts of bonds at relatively attractive prices and yields. The *Blue List* shows a total of $506,126,500 state and municipal bonds on Feb. 13. This has been the norm for some time.

Recent Awards

This holiday-interrupted week experienced a total of $93,723,000 various tax-exempt bonds sold at competitive bidding with investor demand apparently good to excellent.

On Thursday (Feb. 7) the week's largest issue $37,200,000 Washington Toll Bridge Authority, Ferry and Hood Canal Bridge Refunding Revenue (1963-2002) bonds, was sold to the group headed jointly by *Blyth & Company, Lehman Brothers, A. C. Allyn & Co., Inc.* and *Shields & Company* at a net interest cost of 3.6597%. The runner-up bid, a 3.677% net interest cost, came from Halsey, Stuart & Company Inc. and associates.

Other major members of the winning group include John Nuveen & Company, Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., Eastman Dillon, Union Securities & Co., B. J. Van Ingen & Company, Inc., White, Weld & Company, Drexel & Company, Dean Witter & Company, Hornblower & Weeks, Blair & Company, Inc., Carl M. Loeb, Rhoades & Company, F. S. Smithers & Company, Bacon, Whiple & Company, Barr Brothers & Company, Alex. Brown & Sons, Dominick & Dominick, Ira Haupt & Company, Hayden, Stone & Company, Inc., W. E. Hutton & Company, Lee Higginson Corporation, and Reynolds & Company.

This attractive issue was reoffered to yield from 1.70% to 3.75% for various coupons. Only $14,000,000 of bonds were sold during the order period, but good investor demand has developed with the present balance in group less than $7,500,000.

Buffalo, New York, sold $10,960,000 various purpose (1963-1976) bonds to the *Morgan Guaranty Trust Company* account at a dollar price of 100.61 for a 2½% coupon. The runner-up bid, a dollar price of 100.45 also for a 2½% coupon, came from the First National City Bank syndicate.

Other major members of the winning account include First National Bank of Chicago, Kuhn, Loeb & Company, Harriman Ripley & Company, Inc., Connecticut Bank & Trust Company, Hartford; F. S. Moseley & Company, Coffin & Burr, W. E. Hutton & Company, New York Hanseatic Corporation and Fahnestock & Company.

Reoffered to yield from 1.50% to 2.65%, substantial bank portfolio buying was apparent. The present balance in account totals $3,915,000.

Last Thursday's last sale of note involved $6,800,000 Cook County, Illinois High School District No. 207 serial (1965-1982) bonds which was bought by the group headed jointly by the *First National Bank of Chicago, Halsey,*

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MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.20%	3.05%
Connecticut, State	3¾%	1981-1982	3.05%	2.90%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.05%	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	2.95%	2.80%
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	3.25%	3.10%
New York, New York	3%	1980	3.15%	3.07%

February 13, 1963 Index=2.947%

*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 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.
Triborough Bridge & Tunnel Auth.	100,000,000	1970-1985	--------

[Underwriting group jointly managed by Dillon, Read & Co. Inc., Merrill Lynch, Pierce, Fenner & Smith Inc., W. H. Morton & Co., Inc. and Allen & Co.]

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)

Bristol, Conn.	1,690,000	1964-1983	1:00 p.m.
Durham County, N. C.	3,020,000	1964-1934	11:00 a.m.
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	1966-1939	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.
So. Lancaster Co. Sch. Auth., Pa.	4,070,000	1963-1979	8:00 p.m.
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	1964-1983	11:00 a.m.

February 20 (Wednesday)

Baldwin Township Sch. Auth., Pa.	2,950,000	--------	--------
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	--------
Erie County, N. Y.	12,900,000	1964-1983	2:00 p.m.
Henry County, Va.	1,000,000	1963-1982	Noon
Irvine Ranch Water Dist., Calif.	5,300,000	1965-1991	11:00 a.m.
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.
Rockingham County, Va.	1,000,000	1963-1982	Noon

February 25 (Monday)

Barstow Junior College Dist., Cal.	2,000,000	1965-1984	11:00 a.m.
Roseville, Minn.	1,250,000	1965-1984	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	--------	--------
Clearwater, Fla.	1,100,000	1965-1989	2:00 p.m.
Fulton County Sch. Dist., Ga.	3,000,000	1964-1983	Noon
Muskegon, Mich.	3,900,000	1964-1990	7:30 p.m.
New York State Dormitory Auth.	5,500,000	1965-1994	11:30 a.m.
Prince George's County, Md.	12,750,000	--------	--------
South Bend Comm. S. Corp., Ind.	2,450,000	--------	--------

February 27 (Wednesday)

Bibb County, Ga.	4,500,000	1964-1983	Noon
Daytona Beach, Fla.	3,500,000	1965-1997	--------
New Port Richey, Fla.	1,100,000	1964-1992	2:00 p.m.
South Windsor, Conn.	1,000,000	1964-1983	--------

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.
Willoughby-East Lake S. D., Ohio	1,500,000	1964-1978	1:00 p.m.

March 4 (Monday)

State Board of Education, Mich.	1,175,000	1965-2002	11:00 a.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.
Minnesota (State of)	29,361,000	--------	10:00 a.m.
Pennsylvania General State Auth.	25,000,000	1966-1990	Noon

March 6 (Wednesday)

Alaska (State of)	7,600,000	--------	10:00 a.m.
Louisiana Fiscal Authority	20,000,000	1964-1983	11:00 a.m.
San Antonio, Texas	3,500,000	--------	--------
Sioux Falls Indep. Sch. Dist., S. D.	2,720,000	1966-1983	2:30 p.m.

March 7 (Thursday)

Beloit, Wis.	1,420,000	--------	--------
Wayzata Indep. S. D. #254, Minn.	1,300,000	--------	4:00 p.m.

Tax-Exempt Bond Market

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Stuart & Company Inc. and *The Northern Trust Company* at a net interest cost of 3.236%. The second bid, a 3.28% net interest cost, came from the Harris Trust and Savings Bank account.

Other members of the successful group include Harriman Ripley & Company, Inc., Blyth & Company, A. G. Becker & Company, Lee Higginson Corporation, Weeden & Company, Inc., Julien Collins & Company, McCormick & Company, Rodman & Renshaw, Braun, Bosworth & Company and McMaster Hutchinson & Company.

Scaled to yield from 2.00% to 3.35% for various coupons, buying demand was widespread with the present balance in account only $440,000.

On Friday, only one issue of note reached the market. The group managed jointly by *Boettcher & Company, E. F. Hutton & Company* and *Quinn & Company* purchased, through negotiation, $4,108,000 Carlsbad, New Mexico, Joint Water and Sewer Refunding Revenue (1963-1982) bonds.

Scaled to yield from 1.90% to 3.50%, the group reports all bonds sold and the account closed.

Current Week's Business on Lean Side

On Monday there were no important issues up for sale. On Lincoln's Birthday, the sale of $18,485,000 City of Lafayette, Louisiana, Utilities Refunding Revenue (1964-1991) bonds to the account headed jointly by *Shields & Company, Ira Haupt & Company, Weil, Labouisse, Friedrichs & Company* and *Dean Witter & Company* dominated the quiet session.

Other major members of this account listed alphabetically are Allen & Company, A. C. Allyn & Company, Inc., American Securities Corporation, Bache & Company, Baxter & Company, Dominick & Dominick, Francis I. du Pont & Company, First of Michigan Corporation, Goodbody & Company, R. W. Pressprich & Company, Roosevelt & Cross, Inc., Salomon Brothers & Hutzler and Shearson, Hammill & Company.

Scaled to yield from 1.80% to 3.65%, initial demand has been excellent. The present balance in account is $5,000,000.

Early Retirement of Some Dollar Bonds Probable

The dollar quoted long term toll road, turnpike, toll bridge, public utility and other authority and revenue bond issues have experienced improved markets again this week. Outstanding examples of the market's improvement are as follows: Chesapeake Bay Bridge 5¾s at 110¼ bid up 1; Chicago Calumet 3⅜s at 72½ bid up 2½; Flordia Turnpike 4¾s at 109⅜ bid up 1; Indiana Toll 3½s at 92¾ bid up 1; Kansas Turnpike 3⅜s at 88¼ bid up 1¼; Oklahoma Turnpike 4¾s at 108¼ bid up 1¼ and Port of New York 3⅜s at 98½ bid up ½.

Prejudice against most of these toll revenue obligations persists for reasons that no longer pertain. We believe that most of the toll road issues will be called long before maturity. The market is just beginning to show some little evidence of this probability.

Bond Market—1962 and 1963—And the FRB's Policies

By G. T. Conklin, Jr., Senior Vice-President, The Guardian Life Insurance Company of America, New York City*

Prediction of Federal Reserve shift toward "less ease" in its monetary policy during 1963 is based on the general acceptance that (a) monetary policy has done all that it can to promote recovery and (b) the major part of the oncoming Federal deficit must be carried out in a non-inflationary manner. Mr. Conklin says the key to the unusual interest rate behavior in 1962 was the easy money policy pursued by the Federal Reserve and the effects of Regulation "Q," and not any unusual growth in total savings or inadequate demand for long-term funds. He points out that the money supply in 1961 and 1962 rose at a compound rate of 7% with almost complete indifference to our balance of payments problems in a deeper sense.

Long-term interest rates pursued a gradual downward trend in 1962, with the greater part of the decline accomplished in the first five months. New issues of Aa utilities declined from 4⅝ at the beginning of the year, to around 4¼ near the year end. The yield on outstanding Aaa corporates declined from 4.42% to 4.25% over the same period. U. S. Governments followed a somewhat similar pattern. Municipals exhibited the greatest yield decline as a result of special factors.

G. T. Conklin, Jr.

On the other hand, the trend in short-term rates during the year was slightly upward.

This unusual market behavior of an up-trend in short rates and a down-trend in long rates was by no means the only unusual behavior in the market in 1962. The spread between new issue corporates and Government bonds shrank drastically from 1960 and 1961 levels to historical lows. Likewise, in the municipal market unusual distortions arose between short- and medium-term municipals and long terms, and between low and high quality municipals, with higher quality and longer term issues selling at relatively attractive spreads compared with shorter term and lower quality issues.

What was the reason for this rather unusual behavior in interest rates? One hears on all sides, both in the short-term loan area and in the long-term capital markets, a lamenting of a lack of sufficient outlets for funds. Is a lack of demand for funds the explanation of 1962 interest rate behavior? The answer seems clearly in the negative. The long-term private demands for funds in 1962 were substantially greater than in any prior year — much greater than in 1959, for example. It is estimated that the total demand for funds in the area of mortgages, municipal bonds and corporate bonds in 1962 was approximately $34.5 billion, an increase of some $4 billion over 1961. Furthermore, there was heavy demand for funds in the short-term areas; bank loans, both commercial and total, exhibited a sharp up-trend through the year, and the total increase for the year is near a record. U. S. Government debt expanded by over $9 billion in 1962 and the increase in publicly held Government and private debt exceeded $6.5 billion. Thus, far from being a year of slackened demand for funds, 1962 was a year of record-breaking total demands.

Was the cause, then, an unusual growth in savings through financial intermediaries? Here again the answer is in the negative, for though the assets of such intermediaries did grow, as they do each year, this growth was in line with prior growth trends, and moreover, was less than the growth in the demand for funds.

Fed Responsible for Unusual Interest Rate Behavior

The answer to 1962 interest rate behavior lies dominantly in the easy money policy followed by the Federal Reserve, and secondarily in the change in Regulation Q increasing to 4% the interest rates which commercial banks could charge on time deposits, Treasury debt management policy and, finally, market expectations, which led to a rapid build-up in forward commitments.

The Federal Reserve System has followed an easy money policy ever since the beginning of the 1960 recession in May, 1960. The easy money policy, moreover, for the first time in the postwar period, has been pursued throughout the recovery period despite a continuing serious balance of payments situation. The results of this policy in 1962 were striking indeed. For the 12 months ended November, 1962 total loans and investments of commercial banks expanded by $17.8 billion, a record total, added to a prior record increase for the similar period in 1961 of $15.8 billion. The expansion of loans in this period set a new record, while the banks, far from having to liquidate investments, added more than $5 billion to total securities.

This record monetary and credit expansion largely took the form of a record increase in time deposits. The evidence which is now available fairly clearly indicates that this abnormal increase in time deposits represented a shift away from demand deposits rather than either an increase in total savings or a switch from savings banks and savings and loans. If there had been an increase in the rate of savings during the year responsive to higher interest rates on time and savings deposits, this increase should have shown up in the figures of savinges banks and savings and loans as well as in time deposits of commercial banks, and likewise should have shown up in the personal savings ratio in the national income accounts. Further, if there was a switch from savings banks and savings and loans to commercial bank time deposits, this switch, likewise, should be evident in the behavior of deposits in the former institutions. None of these evidences have appeared. Plotted as a single total on logarithmic scale, the deposits of savings banks and the savings capital of savings and loan associations appear as an absolute straight line projection of prior experience going back to 1958.

On the other hand, as would be expected, demand deposits behaved in laggard fashion in 1962. At the end of November demand deposits were not far from levels at the beginning of the year. This rapid increase in time deposits largely at the expense of demand deposits represented the reluctance of the recipients of the demand deposits (newly created via new loans and investments as a result of the easy money policy) to hold these deposits in demand form and a quick transfer of them to time deposits, as well as the shifting of some existing demand deposits into time deposits following the change in Regulation Q. The reluctance to hold newly created demand deposits in that form in turn reflected the greatly increased relative attractiveness of time deposits at the new rates, and the lack of pressure for higher working balances to carry on business.

Can't Judge From Demand Deposits Alone

The experience of 1962 emphasizes strongly the need to take time deposits at commercial banks into consideration when measuring the degree of ease or restriction in monetary policy. To look

Continued on page 9

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Automotive Industry—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are reports on **Chrysler, American Motors, Gimbel Brothers,** and **Revlon, Inc.**

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.

Canadian Pulp & Paper Industry —Analysis—C. M. Oliver & Company Limited, 821 West Hastings Street, Vancouver 1, B.C., Canada.

Canadian Stocks for 1963 — Data on 162 issues—Draper Dobie and Company Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Electronics and Electrical Equipment — Industry appraisals—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are memoranda on **Country Set** and **Fabien.**

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

How to predict the stock market—Louis Bean—Detailed exposition of statistical methods of market and stock forecasting—David McKay Co. Inc., 119 West 40 Street, New York 18, N. Y.—$5.50

Industry Looks at '63—Survey in February issue of "American Investor" — American Investor, American Stock Exchange Bldg., 86 Trinity Place, New York 6, N. Y.—25c per copy; $2 per year. Also in the same issues are discussions of **Giant Food, Inc., Helfrich & Payne, Inc., IMC Magnetics Corp.,** and **Christiana Oil Corp.**

Japanese Market — Bulletin—Yamaichi Securities Co. of New York Inc., 111 Broadway, New York 6, N. Y. Also available is a detailed analysis of **Tokyo Gas Co.**

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

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

Life Insurance Stocks—Bulletin—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Market Outlook—Review—Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y. Also available is a list of stocks which appear interesting.

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 Companies in Libya—Report with particular reference to **Amerada Petroleum Corp., Marathon Oil Company,** and **Texas Gulf Producing Co.** — Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are analyses of **Armour and Company** and **Rayonier Inc.**

Outlook — Discussion—Schwabacher & Co., 100 Montgomery Street, San Francisco 4, Calif.

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

Over the Counter Stocks — Brochure on 18 issues—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are analyses of **Transcontinental Bus System** and **Piper Aircraft Corp.**

"Portfolio of Profit" — Booklet discussion advantages of investment in life insurance companies —Investment Fund Management Corporation, Southern Equitable Building, P. O. Box 2820, Little Rock, Ark.

Real Estate Investing Companies —Stock index — Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Savings & Loan Stocks—Analysis —Olmsted, Allen & Company, 210 West Seventh Street, Los Angeles 14, Calif.

Selected Stocks — Bulletin—Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 1, Wis.

Stocks Off the Beaten Path—Bulletin on issues which appear interesting — Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

Visual Communications Industry —Bulletin—Irving Weis & Company, 505 Park Avenue, New York 22, N. Y.

World Currency — Discussion — International Bond and Share, Inc., 601 California Street, San Francisco 8, Calif.

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Air Control Products—Analysis—Brand, Grumet & Seigel, Inc., 67 Broad Street, New York 4, N. Y.

American Machine & Foundry—Memorandum—Orvis Brothers & Co., 30 Broad Street, New York 4, N. Y.

American Photocopy — Comment —Edward A. Viner & Co., Inc., 26 Broadway, New York 4, N. Y. Also available are comments on **Brunswick, Loral Electronics** and **Standard Kollsman.**

Amsted Industries—Review—Newburger & Company, 1401 Walnut Street, Philadelphia 2, Pa. Also available are reviews of **Atlantic Refining, Borg Warner, Equitable Gas, Oxford Paper, Medusa Portland Cement** and **Riegel Paper.**

Armour — Discussion — Reuben Rose & Co., Inc., 115 Broadway, New York 6, N. Y. Also available are comments on **E. I. du Pont de Nemours** and **du Pont of Canada.**

Associated Transport—Comments —Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available are comments on **McLean Trucking, Overnite Transportation,** and **Transcon Lines.**

Avco Corp.—Analysis—Dreyfus & Co., 2 Broadway, New York 4, N. Y.

Ayrshire Collieries Corp.—Report —Hornblower & Weeks, 1 Chase Manhattan Plaza, New York 5, N. Y. Also available is a report on **13 utility stocks** with generous cash returns.

Belding Heminway—Data—Bregman, Cummings & Co., 4 Albany Street, New York 4, N. Y. Also available are comments on **Dynamics Corp. of America,** and **Electronics Associates.**

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

William J. Burns International Detective Agency—Memorandum —Craig-Hallum, Kinnard, Inc., 133 South Seventh Street, Minneapolis 2, Minn.

Champion Spark Plug Company —Analysis — Eastman Dillon, Union Securities & Co., 1 Chase Manhattan Plaza, New York 5, N. Y.

Chicago Transit Authority—Bulletin — Stifel, Nicolaus & Company, Incorporated, 105 West Adams Street, Chicago 3, Ill.

Chrysler Corp.—Report—Colby & Company, Inc., 85 State Street, Boston 9, Mass. Also available are data on **General Dynamics** and **Metromedia.**

Consolidation Coal Company—Analysis—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Culligan, Inc.—Analysis—Walston & Co., Inc., 111 West Jackson Boulevard, Chicago 4, Ill.

Edwards Engineering Corp.—Memorandum—Irving J. Rice & Company, Pioneer Building, St. Paul 1, Minn.

Fairchild Camera — Review—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available are comments on **Flintkote Company, Ford Motor Company, Goodrich, Helene Curtis Industries, H. J. Heinz** and **West Virginia Pulp & Paper.**

First Charter Financial—Memorandum—Orvis Brothers & Co., 30 Broad St., New York 4, N. Y. Also available are memoranda on **General Mills** and **Procter & Gamble.**

Frito-Lay — Memorandum—Clark, Landstreet and Kirkpatrick Inc., Life & Casualty Tower, Nashville 3, Tenn.

General Industries Company—Report—Frank Ginberg & Co., Inc., 25 Broad Street, New York 4, N. Y.

General Leasing Corp. — Memorandum—Midland Securities Co., 15 West 10 St., Kansas City, Mo.

General Steel Industries—Memorandum—E. F. Hutton & Co., Inc., 1 Chase Manhattan Plaza, New York 5, N. Y. Also available are memoranda on **Freuhauf, Amsted Industries** and **New York Air Brake.**

Gibson Greeting Cards — Discussion in current issue of "Investor's Reader" — Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also in the same issue are discussions of **Martin Marietta Corp., Tri Continental Corp., Neptune Meter, Warner Brothers Company, Gardner Denver Co., Kern County Land Co.,** and **Sunbeam Corp.**

Grosset & Dunlap—Memorandum —First California Company, Inc., 300 Montgomery St., San Francisco 20, Calif.

Hammermill Paper — Review — Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available are reviews of **U. S. Rubber** and **Arkansas Louisiana Gas.**

Harris Trust & Savings Bank—Memorandum — Julien Collins & Company, 105 South La Salle St., Chicago 3, Ill.

Hart, Schaffner & Marx—Memorandum—Rittmaster, Voisin & Co. 40 Exchange Place, New York 5, N. Y.

Hiram Walker Gooderham and Worts Ltd. — Analysis — McLeod, Young, Weir & Company, Ltd., 50 King Street, West, Toronto, Ont., Canada.

International Minerals & Chemical Corp.—Report—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

International Resistance Company —Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, New York.

Also available is an analysis of **Sprague Electric Company.**

Irving Trust Company — Memorandum—Birr, Wilson & Co., 155 Sansome Street, San Francisco 4, Calif.

Kirby Petroleum — Memorandum —Kastor, Bigley & Co., 14 Wall Street, New York 5, N. Y.

Komatsu Manufacturing Co. — Memorandum — Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y.

Also available are memoranda on **Koyo Seiko Co.** and **Mitsubishi Electric Manufacturing.**

La Cross Cooler—Memorandum—Kaufmann, Alsberg & Company, 61 Broadway, New York 6, N. Y.

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

Macke Vending Company—Analysis—Stein Bros. & Boyce, 6 South Calvert Street, Baltimore 2, Md.

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

Marathon Oil Company—Report—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y. Also available is a review of **Textron Inc.**

McDonnell Aircraft — Memorandum—Robinson & Co., Inc., 42 South Fifteenth St., Philadelphia 2, Pa.

Mead Corp. — Memorandum — Prescott & Co., National City Bank Building, Cleveland 14, O.

Midwestern Corporation — Report —Westheimer and Company, 124 East Fourth Street, Cincinnati 2, Ohio.

Minnesota Power & Light—Memorandum — Dempsey-Tegeler & Co., Inc., 1000 Locust Street, St. Louis 1, Mo.

Also available are memoranda on **Suburban Propane Gas** and **Helene Curtis.**

Norfolk & Western Railway—Analysis—Watling, Lerchen & Co., Ford Building, Detroit 26 Mich.

Noxzema Chemical — Memorandum—Wright, Wood & Co., 123 South Broad Street, Philadelphia 9, Pa.

Nuclear Materials and Equipment Corp.—Analysis—Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa.

Olin Mathieson Chemical Corporation—Analysis—Newburger, Loeb & Co., 5 Hanover Square, New York 4, N. Y.

Outboard Marine — Memorandum —Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, N. Y.

Also available are memoranda on **Piper Aircraft, Echlin Manufacturing** and **Pioneer National Gas.**

PCS Data Processing—Memorandum—Crow, Brourman & Chatkin, Inc., Carlton House, Pittsburgh 19, Pa.

Pepsi Cola — Memorandum — Hodgdon & Company Inc., 1411 K Street, N. W., Washington 5, D. C.

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

Pittston—Memorandum — Shields & Company, 44 Wall Street, New York 5, N. Y.

Radio Corporation of America—Report — Reynolds & Co., 120 Broadway, New York 5, N. Y.

Also available is a report on **Reliance Electric & Engineering Company** and on the changing trend in Canadian Oil & Gas Industry.

Rexall Drug & Chemical—Memorandum—J. W. Sparks & Co., 120 Broadway, New York 5, N. Y.

Rochester Telephone—Memorandum—J. W. Sparks & Co., 120 Broadway, New York 5, N. Y. Also available is a memorandum on **Pyle National**.

Rockwell Standard Corp.—Analysis—Stanley Heller & Co., 44 Wall St., New York 5, N. Y.

Sharon Steel — Memorandum — Stearns & Co., 80 Pine Street, New York 5, N. Y.

Sterling Seal Co. — Analysis — William T. Robbins & Co., Inc., Terminal Tower, Cleveland 13, Ohio.

Swingline, Inc.—Analysis—W. E. Hutton & Co., 14 Wall St., New York 5, N. Y.

Thrifty Drug Stores Co., Inc. — Analysis—Hill Richards & Co., Inc., 621 South Spring Street, Los Angeles 14, Calif.

Transcontinental Bus System, Inc. — Analysis — Mitchum, Jones & Templeton, Inc., 650 South Spring St., Los Angeles 14, Calif.

Union Pacific Railroad—Bulletin —Purcell & Co., 50 Broadway, New York 4, N. Y.

U. S. Borax & Chemical—Chart analysis—Auchincloss Parker, & Redpath, 2 Broadway, New York 4, N. Y.

Universal Foods Corporation — —Analysis—Loewi & Co. Incorporated, 225 East Mason Street, Milwaukee 2, Wis.

Vacuum-Electronics Corp. — Report—Crerie & Company, Inc., 80 Pine St., New York 5, N. Y.

Vanadium Alloys Steel Co.—Report—Arthur Schmidt & Associates, Inc., 342 Madison Avenue, New York 17, N. Y.

Vulcan Materials — Memorandum —Brooke, Sheridan, Bogan & Co., Inc., 2 Penn Center Plaza, Philadelphia 2, Pa.

Del E. Webb Corp.—Memorandum —Walston & Co., Inc., 731 Wilshire Boulevard, Los Angeles 17, Calif.

West Coast Telephone Company—Analysis—Walston & Co., Inc., 265 Montgomery Street, San Francisco 4, Calif.

Western Union Telegraph—Bulletin—Joseph Mayr & Company, 50 Broadway, New York 4, N. Y.

Weyerhaeuser Company — Report —Bacon, Whipple & Co., 135 So. La Salle Street, Chicago 3, Ill.

Wilcox Oil — Memorandum—Hardy & Co., 25 Broad Street, New York 4, N. Y.

F. I. du Pont Will Admit Thompson

CHICAGO, Ill. — Thomas W. Thompson on March 1 will become a partner in Francis I. du Pont & Co., members of the New York Stock Exchange. He will make his headquarters in the firm's Chicago office, 208 South La Salle Street.

Bond Market—1962 and 1963 —And the FRB's Policies

Continued from page 7

only at demand deposits and currency in 1962 is to miss the entire character of the monetary policy and markets in that year. Furthermore, the experience of 1962 lends considerable strength to the arguments of those who believe in the relative inefficacy of monetary policy alone in bringing about business expansion.

As a result of the extraordinary increase in time deposits in 1962, the principal market pressures of the bank funds were found in the long-term capital markets, particularly in the tax-exempt market and the mortgage market. The other security holdings of commercial banks (primarily municipals) in the 12 months ended November, 1962 expanded by $5.5 billion, or well over the total net increase in municipal debt in 1962. Such tremendous buying pressure led to a strong bull market in tax-exempts, particularly in the areas up to 10-15 years where bank buying was concentrated. Commercial bank purchases of mortgages represented a striking increase over 1960 and 1961 and thus contributed substantially to the downward pressure on mortgage yields through the year.

Thus the choice of deposit holders to hold their cash in time deposit form rather than in demand deposits created downward pressures in the long-term markets, and at the same time eased the pressures in the short-term market making feasible the Federal Reserve efforts to keep short-term rates up while allowing long rates to decline. The method of the Federal Reserve in supplying reserves, and of the Treasury in supplying additional bill issues to the market completed the picture of declining long-term yields and rising short-term rates.

The key to the 1962 bond market, therefore, was the easy money policy of the Federal Reserve, and the key to this easy money policy is found in the domestic economic picture which failed by far to meet administration expectations and displayed a picture of sluggishness after the first quarter. This laggard recovery of the economy was accompanied by most unusual price behavior—an actual declining trend of industrial prices in the face of business recovery, and by a rising unemployment rate. These factors combined to outweigh the continuing balance of payments problem in the determination of monetary policy. Indeed it might even be argued that the continuous rapid expansion of the money supply (defined as demand deposits, currency, and time deposits in commercial banks) at a compound rate in excess of 7% for the years 1961 and 1962, almost completely ignored balance of payments problems in a deeper longer term sense.

The Outlook for 1963

Should business continue a sluggish recovery in 1963 and should the Federal Reserve continue its same policy of monetary ease, it is likely that interest rates will behave in 1963 somewhat as they did in 1962—under moderate downward pressure. However, even with these same assumptions there may be a difference. It may well be, for example, that the flattening out of the interest rate curve has proceeded as far as market differentials will permit and that a policy of providing monetary reserves geared to a bill rate near current levels will, likewise, keep longer market rates from declining. This effect may be strengthened in 1963 by a smaller increase in time deposits than in 1962. The one-time effects of shifts in deposits related to Schedule Q will not be repeated in 1963, and the lesser rate of increase of time deposits in the second half of 1962 would have produced an increase some $4 billion less for the full year had it been in effect for the first six months as well. Thus a given deposit expansion in 1963 may well carry less time deposits than in 1962—and to this extent would contribute toward revising the relationship between pressures in the short and long markets.

Changes in the assumptions, of course, will produce materially different results and it is interesting to speculate on their nature:

If, for example, a vigorous recovery should set in sometime in 1963, sharp changes would take place in the money markets. There would be a substantial increase in the need for working balances or demand deposits, as against time deposits, and the growth in time deposits would slow down to its longer term slower growth rate, even without a change in Federal Reserve policy. This would have strong implications for longer term markets supported by the 1961-62 record time deposit expansion. Loan demands in all markets would, likewise, pick up and would face the Federal Reserve with a need for providing materially more reserves to achieve the same degree of monetary ease, particularly with the greater appetite of the public for demand deposits, carrying higher reserve requirements.

Prices which have moved downward in the face of increased costs, and which even now are giving some weak preliminary indications of rising once again, would definitely move up, as capacity became more fully utilized, particularly if recent labor behavior is generalized. Unemployment would be a problem of less urgency politically.

Under these circumstances market expectations would change materially, and huge forward commitment backlogs of investments which were built up in 1962 by investing institutions would be allowed to decline to lower levels, thus curtailing somewhat the flow of funds to the market, while anticipative demands would be made upon the financial markets by borrowers.

Such an environment would undoubtedly lead to a monetary policy of less ease, or more restriction, and such a change could have immediate and sharp effects particularly since loan deposit and risk asset ratios of the banks are high.

Another type of change which could come about in 1963 would be in the balance of payments area. Clearly, excess optimism prevailed in this area in the first half of 1962. As the second half unfolded it became clear that basic progress in this area was much more limited than many people anticipated. Much progress has been made in the easier, more superficial areas of our balance of payments problem but skepticism is warranted as to how much progress has been made in the deeper, more basic problems, particularly, for example, the labor cost problem. It is quite conceivable that a balance of payments problem of greater magnitude could materialize in 1963 in view of increased Federal spending, substantial deficits and the persistence of the underlying problems. If this should turn out to be the case, then the balance of payments would command more attention in monetary policy and could set off a chain of events leading to tighter monetary conditions in all markets.

Finally, there might evolve a change in Federal Reserve policy with no change in the basic business picture or balance of payments situation. This might well be prompted by an unwillingness of the Federal Reserve to continue an expansion of the money supply at the record rate of the past 30 months for fear of its longer run inflationary and balance of payments implications, or for fear of encouraging unwise lending policies in the long-term area as a result of the pressure of funds seeking outlets. It might also be caused as a result of a growing conviction that other factors are more basic than easy money in causing business recovery—that a continued policy of easy money followed for over two and one-half years has not been successful in getting the economy out of the doldrums. Thus a policy of active credit ease might well be modified as a preventive measure designed to avoid the emergence of a more serious balance of payments situation, particularly in view of the increase in Federal spending and proposed tax cuts.

Business Outlook

The likelihood of any of these events occurring is, of course, problematical. The business outlook for the near future appears by no means robust, and the stock market could suffer a sharp setback from present levels with consequent effect on business psychology. Looking further ahead, however, it is quite possible that a substantial tax cut of the proper nature could get the economy moving out of its doldrums of the past several years. Since the forces responsible for the doldrums are largely noncyclical in nature, their ending could take place in 1963 or much later. We can only await evidence of such an end. One straw in the wind, perhaps, has been the behavior of automobile and appliance sales.

As to the balance of payments problem, it, too, defies conviction in prediction. Evidence available to date, however, does indicate that relatively more emphasis will be placed upon the balance of payments in monetary policy in 1963. Indeed there is already accumulating some evidence of a change in emphasis in monetary policy. Free reserves were allowed to decline as borrowings from the Federal Reserve increased in December; statements have been made that monetary policy has done all that it can to promote recovery, and that the major part of financing of the large oncoming deficits must be carried out in a non-inflationary manner. It would not, therefore, be at all surprising to witness an independent shift in monetary policy in 1963 towards less ease.

*An address by Mr. Conklin before a meeting of the Savings and Loan Associations, Pittsburgh, Pa., Jan. 30, 1963.

Tobey & Kirk to Admit

Tobey & Kirk, 52 Wall Street, New York City, members of the New York Stock Exchange, on March 1 will admit Basil Skelos to partnership.

Why Federal Chartering Of Mutual Savings Banks?

By Morris D. Crawford, Jr.,* *President, The Bowery Savings Bank, New York City*

Forceful case for Federal chartering of mutual savings banks is presented by Mr. Crawford. The New York banker: (1) cites wide-ranging backing for Federal mutual savings bank bill introduced to Congress last October for the third successive year; (2) approves of and sees in the American Bankers Association's stand on dual banking clinching support for Federal chartering; and (3) reports on receiving savings and loan association backing from those favoring a bill combining the best features of both industries. The banker points out the advantages of such a bill which would permit, among other things, a united Federal deposit insurance for savings banks and savings and loans and, also, open the way for entry into 32 States which still oppose savings bank competition.

On Oct. 2 and 3, a federal mutual savings bank bill was introduced in the Congress for the third successive year. In previous years, while delighted at these tangible results of our long years of effort, we have proceeded deliberately. Our approach has been one of caution, of probing. We wanted to test the reactions of Government agencies and of the other financial industries and associations; we were always mindful of the demands of the tax struggle; we wanted to provide time for the study of this legislation; we wanted to gather our allies; and we wanted to identify our opponents.

M. D. Crawford, Jr.

This process, I am happy to announce, has now been largely completed. The opinions of all interested groups have been sought. Based on the results obtained, the Board of Directors of the Association believes that we are ready to present our case to the Congress. This belief is shared by the Congressional sponsors of this legislation. They have counseled us that the legislative climate is favorable and that if we are serious and determined in our purpose—the time to proceed is . . . **NOW.**

But even absent this generous counseling—we have only to consult the evidence of our own senses. No banker today needs a seismograph to detect the rumblings of change in the entire banking industry. The commercial banking industry is making its massive presence felt in the savings and mortgage markets. The savings and loan industry faced with this new competitive pressure, is chafing at its narrow statutory bonds. The Comptroller of the Currency and the state supervisors are confronting one another in a controversy the results of which may change the entire profile of American banking.

The winds of change have blown through banking once before in our time—the early 1930's —and while they ranged, the savings bank industry rode out the gale at anchor, moored in the good ship **Status Quo.** That ship is now as obsolete as the Bounty. We cannot afford to remain immobile this time. We can and must become part of the reorganization and modernization of the nation's financial system through achieving our goal of federal chartering.

In our efforts we will find that we are not alone. The Commission on Money and Credit, established to review the nation's monetary and credit structure, has completed its studies. Its position on federal charters is one of unequivocal support. In his 1962 Economic Report to the Congress, the President characterized the findings and recommendations of the Commission on Money and Credit as deserving of careful consideration by the Congress, the executive and the public. It is important to note that the President has established a Committee on Financial Institutions composed of nine key members of the Administration to consider changes in Federal policy that will promote stability, growth and efficiency of private financial institutions. The federal chartering of mutual savings banks is included in the agenda of this committee. The committee submitted its recommendations to the President on Nov. 30.

The Veterans Administration and the Housing and Home Finance Agency are also in favor of federal charters for mutual savings banks. During the last year the Federal Home Loan Bank Board, originally opposed to the bill, has now indicated its informal approval. Chairman Joseph P. McMurray of the Federal Home Loan Bank Board has stated that the Task Force that he appointed to advise him on a wide scope of issues has given its support to the idea of federal charters for mutual savings banks. The Federal Reserve Board has agreed that the idea merits careful study.

We have received the support of that great American trade group, the National Association of Home Builders.

The findings of a study by an academic team at the University of Chicago strongly support the economic advantages of extending mutual savings banking beyond its present confines.

The National Association of Supervisors of State Banks, which has repeatedly emphasized its support of dual banking, will maintain, we would trust, a neutral position on this national issue.

S. & L. Support

Perhaps the most heartening development of the last two years has been the work of the Savings and Loan and Savings Bank exchange groups — unofficial committees composed of savings bankers and savings and loan executives. This group has worked hard and long, and in an atmosphere of growing understanding and alliance, to perfect a federal mutual savings bank bill which would combine the best features of both our industries. I would like you to know that the federal mutual savings bank bill now before the Congress represents invaluable contributions from our savings and loan friends. These men, although not official representatives of the savings and loan trade associations, are important figures in their industry, and they are men committed to the goal of a new, united thrift system through federal mutual savings banks.

At this gathering of savings bankers I do not believe that I need review at any length the merits of this legislation for our own industry and its depositors—the increased growth it offers, the greater access to national forums through which we may hope at last, to be able to aid in determining the outlines of our own future, the potential ability a federal charter bill will give us to respond to oppressive supervisory practices and the enjoyment of twentieth century powers for twentieth century institutions.

For persons other than savings bankers, however, I would also urge the support of this bill on the following grounds:

First—A system of federal mutual savings banks would result in an increased and evenly distributed flow of savings, savings which will become the ultimate source of that capital expansion so necessary to meet the demands of our country and the competitive challenge of the Common Market.

Second — The increased availability of mortgage and other long-term credit with a consequent reduction in costs of borrowing and in regional mortgage yield spreads.

Third—The ending of restricted entry into financial markets for savings banks, which has led to insufficient savings facilities, inefficient allocation of resources, and limited credit availability.

Opposition By 32 State Governments

Fourth — The introduction of new equality of competitive opportunity leading to progress for all competing financial institutions. Mutual savings banks may not be organized in 32 of our states. Recent efforts to have the merits of savings bank legislation considered in these states have been frustrated by shortsighted competitors at the expense of the public welfare. It is clear that extension can best be achieved through federal charter legislation.

Fifth—The modernization of investment powers for other savings institutions. The savings and loan industry, over the past 30 years has developed mature, progressive institutions quite capable of investment powers beyond the archaic confines they now must endure. The federal mutual savings bank bill provides for the optional conversion of such institutions into federal mutual savings banks—into banks capable of performing brilliantly their traditional role in home financing and at the same time enjoying the flexibility to provide capital to many new areas of the investment spectrum.

These reasons are at the heart of our federal charter program. We believe in them and we are prepared to go before the Congress and defend them—**NOW.**

United Deposit Insurance Proposal

Some mutual bankers, seeing this year's version of the federal mutual savings bank bill were undoubtedly interested in the new deposit insurance provisions. One of the most important recommendations of the Commission on Money and Credit which was studied by the President's inter-department Agency Committee is the urging of a united thrift system of savings banks and savings and loans. Specifically, the Commission recommended a united federal deposit insurance for savings banks and savings and loans. In response to this, and in wholehearted agreement with the principle of a united thrift industry, we have provided in the federal mutual savings bank bill for insurance of savings banks and savings and loans by a new Federal Savings Insurance Corporation, which will be organized by redesignating the Federal Savings and Loan Insurance Corporation. Aside from the goal of unity, it seems appropriate that since, at first, the majority of federal savings banks will presumably be converted savings and loan associations, these savings and loans should continue to be insured by the same agency. If any of our state-chartered mutual savings banks now insured by FDIC were to convert to a federal form, the bill provides that conversion would be accompanied by a transfer from FDIC to the new insuring agency of those reserves attributable to the converting savings bank.

Dual Banking

No paper on banking would be complete without the mention of the centennial of dual banking: In 1963 the nation's financial industry is honoring the 100th anniversary of dual banking, that extension to banking of the federal concept of government found in our Constitution. Dual banking provides for a system under which banks may operate under the authority of either the state or Federal government.

Dr. Charls E. Walker, Executive Vice-President of the American Bankers Association, has stated this analogy between our system of government and our system of banking as follows:

"Indeed, there is in my mind a close if not inseparable relationship between the dual banking system and the concepts underlying the division of powers and responsibility between our states and the Federal Government." Expanding on the constitutional analogy, and on the system of "checks and balances" so basic to this government, Mr. Robert Myers, Jr., Secretary of Banking for the Commonwealth of Pennsylvania, has stated:

"The Dual Banking System is the unique feature of American Banking. It comprehends two separate and distinct systems of banks, one chartered, regulated and supervised by the states, and the other chartered, regulated and supervised under Federal law. It is the product and result of the American plan for the division of Governmental responsibilities and powers between the States and the National Government. It is in harmony with American ideals and our traditional concept of Government."

— and again

"These checks and balances . . . prevent undue concentration and arbitrary and discriminatory exercise of power over the Banking System by either State or Federal Governments. The essential independence of each System and the right to move from one System into the other are necessary features of the Dual System."

It is not often so easy to find such unanimity. And that is fortunate for us, for we have always wholeheartedly subscribed to dual banking, and we demonstrate this continually by our efforts to expand mutual savings banking on a state as well as a national level. This industry joined with the State of Alaska in bringing mutual savings banking to that great area. Our Committee on Extension continues to give its entire effort to spreading further our state system.

Dual Chartering

In our support of dual banking and its benefits, we have often wondered: "Why not us?" Every other form of banking and savings institution enjoys dual chartering. There are national and state commercial banks, there are federal and state savings and loans, there are federal and state credit unions. Existing side by side, both systems have continued to flourish and to contribute to one another's progress. Mutual savings banking, alone, though it represents more than $40 billion of the deposits of Americans, does not enjoy membership in the dual banking system. We ask, for the benefit of the country as well as for mutual savings banks and their depositors, that our long exile from dual banking be ended—and that it be ended, **NOW.**

The sponsors of the federal mutual savings bank bill, Mr. Sparkman of Alabama, Mr. Multer of New York, Mr. Rains of Alabama and Mr. Bush of Connecticut, recognize that dual banking pre-supposes that both the states and the nation have a vital interest in the strength of American financial institutions. The independence of both necessarily means independent responsibility and so individual conclusions on how best to serve those responsibilities.

Thus, the decision of the states of Alaska, Massachusetts and New York to regard mutual savings banking as crucial to their banking needs does not dictate that the federal government must decide, in its independent appraisal, that federal mutual savings banks are vital nationally.

By the same token, the decision of other states that mutual savings banks are not needed in their banking structure should not prevent the federal government from making a different decision in pursuance of its own resposibilities.

This is the very essence of a dual system. It presupposes two independent judgments as to the best fulfillment of independent responsibilities. Some argue for maintenance at all costs of a delicate balance between state and national banks. They would apparently argue that the goal to be pursued is absolute agreement in the conclusions of 50 states and the Federal Government as to what response to make to banking needs. This kind of search for monolithic uniformity doesn't seem to be in keeping with a dual system concept nor with the basic economic fact that competitive uniformity inhibits progress. The most cogent presentation of this basic fact has come from the Comptroller of the Currency, Mr. James J. Saxon:

"The only sense in which the duality of a banking system can be made truly meaningful is to regard the authority of each segment as separate and distinct, and not subordinate one to the other.

Far from posing a threat to the duality of our banking system, this separation of power is the only means by which the dual banking system may be sustained. Under any other approach one authority would become predominant, and duality in any practical terms would dissappear."

—and

"It is no threat to a dual banking system, but merely the natural expression of such a system, to allow the Federal and the individual State authority to be separately and independently exercised in full."

I have reported before on the gathering of our allies. Needless to say, there have been martial sounds in the enemy camp as well. Some opponents of mutual savings banking are girding on a brand new suit of armor for their latest tournament. This time they carry a pennant labeled "state's rights." They are, of course, quite simply determined to avoid competition at any cost. If they thought that noble motive could be served by any other slogan, they would cheerfully adopt it. I think all of us should deplore, however, their cynical usurpation of state's rights, which is a tradition that other Americans sincerely uphold. We will have a great deal more to say on this point at a later date.

The Congressional sponsors of the federal mutual savings bank bill have said that they will urge hearings on this bill within the next two months. We must support them every step of the way in what will be a long and closely contested struggle.

I want to impress on you that what is demanded of us is action NOW. If our years of urging federal mutual savings banking have been only an academic exercise, then I submit we have done a disservice to our depositors and the nation.

This will be an exacting process for all of us, and, as the proponents, we will have to carry the burden of proof as to the merits of the bill. That proof is now being assembled by the National Association's leadership and its research and legal departments. Documents substantiating our claim that economic and other public benefits can be expected to flow from enactment of the federal mutual saving bank bill are nearing completion. They will be of primary importance at the Congressional hearings.

Once the hearings are underway it will be essential to marshall grass roots support. The National Association is developing a number of public relations materials for winning that support. Member banks will be kept informed as these projects are completed so that they can participate to the fullest in this industry-wide effort.

In the meantime, what can each of us do to advance the day when mutual savings banks will be permitted throughout the nation? You have already received materials analyzing the present bill and presenting the salient arguments. The National Association, in coordination with the nine state associations and with designated board members in the rest of the states, is conducting an action campaign to be certain that every Congressmen and every United States Senator in every mutual savings bank state is well informed about our industry and its extension objectives via the Federal charter route. The materials which member banks have received furnished the basic quide lines for your communications with your Congressional representation. If you need further assistance, the National Associations officers and staff are immediately available to you. We must first achieve the support of Federal legislators in the 18 mutual savings bank states before we can expect anyone else's support.

When you enlist in this campaign, there will be no jobs for generals. All of us will be on the firing line. Each of us must speak to our Congressmen, our state supervisors, our trustees, our depositors, our local civic and business groups. And this campaign must begin immediately. The time is **NOW.**

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One of Congress' more serious problems is Representative Adam Clayton Powell of the Harlem district of New York. Serving his tenth term he treats the House with the utmost contempt. He has the greatest absentee record of any Congressman. When he wants to visit his wife, who is on his payroll, he takes a military plane and goes down to Puerto Rico to see her. When he wants to go to Europe he takes off without any ado at the taxpayers' expense.

Senator Williams, Republican of Delaware, has recently spread his record in the "Congressional Record." He reported upon Powell's relationship with public funds. According to the Senator, agencies of the Administration vie with one another to dish out money for Mr. Powell's pet projects. These agencies, says Senator Williams, have been "scrambling around to see who could give Mr. Powell the most favorable deal."

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It is one of the fastest growing utilities; revenues in 19[illegible] were $[illegible] million and in 19[illegible]2 $48 million vs. the current $140 million. Earnings per share have increased from $1.73 in 1952 to $4.00 in 1962, an average annual gain (compounded) of 8.5%. However, a substantial part of the gain occurred in 1962 when earnings increased 28% due to a combination of favorable factors.

In May, the Houston City Council approved a rate increase increase of $1.9 million after taxes or about one-half the amount the company had requested some 2[illegible] months earlier. Rate base was set at $504 million vs. the $535 million sought by the company and rate return was cut from 6[illegible]% to 6¼%. The new rates were also adopted by other cities and are now in effect throughout the service area. Since the company does about two-thirds of its business in Houston, the total increase probably approximated $2.4 million or 36 cents a share per annum.

Another contributing factor to earnings was the record-breaking spell of hot weather extending through most of the summer. During the months of July and August there were 53 consecutive days with maximum temperatures of 90 degrees or more topped off with 9 consecutive days having a maximum temperature of 100 degrees or more reaching a high of 106 degrees. Unseasonably hot weather continued through September and past the middle of October, resulting in greatly increased use of service for air-conditioning, refrigeration and other temperature-related applications. The favorable weather of 1962 contrasted sharply with unfavorable weather conditions throughout the 1961 cooling season, together with losses in revenue from Hurricane Carla in the month of September 1961. Nearly 17,000 new customers were added in 1962 (an increase of 57% over those added in 1961) and all classes of customers substantially increased their use of electricity.

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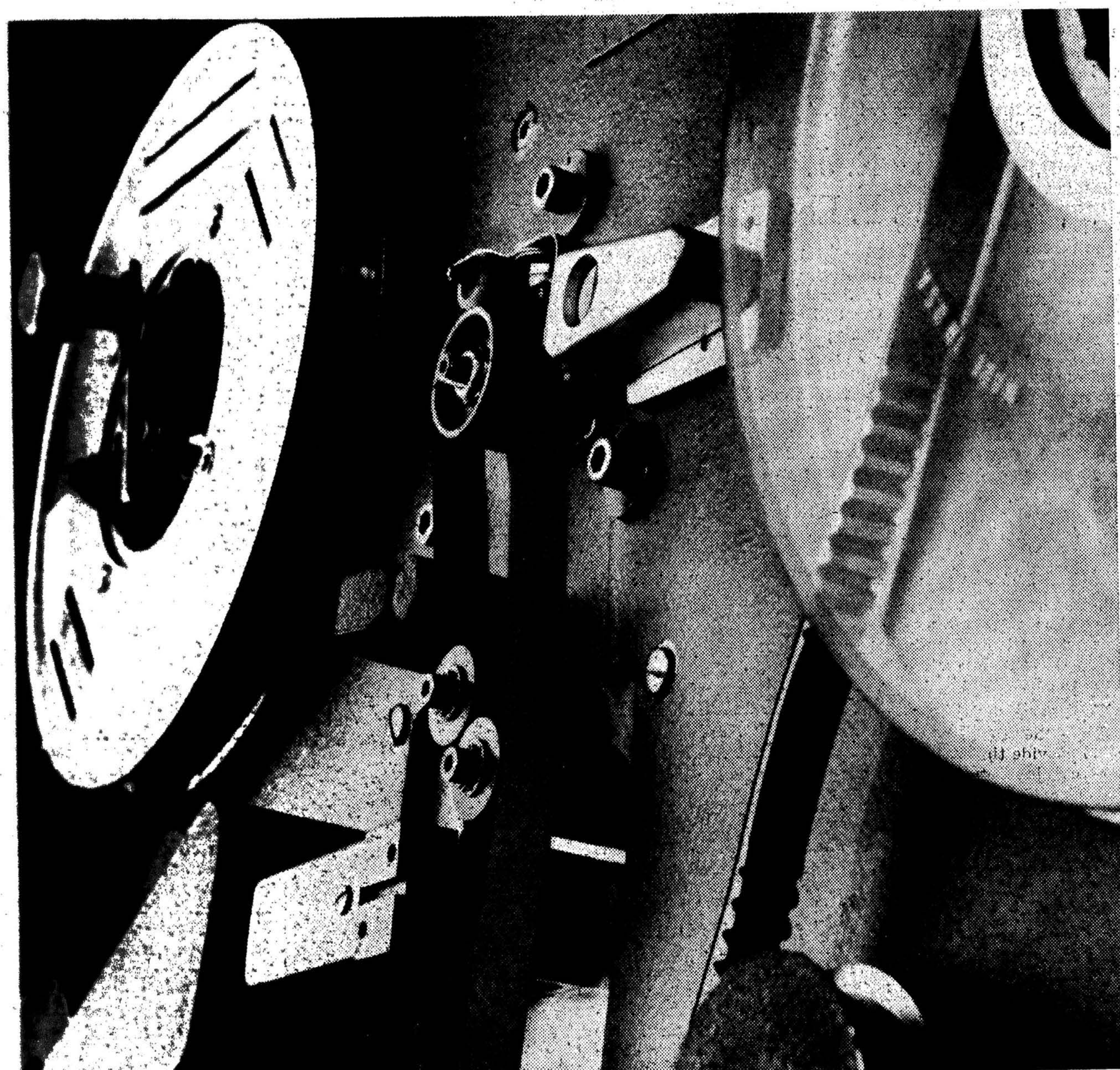

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BY OWEN ELY

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Humble Oil planned a very large residential and commercial development to be carried out jointly with the Del E. Webb Corporation, on its 30,000-acre tract adjacent to the Spacecraft Center. A number of smaller projects were also announced for this area, with many homes to be all-electric. Three new petrochemical projects were under construction or in planning stages at the end of 1961; the largest was Monsanto's $75 million plant. Armco Steel increased its production facilities. Hughes Tool and Bowen-Itco Company expanded their facilities for manufacture of oil tools. New plants to produce a wide range of products (plastic bottles, cement, fiber and steel drums, and food products) were built or building. Construction of office buildings, hotels and other large buildings continued actively.

System generating capacity at the end of 1961 was 2,272,000 kw compared with peak load of 1,-957,000 (presumably the 1962 load was much larger). Work is progressing on a 350,000 kw unit to be completed in 1964. The company is building, in collaboration with other utilities, a major 250,-000 KVA tie line, expected to be in operation by June this year, with a further expansion to a 400,000 KVA capacity by June 1964.

Construction expenditures for 1962 are estimated at $36 million compared with $19 million in 1961. A $25 million bond issue was sold last July and present indications are that no additional permanent financing will be required until late in 1964.

Houston is negotiating with Humble Oil and United Gas for additional supplies of gas in order to improve the company's fuel supply for the long-term future. United Gas is the present major supplier.

A further increase in earnings appears likely this year assuming normal summer weather. There will be some further benefit resulting from the rate increase, and growth of industry as well as the large NASA installation should produce good gains in sales. The high tension interconnections with neighboring systems are expected to produce operating economies. These favorable factors help to explain the rather high current price-earnings ratio, about 31. However, the recent advance in the price of stock was doubtless due to the announcement of a 3-for-one split (subject to stockholder approval April 24) and the increase in dividend to an indicated rate of $2.16 on the present stock. Even with this increase payout is very low (about 54% of 1962 earnings) and yield is only about 1.7%.

Joins Putnam & Co.

William P. Middeleer has been appointed representative in the New York area for Putman & Co. of Hartford, members of the New York Stock Exchange. Mr. Middeleer will make his headquarters at 120 Broadway, New York City. Mr. Middeleer was formerly with Kidder, Peabody & Co.

Capital Exports to Common Market May Be Dangerous

By Paul Einzig

De Gaulle's antagonism toward capital inflow and consequences for international financial stability remind Dr. Einzig of what France unexpectedly did in the latter 1920's in laying the basis for 1931 world currency collapse. Dr. Einzig fears history will repeat itself and he advises England and ourselves to check the unlimited export of capital so long as France holds financial trumps.

LONDON, England—Ever since General de Gaulle's recent anti-American and anti-British outburst, French opposition to American and British investment in France and within other countries of the Common Market in general has been becoming increasingly evident. There is an outcry in the French Press against American penetration into some of the French key industries, and official pronouncements seem to indicate that the acquisition of further controlling interest is likely to encounter resistance. Official action to that end might not necessarily assume the form of an outright ban, but there are many ways in which a government can discourage unwelcome foreign capital and enterprise if it wishes to do so.

This change in attitude is all the more remarkable as the heavy influx of French refugees from Algeria has confronted France with a problem of finding lucrative employment for hundreds of thousands of people, many of whom have not yet succeeded in establishing themselves in a way that would secure for them a standard of living comparable to that they had enjoyed in Algeria. From this point of view the establishment of a number of new factories by American or British firms should be welcomed with open arms. Since, however, the French are essentially politically-minded, de Gaullism appears to prevail over economic considerations.

There appears to be growing resentment in France about the fact that while the United States authorities expect the French authorities to abstain from converting their substantial dollar holdings into gold, nothing is done to prevent losing gold through the export of American long-term capital to Europe. It is suggested in France that the acquisition of American control in French industries is financed in practice by French capital in the form of accumulating and maintaining dollar balances which they would much prefer to repatriate in the form of gold.

Up to now this aspect of opposition to American investment does not appear to have been expressed in a formal official argument. Nevertheless, it would be a grave mistake if the United States authorities ignored it or underrated it. For conceivably it might become the source of considerable difficulties at a later stage.

Will France Repeat Its Late 1920's Acts?

Whatever we may think of General de Gaulle's attitude, it is necesary to face the fact that, as far as its financial aspects are concerned, he holds most of the trumps. The position is somewhat similar to that of Anglo-French relations in the late 'twenties. During the early inter-War period—just like during the years before the advent of de Gaulle—France was torn by a succession of political and financial crises, so much so that it came to be looked upon as "the sick man of Europe." There was, however, a change in the balance of power in the sphere of international finance in favor of France as a result of the achievement of stability under Poincare. The British attitude inspired by Montagu Norman, had utterly failed to take into account the fact that by the late 'twenties France was holding most of the financial trumps.

No attempt was made to come to terms with Poincare's France which fully realized its newly-acquired financial power and was fully determined to use it and misuse it in order to make itself felt. The result was a series of clashes, undermining confidence in sterling. It undoubtedly prepared the way for the breakdown of the gold standard in 1931.

Is history going to repeat itself? It is understandable if the United States authorities feel exasperated at the truculence and arrogance of General de Gaulle. But it would be a thousand pities if they failed to learn the lesson taught by the British experience of the late 'twenties.

Once more, as in the late 'twenties, France holds the financial trumps in the form of large external balances. Their repatriation would cause considerable inconvenience, because it would greatly accentuate the drain on the American gold reserve. It is therefore, to the interest of the United States and of the free world in general that everything should be done within reason to abstain from creating an atmosphere in which France would find it difficult to resist the temptation to misuse its financial power as it did in the late 'twenties.

Consequences of Antagonizing DeGaulle

Even if no common ground could be found for agreement about General de Gaulle's "third force" policy or about his attitude towards Britain's entry into the Common Market, surely it should be possible to avoid antagonizing him over the unwanted penetration of American and British capital into continental Europe. It is essential that the extent and nature of such penetration should be determined in agreement with him, all the more since, as far as France is concerned, he would be in a position in any case to ban any unwanted Anglo-Saxon investment. It is true, this ban could be circumvented by American and British firms through establishing themselves in some country of the Common Market which would welcome them. The advantages derived from gaining a foothold in the Common Market would be more than outweighed, however, by the danger of antagonizing President de Gaulle into repeating Poincare's policy in the international financial sphere.

It is impossible to ignore the fact that, owing to the possession of large dollar balances, General de Gaulle has a very high nuisance value. And it would be to the interests of the United States to realize that the financial balance of power has changed beyond recognition since the days of Marshall aid.

In any case, in face of the persistent adverse balance of payments of the United States and of the resulting non-stop decline of the gold reserve, the wisdom of permitting and even encouraging an unlimited export of capital is open to question. Although investment in the Common Market presents considerable advantages in the long run, if it can only be achieved at the cost of risking a crisis in the short run as a result of French pressure on the dollar, that cost might well prove to be too high.

Computer Control Common Offered

Kidder, Peabody & Co., New York, as managing underwriter has announced a public offering of 200,000 common shares of Computer Control Co., Inc. at $8 per share.

Of the total 130,000 shares are being sold for the company, and 70,000 for the account of certain stockholders.

This is the first public offering of the company's stock. Proceeds to the company from the 130,000 shares will be used to reduce short term bank loans which amounted to $1,647,573 on Jan. 25, 1963. The remaining proceeds will be added to general corporate funds.

Incorporated in 1953, the company designs, develops, manufactures and markets digital equipment, including components, sub-assemblies, memory subsystems and other equipment.

Executive officers and engineering and manufacturing facilities are in Framingham, Mass. Additional engineering facilities are in Los Angeles and Peterborough, New Hampshire.

R. P. Miller Co. In Philadelphia

PHILADELPHIA, Pa.—R. P. Miller & Co., Inc. has been formed with offices at 1622 Chestnut Street. Officers are Robert P. Miller, President; William McE. Schreiner, Vice-President; Kenneth G. Littley, Secretary; and William G. Slaughter, Treasurer. All formerly served in similar official capacities with R. P. & R. A. Miller & Co. Inc.

The State of TRADE and INDUSTRY

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

A marked improvement in the business atmosphere is uncovered by the Federal Reserve Bank of Chicago.

The Bank describes the underlying bases for the marked shift in business sentiment in its recently published review "Business Conditions." According to the Chicago central bank, "retail sales rose vigorously in the closing months of 1962 while employment and production continued at the levels that had prevailed during most of the summer and fall. If consumer purchases were to remain strong, as was the case in the early weeks of 1963, business inventories and spending for new plant and equipment might soon begin to rise, thereby reversing the recent declines in these sectors.*

"Developments have been sufficently favorable to cause a revision in the widely accepted forecast of business activity some months ago which had hinted at a mild recession in the first half of 1963. Recently, the view expressed most commonly has called for a flat or mildly rising trend in the first half of the year followed by a stronger upswing in the second half, often predicated upon stimulation expected from a cut in Federal income taxes.

Capital Expenditure Plans Strengthen

"A mild decline in the rate of spending on new plant and equipment between the fourth quarter of 1962 and the first quarter of *1963* was indicated in a Government survey released in December. This has played an important role in current estimates of future business activity.

"Declines in such outlays almost invariably have been accompanied by downturns in general business activity. However, there is evidence that capital expenditure plans have been raised by many business firms since the survey mentioned above was taken. For example, the railroads had been expected to reduce their capital outlays 12% in 1963. A more recent survey by *Railway Age* indicates an increase of 20%, The petroleum industry had been expected to reduce outlays 13% in 1963, but industry sources now anticipate that outlays will be maintained at last year's level.

"Plans also appear to have been revised upward in the textile, automotive and steel industries. While capital outlays in steel were indicated to rise 13% in 1963, the largest gain for any major industry, a number of projects announced since that time suggest an even greater rise. In the Chicago area virtually all of the producers have reported plans for important new facilities, and Bethlehem has stated that work soon will begin on its first midwestern plant at Burns Ditch, Indiana.

"Although there is evidence of large amounts of 'excess capacity' in the steel industry, new facilities often are designed to produce new products or to achieve substantially lower costs. For example, most steel companies are contemplating the installation of oxygen converters to take the place of open hearth furnaces in the production of steel ingots. These converters have much lower initial capital investment per ton of capacity and somewhat lower operating costs than existing facilities. The smaller batches of steel produced in these units permits greater flexibility in scheduling output than has been possible with the open hearths. Meanwhile, finishing capacity is being expanded rapidly for a number of steel products, especially 'thin tin' plate which competes with other materials in the lightweight can market. Existing mills are not capable of rolling the new product.

"Buyers and sellers of capital goods have shown growing interest in the tax credit which lowers the cost of certain types of new equipment as much as 7% and the more liberal depreciation guidelines which may be used in calculating income tax liabilities for 1962 and subsequent years. Both of these programs increase the profit potential to be expected from new capital goods by reducing or postponing tax liabilities. It appears that a 'second look' has caused many business firms to value these incentives more highly than was indicated earlier. The combination of the tax credit and more rapid depreciation is credited with much of the increase in capital expenditures now indicated in the railroad industry.

"However, tax credits and accelerated depreciation work 'on the margin,' by reducing capital costs and increasing cash flow, and can do little to encourage capital outlays which do not appear advantageous on other grounds. New capital goods are purchased in the expectation that they will increase profits by creating capacity to produce new products, cutting operating costs, improving quality and in some instances expanding capacity to produce existing products. The programs will be most effective in an atmosphere of confidence based upon rising sales and order backlogs.

Inventory Growth Slows

"Business inventories may have a more important impact upon total activity in the months immediately ahead than any changes in plant and equipment outlays. In the second half of 1962, business inventories increased very little despite rising sales and according to most estimates are low relative to current sales. Important swings in the United States economy during the past decade usually have been accompanied by substantial changes in inventories.

"At the end of November the book value of total business inventories was 3.5% higher than a year earlier. Over the same period total business sales had increased 5.1%. As a result, the ratio of inventories to sales declined to the lowest level since the spring of 1959.

"Sluggish sales during the past spring and summer help explain the slow rise of inventories. This trend was aided also by the ample capacity in virtually all lines, the absence of expectations of price increases and a reduction in the proportion of production represented by military and industrial equipment with a long 'lead time' between order and delivery.

"At the end of 1962 steel inventories were 'back to normal' and in some cases, extremely low, according to some analysts. Steel production was at an annual rate of just under 100 million tons and was believed to be close to consumption. But the outlook is complicated by the possibility of a strike. Under the terms of the labor-management contract, wage negotiations can be reopened May 1 and a work stoppage could be called for Aug. 1. Some steel consumers already are making plans to increase their stocks in the months ahead. Steel buyers have been told to 'stay on top of your suppliers' situation and required lead times for your products.' In early January the majority of fabricators contacted by *'Iron Age'* planned to increase steel inventories 50 to 100% above 'normal' in the months ahead.

"A great deal has been done to improve inventory management in most industries in recent years through the use of computers, air transport and other techniques. Nevertheless, it is apparent that a sharp rise in orders could upset plans based upon very rapid deliveries from suppliers. In this case inventory accumulation to assure uninterrupted production schedules and adequate supplies at retail could become once again the most expansionary force in the economy.

The Biggest Christmas Ever

"Normally about 28% of a year's retail sales occur in the fourth quarter, more than in any other quarter. This reflects, of course, the influence of Christmas buying. Stores which emphasize gift merchandise may make a third or more of their sales in the fourth quarter. For many of these merchants the margin of profit or loss for the year is largely determined by holiday trade.

"Total retail sales in the fourth quarter of 1962 were at a record annual rate of over $240 billion. Sales of auto dealers increased sharply between the third and fourth quarters while sales of other stores rose slightly, seasonally adjusted, as shown in the following table:

	3rd quar. 1962 to 4th quar. 1962	4th quar. 1961 to 4th quar. 1962
	—% Increase—	
Auto dealers	8.2	11.4
Other stores	0.8	5.4
Total retail	2.2	6.5

"In the four weeks ending Dec. 29, which included the bulk of the Christmas trade, department store sales in the nation were 5% above the record 1961 period.

"The strong trend in auto sales in the fourth quarter brought the total number of new cars sold to American purchasers last year to 7.1 million including imports—a level projected only by the most optimistic forecasts at the start of the year. This number was 19% above the 1961 total and was exceeded only in 1955. In dollar terms, car sales were substantially above any previous year as the rise in sales was accompanied by a trend toward larger, more powerful and more elaborately equipped cars.

"Consumers have recently increased their use of instalment credit as their purchases of durables have risen. The November expansion in such credit outstanding—almost $600 million, seasonally adjusted — was the largest since 1959. Extensions of credit amounted to almost $5 million, the highest on record. Automobile paper accounted for 36% of the extensions of instalment credit during November and 41% of the outstandings at the end of the month. During 1962, 59% of all new cars purchased were financed, about the same as in 1961, but a smaller proportion than in any of the years in the 1955-60 period.

"While consumer expenditures have shown greater strength in recent months, Government purchases of goods and services continued to rise steadily and current estimates indicate that this trend will continue in 1963. These developments have encouraged a spirit of optimism among many business groups which contrasts with the cold weather 'blues' often characteristic of the early weeks of a new year. Substantial gains in business have been forecast by polls of purchasing agents, construction contractors and manufacturers of appliances, carpets and furniture. Producers of autos and TV expect, at worst, mild reductions from the high levels of 1962.

"Views of businessmen can shift markedly in short periods of time. Last year optimism early in the year gave way to bearishness in the summer and early fall. The recent surge in confidence, of course, can melt away if incoming business proves disappointing. However, for the period immediately ahead business decisions apparently will be made in an atmosphere much improved from that which prevailed a few months ago."

Bank Clearings Increased 16.5% 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. 9, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 16.5% above those of the corresponding week last year. Our preliminary totals stand at $31,921,718,519 against $27,495,229,592 for the same week in 1962. Our comparative summary for some of the principal money centers follows:

Week End. Feb. 9—	1963 (000s omitted)	1962	%
New York	$18,654,877	$15,085,179	+23.7
Chicago	1,274,400	1,196,750	+ 6.5
Philadelphia	1,129,000	1,032,000	+ 9.4
Boston	828,983	763,306	+ 8.6
Kansas City	508,076	477,600	+ 6.4

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. 9 was 1,975,000 tons (*106.0%), as against 1,874,000 tons (100.6%) in the week ending Feb. 2. The week to week output increased 5.4%.

So far this year—through Feb. 9—the output of 11,418,000 ingots and castings registered a 19.7% decline compared to Jan. 1-Feb. 10, 1962 production of 14,217,000 net tons (127.2%).

Data for the latest week ended Feb. 9 shows a production decline of 19.3% 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. 9	Feb. 2
North East Coast	95	93
Buffalo	100	88
Pittsburgh	93	88
Youngstown	95	86
Cleveland	115	109
Detroit	160	148
Chicago	118	110
Cincinnati	120	117
St. Louis	105	109
Southern	94	88
Wetern	106	110
Total industry	106.0	100.6

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

Non-Auto Demand Helps Steel Sales to Expand Steadily

Steel demand is expanding steadily but unspectacularly as consumption continues at a good level and users replenish abnormally low inventories, *Steel* magazine said this week.

Automakers are largely responsible for the market's strength, but other big users are giving the uptrend added momentum. Structural fabricators are buying more steel than expected, and can companies are stepping up orders for tin plate. Farm equipment manufacturers are increasing purchases as they prepare for banner sales.

Strike hedge buying has been slight thus far. That's apparent from the order pattern—almost all the tonnage being booked is for February and March delivery. If many users were hedging, there would be more tonnage on the books for April and later.

Cold rolled sheets, long terne sheets, and hot rolled carbon bars are in strongest demand, but almost all products show improvements.

More and more companies are starting to build inventories for one or more of these reasons:

1. They expect their consumption to pickup seasonally in March, and their stocks are too low for that eventuality.

2. They feel they should hedge against the possibility of a mid-year steel strike.

3. They believe steel prices may go up. Poor 1962 earnings of major producers reinforce the belief that mills would like to raise prices as soon as market conditions are favorable.

Profits Per Sales Decline

A *Steel* tabulation of sales and profits of 18 steel companies shows that profits, as a percentage of sales, dropped to 4.27% last year from 5.46 in 1961. If the ratio holds for the industry, the 1962 profit margin will be the worst since wartime 1945 and the worst peacetime year since 1938.

The margin for the group in the fourth quarter slumped to 4.33% from 7.02% in the corresponding 1961 period, largely because most companies chose to show the effects of the depreciation reform in the last quarter. Sales of the 18 companies during the period were off 8.6%, while profits plunged 43.6%.

Steel production this week will be slightly higher than 1.9 million ingot tons that *Steel* estimated the industry poured last week. Operations have increased to 62% of unofficial capacity.

Scrap prices turned up last week after holding for three weeks. *Steel's* composite on No. 1

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*Ed. Note: The day after the Bank voiced its optimism about December's and early January's retail sales as an omen for this year, the Department of Commerce reported January retail sales slipped below December's.

As We See It

Continued from page 1

mists, is given as about $554 billion, the highest ever recorded, and about $50 billion higher than in 1960. The same general showing is found when the effect of price changes are removed, the 1962 figure being the highest ever known, and not far from $40 billion higher than in 1960. Not very much evidence of stagnation here!

Record Spending

It seems to be the settled opinion of all the New Frontiersmen that one of the main troubles with us now is the failure of consumers to spend enough money. Yet personal consumption expenditures are now reported by the Department of Commerce at about $357 billion in 1962, a figure never before matched or even ever nearly approached. The heavy purchases of automobiles by the general public have been often noted during the past few months, but the fact is that other outlays on consumption were likewise at very high levels in 1962.

Another chronic complaint of the managers at Washington has long been that investment lags. Yet what the Department of Commerce terms Gross Private Domestic Investment (mainly residential construction and business fixed investment) was at a very high level in 1962, several billion above 1960 and well above the previous record figure of $72.7 billion for 1959.

How often have we been told of late that one of our serious weaknesses lay in the fact that the consumer has not the means with which to buy freely of the things that are offered him? Well, the Department of Commerce now reports "Disposable Income," that is income after taxes, at a figure of nearly $383 billion, another record. It is still a record even if we eliminate the effect of price changes. "Compensation of Employees," that is wages and salaries and supplements thereto, in 1962 stood around $322 billion, still another record. In fact, it is not easy to find a figure in these tables of the Department of Commerce that is not at a record level. It does not help the picture to note that at nearly $118 billion the purchases of government in 1962 also stand at a record, though loyal New Frontiersmen would hardly cite that fact as suggestive of weakness in the economy.

No Decay

We are, of course, well aware that the rate of activity in any given year is not full and final evidence of economic soundness or anything in the nature of a guarantee that the rate of production will continue in the years ahead. One must go much more into detail in the study of such statistics to satisfy oneself that all is well. Neither do we for a moment make the common error of supposing that changes over a short span of years can be taken as a measure of economic "growth" of the nation, a phenomenon which in our book must be measured over a long or at least a relatively long period of time. But the figures which the Federal Government itself now presents to the public hardly lend support to the claim that we are in the middle of a period of lethargy and decay. Neither do they lend support to the numerous arguments that much larger government deficits and larger government outlays are needed to put us on our economic feet again.

Naturally, even in times such as the present there are always sore spots here and there. It is always possible to point to hardship and suffering in this, that, or the other part of the country or in this, that, or the other industry. There never was a time when that was not true. And no more than in the past, the remedy or means of relief are not to be found in wholesale governmental charity. There are inevitably a number of maladjustments always to be found in an economy or a society undergoing technical changes and related geographical relocations such as are under way in this country at this time. Of course, the rapid growth of the population which suddenly set in some years ago has so altered the age grouping of the people that exceptionally heavy strain is placed upon the adult population in providing educational and health facilities until such time as more of the additions to the population have reached the age when they can take up their share of the load. These matters are often a legitimate concern of government, though more at the local and state level than at the national level. The fact is, though, that do what we may, and whatever government may or may not do in the premises, these are all problems which the people themselves must solve—and can solve far more effectively than can the central government.

Great White Father

One trouble is, of course, that the government at Washington has played the great white father so long that men and women who years ago would have expected to deal with their own problems at the local levels of government are all too much disposed to run to Washington for help—as if the powers that be at the national capital somehow have funds or manpower or anything else that is needed which it does not take from the people themselves. Quite evidently Congress is going to be called on again and again during the months ahead to step into this situation at tremendous cost to the taxpayer. The hope of the people must be that at the other end of Pennsylvania Avenue more realism and more straight thinking will be in evidence than at the White House.

Lynch Joins Kidder, Peabody

CHICAGO, Ill.—John J. Lynch has joined the Chicago office staff of Kidder, Peabody & Co., 33 South Clark Street, members of the New York Stock Exchange.

John J. Lynch

Active in investment banking circles since 1947, Mr. Lynch was previously associated with the Chicago office of Blyth & Co., Inc.

He holds directorships in Chicago Aerial Industries, Inc. (Barrington), the Bond Club of Chicago, and the University of Illinois Alumni Association. He holds the rank of Commander in the U. S. Coast Guard Reserve.

Dillon, Read to Be NYSE Member

Dillon, Read & Co., 46 William Street, New York City, on Feb. 21 will become members of the New York Stock Exchange. The firm's exchange membership will be held by August Belmont, President.

Other officers are Frederic H. Brandi, Chairman; Arthur L. Wadsworth, William R. Hill, Joseph Ludin, Peter M. Flanigan, John S. Magrane, Edward J. Bermingham, Jr., Robert E. Christie III, John F. Fowlers, Jr., Harold L. Ostergrent, Nicholas F. Brady, Mark M. Collins, and Fred L. Heyes, Vice-Presidents; Russell C. Shaw, Secretary-Treasurer.

In addition to Mr. Brandi and Mr. Belmont, Wilbur C. DuBois and Kingman Douglass are directors.

Phila. Mun. Bond Club Slate

PHILADELPHIA, Pa. — John L. Bradbury of Dolphin & Bradbury, has been nominated for President of The Municipal Bond Club of Philadelphia.

John L. Bradbury

Mr. Bradbury would succeed B. Newton Barber of W. H. Newbold's Son & Co., whose term is expiring.

Other nominations are: C. Carroll Seward of Yarnall, Biddle & Co., Vice - President; G. Robert Brooks of Schmidt, Roberts & Parke, Secretary and Joseph E. Labrum of Butcher & Sherrerd, Treasurer.

The following have been nominated for the Club's Board of Governors: B. Newton Barber for a one-year term and Carl T. Necker, Sr. of Schaffer, Necker & Co. and John P. Dempsey of Kidder, Peabody & Co., for three year terms.

The annual meeting and dinner of the Club will be held today (Feb. 14) at the Drake Hotel in Philadelphia.

Gerstley, Sunstein Admits Partner

Arthur G. Truckenbrodt has been admitted to partnership in Gerstley, Sunstein & Co. of Philadelphia, members of the New York Stock Exchange and other leading exchanges. He will act as the firm's floor partner on the American Stock Exchange.

Seymour L. Nathan has been appointed manager of the firm's New York City office, 25 Broad Street.

Quality Stocks Emphasized By Funds in Market Climb

Continued from page 1

of two managements, Wellington and Investors Mutual.

The open-end stock funds on the whole presented a mixed showing, their net purchases over sales being no more than $1,525,000. This group was extensively influenced by large funds weighing heavily in either the buying or selling sphere. In this respect, Fidelity, Dreyfus and United Income funds were substantially on the buy side, while Massachusetts Investors Trust, One William Street and United Science Fund were heavy sellers of equities.

In the closed-end companies, stepped-up buying and selling was experienced during the fourth quarter. On a net basis, however, the emphasis, as in the September quarter, was on the liquidating side, with the Lehman Corporation contributing substantially in that department in the final quarter. Companies within this group also produced net selling balances in the June quarter.

As a proportion of total portfolio assets of investment companies, net cash and Governments declined to 6.8% as of Dec. 31, 1962 from 7.3% on September 30; and other defensive securities (bonds, and high-grade preferred stocks) to 10.7% from 10.8%. This decline was largely the result of year-end dividends. The equity sector of the funds' total balance sheet value was 82.5% on Dec. 31, 1962 as against 81.9% on September 30.

In the accompanying table will be found comparative statistics, by quarters in the years 1962, 1961 and 1960, of the status of the mutual fund industry with respect to total net assets, gross and net share sales, etc. With respect to data on the ratio of redemptions to aggregate net assets, it may be noted that there was an increase of less than ¼ of 1% in the December quarter *vis-a-vis* the preceding three-month period. However, based on total net assets of $21,271 million at the year-end, the ratio of redemptions for the 12 months was 5.1% as contrasted with 5.8% for 1961.

MANAGEMENT ATTITUDES

Fund managements are in agreement that the year 1962 will go into the record book as the most challenging and difficult investment year in the past two decades. Pointing out the need for conservatism the trustees for Massachusetts Investors Trust stated: "Events in 1962 underscored the merits of certain basic conservative principles of common stock investing. Although virtually all stock issues were affected by the sharp decline in prices during the first half of the year, high quality stocks whose values are based on competent management, strong competitive position and a satisfactory earnings return on capital, declined less than those whose attractiveness is essentially speculative. Also, the quality issues have fared much better in the recent recovery."

For the Long-Pull

In the same de-speculative vein, increased stress on long-term holding was emphasized by Charles F. Eaton, Jr., President of Eaton & Howard, to wit: "Whether one is interested primarily in conservation of principal with emphasis on stable income or in appreciation of principal and income, neither goal is attainable in the short run. Economic, social, and political forces do not 'prove out' quickly. The growth in our economy over the years has been substantial but it has not been accomplished without temporary setbacks.

"Perspective and patience are needed today as always. We are presently, it seems, in a transition period between the postwar boom and another dynamic era to be stimulated by the prospective rise in marriages and household formations of the World War II baby crop and by the expansion in world trade through the Common Market and other nations. If we adjust our actions and attitudes to these changing times, and if we have the patience to invest in what appear to be attractive long-term values, our shareholders should be rewarded."

Inflation Dormant?

Similarly, the growingly prevalent long-term philosophy is expounded thus by Francis F. Randolph, Chairman, and Fred E. Brown, President, of Tri-Continental: "As always, the management of investments involves consideration of a multitude of factors — short-term and long-term, tangible and intangible. Common stock prices are below earlier highs, but they are still high historically and in terms of earnings and dividends. Business is good but relatively steady. Strong fundamental forces underly the economy, but more vigorous growth at an early date is by no means assured. Investors are more cautious than a year or so ago. Yet, faith in the advantages of common stocks for long-term investment has continued strong and probably has been strengthened by recent developments which suggest, among other things, that inflation may only be dormant."

Looking Toward the Future

Fund managers venturing to comment on "the outlook" were generally optimistic about the nation's business, which they for the most part assumed warranted firmness in the stock market. Walter L. Morgan, President of the giant Wellington Fund, mentions the following in viewing the future.

The firm stand taken by our Government in the Cuban crisis had a profound positive impact on confidence here and in allied countries. This confidence is reflected in the recent strong surge in new car sales, the strength in some industrial prices, the more reassuring outlook for business and capital spending in 1963 and the recent strong rise in stock prices. Further encouragement has come from the Government's proposal to spur economic growth by reducing income tax rates. If a tax reduction for both individuals and corporations is enacted, it should increase incentives for work and investment, and release more money to consumers to spend. This possible tax reduction, the expected increase in defense spending and the improved outlook for business should contribute toward making 1963 a promising year for continued economic progress."

Among others venturing to comment on the future Harold X. Schreder, director of research for Group Securities, at a forum recently in New York City, forecast the return of a vigorous economy and broad stock market advance as this decade develops. The long-term outlook for business and the stock market is excellent, he said, and starting from recent prices, the general level of stock prices should approximately double over the rest of the decade. For another year or so he expects the Dow Jones Industrial Average

THREE-YEAR COMPARATIVE STATISTICS RELATIVE TO THE MUTUAL FUND INDUSTRY

Gross Sales
(Millions)

Qr.	1962	1961	1960
I	$922.1*	$719.9	$619.4
II	771.1	695.4	504.3
III	495.0	722.4	492.2
IV	510.9	813.1	481.3
	$2,699.0	$2,950.9	$2,097.2

*Historic high.

Redemptions
(Millions)

Qr.	1962	1961	1960
I	282.4	331.1*	220.1
II	320.0	317.9	225.4
III	234.7	248.0	203.8
IV	285.6	263.3	192.6
	$1,122.7	$1,160.4	$841.8

*Historic high.

Net Sales (Sales Less Redemptions)
(Millions)

Qr.	1962	1961	1960
I	639.7*	388.8	399.4
II	451.1	377.5	278.9
III	260.3	474.4	288.4
IV	224.3	549.8	288.7
	$1,575.4	$1,790.5	$1,255.4

*Historic high.

Net Assets
(Millions)

Qr.	1962	1961	1960
I	$23,048	$19,439	$15,313
II	18,436	20,002	16,097
III	19,088	21,008	15,639
IV	21,271	22,789	17,026

Ratio of Redemptions to Net Assets

Qr.	1962	1961	1960
I	1.23%	1.81%	1.41%
II	1.54	1.61	1.44
III	1.25	1.21	1.28
IV	1.42	1.20	1.18

NOTE: Ratio of redemptions to average net assets in 1962 was 5.1% This compared with 5.8% in 1961 and 5.1% in 1960.

to fluctuate in a 600 to 700 consolidating range and forecasts that by 1970, as the result of anticipated economic growth the index will reach a level of 1,000 or better.

His conclusion was that after some additional intermediate months of adjustment, well-balanced economic conditions should gradually develop, which will bring them a broad, across-the-board stock market advance—the type we haven't seen in this country since 1956.

* * *

POLICY TOWARD INDUSTRY GROUPS

Fund managements — variously motivated by signs of improving business, tax cut proposals and the inflationary potential of Federal spending plans—strongly favored 11 industry groups while disfavoring two during the December quarter. This compares with 13 industries sold and six bought in the September quarter.

In the December quarter, the following groups were *predominantly bought*: airlines, automotive, banks, beverages, containers, finance companies, insurance (life), natural gas, office equipment, oil and public utilities (communication and gas & electric).

The following industries were *mildly favored* by managements in this survey: aircraft, chemicals, drug products, electronics, metals and railroads.

In the *mixed* group we find building construction and equipment, food products, glass, insurance (fire), paper, printing, radio, retail trade, textile and tobacco.

Cosmetic, rubber and steel issues were the only groups meeting *substantial selling* and to a lesser extent machinery and industrial equipment.

Popular Issues

Top rank as the most widely bought stock during the quarter was achieved by General Motors, purchased by 15 fund managements and sold by five.

Tied for second most popular were two of the world's leading petroleum enterprises — Standard Oil (N. J.) and Royal Dutch Petroleum. Both issues were bought by 14 managements; only one seller, an elimination in Royal Dutch, was registered. Both issues also appeared in this favored position during the September quarter.

Third most popular issues was Telephone with nine buyers and two sellers.

"UNANIMOUS FAVORITES"

The following issues, bought by four or more fund managements, met no selling:

Cities Service; National Gypsum; National Lead; Nevada Power; San Diego Gas & Electric; Socony Mobil; Southern Railway; Standard Oil (N. J.); and United Airlines.

Other issues which were heavily, but not unanimously, purchased included Aluminum Company of America, General Electric, Pepsi-Cola, RCA, Texaco, Travelers Insurance and United Aircraft.

OFF-THE-BEATEN PATH

In contrast with what has generally prevailed in this category, relatively fewer "new faces" appeared during the December quarter. The "debutantes" which managed to make an appearance in investment company portfolios during that period are as follows:

American Security & Trust; Carson Pirie Scott Co.; Donbar Development; General Supermarkets Inc.; Honda Motor Co., Ltd.; Milgray Electronics, Inc.; and Water Industries Capital Corp.

DIS-FAVORED STOCKS

Among the issues markedly disfavored during the past quarter were: Ford with eight sellers and four buyers; B. F. Goodrich with six sellers and no takers; Gillette with six sellers and two buyers; Schering with six sellers and three buyers; and Allied Chemical having seven sellers and five buyers (four newly).

Completely Friendless

The following issues sold by four or more managements, found no buyers:

Campbell Soup; B. F. Goodrich; and Worthington Corp.

* * *

TRANSACTIONS IN THE FAVORED GROUPS

Airlines Unanimously Favored

In this industry group, all issues with portfolio activity showed an excess of buyers over sellers. Best bought were United; American; and a newcomer, National. United having six buyers and no sellers, was newly bought by Madison (20,000), and Scudder Common (25,000). National, with a recently awarded trans-continental route and improved earnings, found three new buyers in Value Line Fund (5,000); Dreyfus (12,300); and Madison (11,200).

Autos and Automotive Equipment In Demand

Possibly anticipating record earnings, General Motors, the

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Changes in Common Stock Holdings of 75 Investment Management Groups

(October - December, 1962)

The following transactions include only those issues in which more than one management group participated. Issues in which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases exclude shares received through stock splits, dividends, etc. Number of shares bought or sold prior to stock splits are expressed giving effect to the split.)*

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Agricultural Equipment		
1	400	Deere	28,500	1
1	*3,000*	*International Harvester*	*28,100*	*3(1)*
		Aircraft and Aircraft Equipment		
1(1)	10,000	Avco Corp.	42,000	1(1)
3(2)	24,200	Grumman Aircraft	75,600	2(1)
4	66,100	Lockheed	8,000	3
1	13,500	Martin-Marietta Corp.	5,000	1(1)
1	8,000	McDonnell Aircraft	2,000	1
5(2)	30,200	North American Aviation	10,500	3(1)
2	59,000	Northrop	16,000	1
6(3)	69,800	United Aircraft	20,600	3(2)
2(1)	*7,000*	*Boeing*	*39,200*	*5(4)*
None	*None*	*Douglas*	*20,650*	*3(1)*
None	*None*	*General Dynamics*	*37,000*	*3(3)*
		Airlines		
3(1)	41,400	American	10,000	1(1)
2(1)	8,900	Delta	21,500	2
3(3)	28,500	National	1,500	1(1)
2	16,500	Pan American	None	None
6(1)	92,480	United	None	None
2(1)	29,000	Western	None	None
		Automotive		
1	5,000	Cummins Engine	7,050	1
5(3)	50,500	Chrysler	None	None
15(5)	435,806	General Motors	113,850	5
2	6,400	Mack Trucks	None	None
4	*79,100*	*Ford*	*135,300*	*8(3)*
		Automotive Equipment		
(1)	5,000	Bendix	3,652	1(1)
2	7,000	Borg Warner	None	None
1	2,000	Maremont Corp.	1,000	1
2	20,000	Thompson Ramo	None	None
1	*1,000*	*Dana Corp.*	*3,900*	*2*
		Banks		
4(1)	40,000	Bank of America	10,600	2(2)
2	1,200	Bankers Trust Co. (N. Y.)	6,178	1
2	2,000	Baystate Corp.	None	None
4	10,300	Chase Manhattan Bank	344	1(1)
2	2,000	Continental Ill. Natl. Bk. & Tr.	29,000	1(1)
3	19,050	County Tr. Co. (White Plains)	None	None
2	9,358	Deutsche Bank A. G.	None	None
1	700	First National Bank of Boston	700	1
2	2,600	First National Bank of Miami	None	None
2(1)	3,900	Franklin National Bank	None	None
2(1)	3,000	Irving Trust Co. (N. Y.)	660	1(1)
1(1)	3,075	Marine Midland Corp.	10,500	1
1(1)	20,000	Manufacturers Hanover Trust	30,000	1
3	25,200	Security First Natl. Bk. (L. A.)	None	None
2(1)	8,000	Western Bancorporation	None	None
2(1)	*1,700*	*Chemical Bank N. Y. Trust*	*22,100*	*4(2)*
1	*300*	*First National City Bk. (N. Y.)*	*11,430*	*4(1)*
		Beverages		
2	1,700	Canada Dry	None	None
1	2,800	Canadian Breweries	64,100	1(1)
7	21,000	Pepsi-Cola	4,500	1(1)
1	*1,500*	*Coca-Cola*	*21,000*	*2(1)*
		Building, Construction and Equipment		
2	19,450	Albee Homes	None	None
2(1)	15,500	Armstrong Cork	42,300	2
2	16,400	Bestwall Gypsum	None	None
1	3,000	Flintkote Co.	1,700	1
1	3,000	Grinnell	8,050	1(1)
2(1)	21,000	Johns Manville	49,000	1(1)
4(1)	8,757	National Gypsum	None	None
3(1)	11,800	Otis Elevator	17,300	2
3	11,600	Trane Co.	14,000	1
3	15,800	U. S. Plywood	None	None
3(1)	*6,200*	*Caterpillar Tractor*	*119,100*	*4*
None	*None*	*Certainteed Products*	*23,500*	*3(1)*
1	*1,000*	*Lehigh Portland Cement*	*6,200*	*3*
1	*1,500*	*Marquette Cement*	*4,500*	*2*
1(1)	*2,000*	*U. S. Gypsum*	*31,800*	*2*
None	*None*	*U. S. Pipe & Foundry*	*30,000*	*2*
None	*None*	*Worthington Corp.*	*29,400*	*4(3)*

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—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Chemicals		
2(1)	4,000	Air Products & Chemicals	None	None
2	1,300	Air Reduction	None	None
2(1)	17,200	American Cyanamid	None	None
3	16,700	Commercial Solvents	3,030	1(1)
1	18,000	Diamond Alkali	15,200	1(1)
2	70,000	Dow Chemical	16,000	2
5	32,800	du Pont (E. I.)	12,800	5
4(1)	27,300	Eastman Kodak	2,500	1
4	30,300	Grace (W. R.) & Co.	4,200	2
4(2)	37,000	Hercules Powder	114,600	3(1)
5(2)	25,110	Hooker Chemical	6,000	1(1)
1	2,800	Mallinckrodt Chemical Works	6,000	1
6(1)	97,472	Monsanto Chemical	36,330	6(4)
3(1)	15,400	Pennsalt Chemical	900	1
2(1)	19,500	Rayonier	38,090	2
2(1)	5,900	Rohm & Haas Co.	None	None
2(1)	25,300	Stauffer Chemical	8,800	1(1)
5(2)	*89,100*	*Allied Chemical*	*41,800*	*7(1)*
1	*20,000*	*American Potash & Chemical*	*18,600*	*2(2)*
None	*None*	*Anken Chemical & Film*	*32,900*	*2(1)*
2	*2,000*	*FMC Corp.*	*56,000*	*5(1)*
None	*None*	*Internat'l Minerals & Chemicals*	*2,700*	*2(1)*
1	*9,500*	*Purex Corp. Ltd.*	*5,900*	*2*
1	*19,100*	*Tennessee Corp.*	*21,550*	*3*
2(2)	*5,800*	*Union Carbide*	*18,000*	*4(1)*
2	*4,200*	*United Carbon Co.*	*63,575*	*5(2)*
		Containers		
5(1)	21,500	Container Corp.	3,500	1(1)
4(2)	144,000	Continental Can	79,800	3(1)
2(1)	9,300	Inland Container	None	None
		Cosmetics		
1(1)	*5,000*	*Avon Products*	*13,400*	*4*
1	*7,100*	*Chesebrough-Ponds*	*13,200*	*2*
2(1)	*30,000*	*Gillette*	*278,000*	*6*
		Drug Products		
3	4,000	Abbott Laboratories	15,000	2
3(2)	11,500	American Home Products	130,000	2
3(1)	9,500	Carter Products	9,000	1(1)
3	19,100	Merck & Co.	4,900	2(1)
1(1)	3,000	Norwich Pharmacal	6,000	1
3(1)	32,100	Pfizer (Chas.)	5,200	1
2	14,400	Rexall	None	None
2	16,000	Richardson Merrell	500	1
5	13,200	Searle G. D.	25,500	2(1)
3	17,000	Smith Kline & French	4,500	3(1)
3	63,600	Sterling Drug	20,000	1
5(1)	192,630	Warner Lambert	54,800	3
2(1)	*2,500*	*Bristol-Myers*	*35,500*	*4*
1	*10,000*	*Eli Lilly Co.*	*39,600*	*3(1)*
None	*None*	*Mead Johnson*	*82,600*	*3(2)*
3(1)	*15,500*	*Schering Corp.*	*108,300*	*6(5)*
None	*None*	*Upjohn*	*24,100*	*2(1)*
		Electronics and Electricals		
1(1)	3,000	Cenco Instruments	2,000	1
2	14,000	Control Data	24,000	2(2)
8(2)	105,500	General Electric	7,000	2(1)
2	7,000	General Precision Equipment	None	None
2(1)	6,000	High Voltage Engineering	None	None
2(1)	5,537	Litton Industries	None	None
3(2)	51,000	McGraw Edison	18,100	1
1(1)	3,000	Motorola	2,500	1(1)
3(1)	15,300	Perkin Elmer	5,000	1
5(1)	41,910	Phillips Camp Works	11,545	4(1)
8(2)	67,780	R. C. A.	2,800	1
1(1)	2,000	Sanders Associates	9,430	1
3	39,700	Schlumberger Ltd.	19,000	2(1)
3(1)	29,200	Sunbeam Corp.	64,000	1(1)
3	16,000	Texas Instruments	None	None
2	16,600	Varian Associates	None	None
3(1)	13,000	Westinghouse Electric	40,800	3
None	*None*	*Ampex*	*5,700*	*2(1)*
None	*None*	*Beckman Instruments*	*14,200*	*3(1)*
1	*3,000*	*Emerson Electric*	*21,000*	*2*
None	*None*	*Fairchild Camera & Instrument*	*20,000*	*3*
4(1)	*47,000*	*Xerox Corp.*	*18,900*	*5(2)*
2	*9,000*	*Zenith Radio*	*25,100*	*3*
		Finance Companies		
2	7,750	Beneficial Finance	14,900	2(1)
3	36,000	C. I. T. Financial	42,200	3(1)
3	6,400	Financial Federation	11,250	2(2)
1	10,000	First Charter Financial	6,615	1
1	1,000	General Finance	2,900	1
2	11,500	Great Western Financial	7,500	2(1)
2	5,500	Heller (Walter)	None	None
1	3,000	Household Finance	2,000	1
1(1)	5,000	Seaboard Finance	20,000	1(1)
2	*3,000*	*Talcott (James)*	*129,800*	*3(2)*

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Food Products		
1(1)	14,000	American Chicle	25,000	1(1)
3	9,800	Armour	7,400	2(1)
2	31,700	Beech-Nut Life Savers	None	None
3	20,000	General Foods	41,500	3
2	1,800	Pet Milk	None	None
1	400	Standard Brands	2,000	1
1	2,000	U. S. Sugar	2,600	1
None	*None*	*Campbell Soup*	*43,700*	*4(2)*
2	*15,300*	*Corn Products*	*35,400*	*3(1)*
None	*None*	*Hunt Foods & Industries*	*56,950*	*2*
None	*None*	*Kellogg Co.*	*46,000*	*2(1)*
1	*1,000*	*Wilson & Co.*	*20,900*	*3(2)*
		Glass		
1	1,000	Corning Glass Works	1,000	1
2	3,800	Owens-Illinois Glass	4,000	1(1)
3	*14,500*	*Libbey-Owens Ford Glass*	*61,400*	*4*
1	*700*	*Pittsburgh Plate Glass*	*43,700*	*2(1)*
		Insurance—Fire & Casualty		
2	5,100	Continental Casualty	5,000	1(1)
3	25,000	U. S. Fidelity & Guaranty	None	None
None	*None*	*Glens Falls Insurance*	*4,800*	*2*
1	*1,000*	*Maryland Casualty*	*38,000*	*2(1)*
		Insurance—Life		
3	36,700	American Re-Insurance	None	None
1(1)	1,900	Connecticut General Life	500	1
2(2)	1,800	Lincoln National Life	None	None
1	1,700	National Life & Accident	17,400	1
4	21,650	Transamerica	5,000	1(1)
8(1)	29,200	Travelers Insurance	100	1
		Machinery and Industrial Equipment		
2	6,000	Baldwin-Lima-Hamilton	None	None
3	2,200	Halliburton Co.	175,000	3(3)
None	*None*	*Clark Equipment*	*41,700*	*2(1)*
1	*1,500*	*Ingersoll-Rand*	*20,500*	*3(1)*
1	*9,200*	*Singer Mfg.*	*3,600*	*3*
		Metals and Mining—Aluminum		
6(1)	28,400	Aluminum Co. of America	15,000	2(1)
2(1)	22,400	Harvey Aluminum	25,500	1(1)
2(1)	6,500	Reynolds Metals	50,499	2
None	*None*	*Aluminium Ltd.*	*41,000*	*3(3)*
None	*None*	*Kaiser Aluminum & Chemical*	*20,500*	*3*
		Metals and Mining—Copper		
2	5,200	Anaconda	None	None
1	5,000	Kennecott Copper	5,000	1
		Metals and Mining—Other		
5	17,000	American Metal Climax	26,400	3(2)
2(1)	25,000	Brush Beryllium	6,000	1
5(1)	7,000	National Lead	None	None
1	*2,000*	*Freeport Sulphur*	*26,000*	*2(1)*
1	*2,000*	*International Nickel*	*29,000*	*4(1)*
		Natural Gas		
1	1,400	Colorado Interstate Gas	18,000	1(1)
3(1)	8,900	Panhandle Eastern Pipe Line	None	None
3(1)	5,900	Southern Natural Gas	None	None
1	8,500	Suburban Gas	1,200	1
4(1)	180,633	Tennessee Gas Transmission	200	1
1	*1,000*	*Arkansas Louisiana Gas*	*45,600*	*5(2)*
None	*None*	**Republic Natural Gas*	*139,700*	*3(3)*

*Company liquidated.

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
		Office Equipment		
3(1)	27,000	Addressograph-Multigraph	10,300	3(3)
2	5,500	Burroughs	131,500	1(1)
11	11,015	I. B. M.	12,500	3
5(1)	34,540	National Cash Register	29,700	4
2	9,700	Pitney-Bowes	54,402	2(1)
		Oil		
4(1)	41,000	Amerada	28,500	3
2	21,000	Atlantic Refining	None	None
1	5,000	Champlin Oil & Refining	10,000	1(1)
5(3)	96,600	Cities Service	None	None
3	40,500	Continental Oil	12,500	3
3	24,300	Gulf Oil	13,300	3
3(1)	16,300	Louisiana Land & Exploration	3,000	1
3(2)	51,000	Marathon Oil	18,100	1
3	35,700	Pure Oil	4,000	1(1)
14(5)	343,000	Royal Dutch Petroleum	6,000	1(1)
2	6,500	Shamrock Oil & Gas	None	None
9(1)	126,400	Socony-Mobil	None	None
6(1)	59,850	Standard Oil—Calif.	15,535	4
4(1)	81,700	Standard Oil—Ind.	1,000	1
14(2)	295,310	Standard Oil—N. J.	None	None
8(1)	46,800	Texaco	13,280	4
3	22,780	Union Oil California	None	None
2	*11,300*	*Phillips Petroleum*	*39,400*	*3(1)*
1	*2,000*	*Shell Oil*	*35,500*	*4(2)*
2	*24,400*	*Shell Oil of Canada*	*132,864*	*6(4)*

—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
None	*None*	*Superior Oil*	*1,700*	*3*
None	*None*	*Tidewater Oil*	*22,700*	*2(2)*
		Paper and Paper Products		
3(1)	48,500	Crown Zellerbach Corp.	39,500	1(1)
6	16,360	International Paper	40,441	2
1	*1,200*	*Kimberly Clark*	*25,740*	*2*
1	*100*	*Scott Paper*	*95,300*	*2*
		Public Utilities—Telephone & Telegraph		
9(2)	161,150	American Tel. & Tel.	5,805	2(1)
3	81,800	General Tel. & Electronics	None	None
8(1)	129,200	International Tel. & Tel.	135,600	4(1)
1	5,200	Western Union	5,600	1
		Public Utilities—Electric and Gas		
3	9,000	Allegheny Power System	None	None
2	79,600	American Electric Power	20,000	1
1(1)	5,000	Arizona Public Service	6,200	1
3	44,100	Baltimore Gas & Electric	12,500	2
2(2)	20,800	Boston Edison	None	None
2	7,200	Central Louisiana Electric	None	None
2	16,000	Cleveland Elec. Illuminating	None	None
2	9,500	Commonwealth Edison	None	None
7(2)	30,400	Consolidated Edison (N. Y.)	1,000	1(1)
2	17,600	Dayton Power & Light	None	None
1(1)	6,000	Delaware Power & Light	6,600	1
2	21,400	El Paso Electric	None	None
1	7,000	Florida Power Corp.	12,500	1(1)
4(2)	37,500	Florida Power & Light	15,000	1
4(1)	34,500	General Public Utilities	81,400	3(2)
3(1)	59,966	Hawaiian Electric Co., Ltd.	None	None
3(1)	5,100	Houston Lighting & Power	1,000	1
1(1)	2,000	Illinois Power	3,500	1(1)
2(1)	12,200	Indianapolis P & L	5,700	1
2	15,300	Kansas Gas & Electric	1,500	1
3	8,500	Kansas Power & Light	None	None
2(1)	23,200	Long Island Lighting	2,650	2
4	11,900	Nevada Power	None	None
2	12,600	New England Gas & Elec. Assoc.	None	None
2(1)	10,500	Niagara Mohawk Power	None	None
4(1)	13,000	Oklahoma Gas & Electric	20,000	1(1)
4(1)	30,187	Public Service of Colorado	1,500	1
4	20,900	Public Service Electric & Gas	5,000	1(1)
4	91,000	San Diego Gas & Electric	None	None
2	3,500	South Carolina Electric & Gas	55,000	2
3	41,340	Southern California Edison	38,000	2
7(1)	106,200	Southern Co.	30,000	1(1)
6	17,000	Tampa Electric	1,000	1
4(1)	30,200	Texas Utility Co.	7,000	2(2)
2	6,000	Utah Power & Light	None	None
2(1)	*10,200*	*Central & Southwest Corp.*	*63,900*	*3*
None	*None*	*Gulf States Utilities*	*66,300*	*3(1)*
		Printing and Publishing		
2	27,500	Ginn & Co.	None	None
2	8,374	Harris-Intertype	None	None
1	15,000	McGraw-Hill	78,000	1
1	9,000	Warren S. D.	7,300	1
None	*None*	*Crowell-Collier*	*2,228*	*2*
None	*None*	*Harcourt Brace & World*	*8,700*	*2(1)*
None	*None*	*Pocket Books*	*10,000*	*2(1)*
		Radio, Television and Movies		
5	27,388	Columbia Broadcasting System	45,850	4(2)
2	5,600	M. C. A. Corp.	None	None
2(1)	*20,500*	*Amer. Broadcasting-Paramount*	*26,734*	*3(2)*
		Railroads		
1	3,000	Atchison, Topeka & Santa Fe	55,000	1
1	1,000	Chesapeake & Ohio	18,000	1
2(1)	7,600	Seaboard Airline RR.	5,000	1
6(2)	40,400	Southern Pacific	2,300	1
5(1)	17,500	Southern Railway	None	None
3(1)	58,500	Union Pacific	15,000	1
1(1)	*25,000*	*Great Northern Railway*	*12,100*	*2(1)*
None	*None*	*Kansas City Southern*	*19,800*	*2(2)*
1	*2,000*	*Norfolk & Western*	*3,500*	*2(1)*
None	*None*	*Northern Pacific*	*30,000*	*2*
		Railroad Equipment		
3	8,000	A. C. F. Industries	23,500	3(1)
1	*4,000*	*Gen. American Transportation*	*40,500*	*3(3)*
		Retail Trade		
3	37,400	Associated Dry Goods	4,500	1
3(1)	111,600	Federated Dept. Stores	14,700	2
2	5,901	Great Atlantic & Pacific Tea	25,900	2(1)
2(1)	35,000	May Dept. Stores	1,000	1(1)
2(2)	49,300	Montgomery Ward	4,000	2(1)
5	39,500	Penney J. C.	10,000	1(1)
2	63,700	Safeway Stores	6,500	1
2	4,500	Woolworth F. W.	5,000	1
None	*None*	*Aldens*	*88,600*	*2(2)*
1	*2,000*	*Allied Stores*	*172,000*	*2(2)*
1(1)	*50,000*	*Grand Union Co.*	*15,300*	*2(2)*

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Quality Stocks Emphasized By Funds in Market Climb

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most popular issue in the Dec. quarter, 15 managements and was disposed of by 5. Wellington, investing almost $17 million in GM, was by far the largest buyer with 300,600 shares. Other large blocks of the issue were acquired by Putnam (30,000); Madison (28,000); and an entirely new commitment of 20,000 shares by State Street. Massachusetts Investor Trust during the same period sold 100,000 shares.

Chrysler returned to *popularity* with five buyers and no sellers. Dreyfus re-entered this equity (35,000) newly. Also in this issue newly were National Securities Stock (10,800) and Dominick (1,000).

Ford continued to be sold on balance, with eight managements divesting and four buying. Selling included the disposal of big blocks by Investment Co. of America (50,000) and State Street (33,000). Whitehall Fund was partial toward Ford to the tune of 61,000 shares.

Thompson-Ramo, a diversified auto parts company, was bought by Massachusetts Investors Trust (17,000); this was the largest transaction involved in the parts sector.

Buyers Dominate Banks

Bank stocks were bought to a greater extent than was the case in the September quarter. Generally speaking, banks were able to report relatively good earnings in 1962 notwithstanding the heavier drain imposed by larger interest payments on savings and time deposits.

Among the 15 bank issues bought in the recent quarter, shares of Bank of America, Chase Manhattan and Security First National (L. A.) were most in demand. Heavy buyers in the banking area were United Income and United Accumulative. County Trust (White Plains) was newly acquired by Institutional Growth (5,300). Two New York banks, First National City and Chemical Bank, were the only liquidated issues. Madison was a seller in both cases.

Beverages Find Flavor

In the soft drink field, Pepsi-Cola was actively sought. Buyers included Price (T. Rowe) (2,200); Commonwealth (3,000); Johnston (2,600); and United (10,000).

Containers Again Acquired

As in the preceding quarter, containers were again unanimously favored. Container Corp. was bought by five funds. National Securities Stock acquired (7,000) newly; other buyers included United Accumulative (10,000) and Pine Street (500). Continental was heavily bought by Whitehall (124,100) newly.

Finance Companies in Demand

All issues in this group were in demand during the December quarter, after a neutral showing in the last survey. Best liked were C. I. T. Financial; Financial Federation, and Great Western. Incorporated Investors bought the latter two issues (3,000) and (10,500) respectively. Fidelity Fund accumulated (30,200) shares of C. I. T. Financial. Talcott, a many-faceted finance organization, was the only liquidated issue, National Investors selling 70,000 shares.

Insurance Remains Popular

Again bought, but more actively than was true in the September quarter were the life insurance issues. American Re-Insurance, somewhat of a newcomer, was bought by Abacus Fund (5,000); Tri-Continental (11,000), and National Investors (18,200). The diversified Travelers was bought heavily during the period by 8 managements. Among the buyers in this issue were Fundamental Investors (10,000), and General Public Service (4,000 newly.

Natural Gas Liked

Most issues within this group found buyers. Both Panhandle Eastern Pipe Line and Southern Natural Gas had three buyers and were without sellers. However, most widely sought was Tennessee Gas Transmission. Heavy buying by Affiliated (141,500) and Investment Trust of Boston (14,000) was primarily responsible for the "new look" accorded the company.

Office Equipment Favored

After meeting a mixed reaction during the September quarter, this group was unanimously bought. High-flying I. B. M. found good support, with 11 managements acquiring this issue and only 3 selling. Prominent buyers included Fidelity Fund (5,300); Broad Street (2,000), and Colonial Fund (1,000). However, a huge block of 12,000 shares was sold by Dreyfus.

Oils Maintained Dominant Position

The petroleum group continued to elicit favorable demand during the December quarter. In the three preceding quarters, oil issues were also in the buying forefront. This was particularly true once again of the international operators, such as Standard Oil (N. J.) and Royal Dutch, which were tied for second place in the category of the most popular issues bought during the quarter.

Among the buyers in both SONJ and RD were Dreyfus; Selected American Shares; United Income; Whitehall; and Fidelity. The latter fund was most active in acquiring big blocks newly: 80,000 Jersey and 110,000 Royal Dutch. Socony, another international, was also a star performer. This issue, bought by nine managements, encountered no selling and was newly purchased by Mutual Investment Fund (5,000). Shell Oil of Canada was the prime selling target, with six managements selling (four complete eliminations). Liquidation in the issue was highlighted by disposal of 89,800 shares by Massachusetts Investors Trust.

Public Utilities in Big Demand

Stepped-up interest throughout the utility industry was experienced during the December quarter. Some 35 companies were in demand, while a mere 2 were sold. This compares with 18 buyers and 6 sellers in September. Consolidated Edison (N. Y.), was actively sought newly by Fidelity (17,600) and Mutual Investors (2,500). Southern Company, a holding company utility, met good buying from General Investors Trust (3,700) newly. Two additional issues, Nevada Power and San Diego Gas & Electric, were both *unanimous favorites*.

A. T. & T. returned to the "fund fold" in finding nine buyers and

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Quality Stocks Emphasized By Funds in Market Climb

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only 2 sellers in 1962's final quarter. This issue had been sold extensively during the previous three months. Weighing heavily on the buying side were big blocks by Whitehall (65,000); One William Street (57,500); and National Securities Stock (19,900) newly.

* * *

GROUPS MILDLY BOUGHT

Aircrafts Spotty

Despite concentrated buying in Lockheed, North American Aviation, and United Aircraft the selling that developed in General Dynamics, Douglas, and Boeing served to lessen the group's otherwise strong appeal. Boeing, in the face of mass eliminations, had one new supporter, Guardian Mutual (3,000). United Aircraft, a *unanimous favorite,* was newly acquired by Johnston Mutual (3,000); Fidelity (33,800), and Shareholders Trust of Boston (15,000).

Chemicals Elicit Moderate Interest

Continued selectivity for issues within this group was once again reaffirmed. Good buying was indicated in Eastman Kodak; Grace; and Hooker; selling pressure was registered in Allied Chemical; FMC; and United Carbon. Wisconsin Fund newly purchased EK (1,800). Lehman eliminated Allied (10,000).

Drug Issues Find Buyers

The popularity of drug issues, which was evident during the September survey, continued to attract buyers in the period under review. Good buying was witnessed in Pfizer and Warner Lambert. In the case of the former, United Income bought 29,100 shares, the latter was actively sought by Putnam (67,500); Affiliated (37,800); and Broad Street (73,000). Heavily sold was Schering Corp., with six sellers. Complete liquidations in this issue were made by Wisconsin (3,000); Incorporated Investors (63,100); Dreyfus (19,300); and Fundamental (10,000).

Electronics and Electricals' Popularity Rally

This "glamor" group recovered considerably from its mixed reaction in the preceding quarter. However, the emphasis was on quality and therefore General Electric and RCA took top honors; each were bought by 8 managements. The larger buyers of GE included Whitehall (89,000); Institutional Investors Mutual (10,000); and Guardian Mutual (3,000) newly. Selected American Shares acquired (15,000) of RCA as did Dreyfus (11,000). Xerox was a partial casualty in being eliminated by One William Street (10,000) and Johnston Mutual (2,000); however Dreyfus bought 35,000 shares newly.

Metal Issues Glow

Sentiment toward the metal and mining group showed improvement over the previous quarter. Alcoa continued popular, with Incorporated Investors acquiring (15,000). Aluminum Ltd. did not reflect the same enthusiasm, in being eliminated by Stein Roe (21,000); de Vegh (10,000); and Lehman (10,000). National Lead, unanimously on the buy side, was taken by 5 managements, with Commonwealth Investment buying (2,000) newly.

Buyers Ride Rail Issues

Railroad issues elicited a greater interest over the previous quarter, possibly aided by the merger trend and I. C. C. attempts to solve industry problems. Southern Pacific was heavily bought by Dreyfus (15,000) and de Vegh (10,000) newly. Also meeting good demand was Southern Railway, *unanimously bought.* Buyers included, among others, Dreyfus (9,500); Selected American Shares (2,000); and General Investors Trust (3,000) newly.

* * *

INDUSTRIES MEETING MIXED REACTION

Building, Construction and Equipment Mixed

This group continued to experience both selective buying and selling in displaying a mixed reaction. National Gypsum was best bought, including (4,000) newly by Commonwealth Investment. Worthington, with poor earnings reported, continued to be *liquidated;* Dividend Shares disposed of (14,000) and Madison (10,600).

Foods Turn Color

From the favored atmosphere portrayed during the previous quarter, foods turned mixed in the last three months of the past year, highlighted by Campbell Soup's complete elimination by two funds—Massachusetts Investors Trust (29,700) and de Vegh (6,000). Since the stock was sold by 4 managements, with no buyers, it qualified as an *Exiled Issue.*

Interest in Paper Dries-Up

The only respectable attention in this group was devoted to Crown Zellerbach. The issue was heavily sought by Whitehall (38,000) and Shareholders Trust of Boston (7,500) newly.

Radio-TV Scrambled

Columbia Broadcasting found 5 managements making purchase commitments, with Selected American Shares (17,000) the largest. Significantly, T-V Electronics Fund sold (5,000) as well as Dividend Shares (29,700). MCA Corp., attempting further diversification through Broadway play financing, was picked up by Dreyfus (5,000) and Institutional Growth (600).

Retailers Not Too Robust

This particular group turned in another repeat performance over the September survey, as it once again stressed unusual demand for J. C. Penney. Fundamental Investors continued to buy heavily (26,000). Sears Roebuck turned weak and was sold by Whitehall (25,000) and Dividend Shares (8,000).

Textiles Interest Slight

The buying in American Viscose and Bobbie Brooks was most prominent. New acquisitions of Viscose by Investment Trust of Boston (12,550) and Value Line Fund (5,000) featured this group. Bobbie Brooks was acquired by Affiliated (40,000) and to a lesser extent Selected American Shares (10,000).

Tobacco Issues Lose Interest

Buying in this group completely dried-up. Reynolds Tobacco was a soft item, with sales by Group Securities Common (13,000) and Dominick (10,000) heaviest. A study group of the American Medical Association will evaluate research results already available on the relationship of smoking and health. This report is expected to be made public around mid-1963 and investors may be awaiting the findings.

* * *

TRANSACTIONS IN THE DIS-FAVORED GROUPS

Cosmetics Again Sold

Reflecting the apparent lack of enthusiasm for growth situations during this survey, cosmetics issues continued to be disposed of. Gillette, now having competition from a new stainless steel blade, remained a heavily sold situation. Among the sellers were Whitehall (200,000), by far the largest; Fundamental Investors (30,000); and Dreyfus (24,700).

Rubbers Remained Unpopular

Rubbers and tires continued to meet heavy selling in most issues. However, in the case of Goodyear Tire, a mixed attitude prevailed. On the other hand, Goodrich, with no buyers, was *extensively* liqui-

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—Bought— No. of Mgts.	No. of Shares		—Sold— No. of Shares	No. of Mgts.
None	*None*	*Korvette E. J.*	*70,000*	*2(1)*
1	*4,000*	*Sears Roebuck*	*46,000*	*3*
None	*None*	*Spiegel*	*17,500*	*3(1)*
		Rubber and Tire		
3(1)	32,000	Goodyear Tire & Rubber	16,167	3(1)
1	*5,000*	*Firestone Tire & Rubber*	*76,688*	*4(2)*
None	*None*	*General Tire & Rubber*	*51,000*	*2(1)*
None	*None*	*Goodrich (B. F.)*	*48,100*	*6(3)*
		Steel and Iron		
2(1)	8,400	Jones & Laughlin Steel	13,200	2(1)
2(1)	55,200	National Steel Corp.	28,700	2(1)
4(2)	43,700	U. S. Steel Corp.	39,200	4(3)
2	2,800	Youngstown Sheet & Tube	40,000	1(1)
None	*None*	*Allegheny Ludlum Steel*	*4,100*	*2(1)*
3(1)	*87,900*	*Armco Steel*	*77,100*	*4(4)*
1(1)	*33,300*	*Bethlehem Steel*	*58,000*	*2(1)*
1	*4,000*	*Granite City Steel*	*47,900*	*3(2)*
1(1)	*49,900*	*Republic Steel*	*110,100*	*4(2)*
		Textile and Rayon		
4(2)	18,900	American Viscose	9,500	2
3	58,400	Bobbie Brooks	None	None
4	51,500	Celanese Corp. of America	29,800	2(1)
1(1)	*20,000*	*Burlington Industries*	*12,600*	*2(1)*
1	*8,000*	*Stevens J. P.*	*14,800*	*2(1)*
		Tobacco		
1	10,000	American Tobacco	4,900	1(1)
1(1)	*9,202*	*Reynolds Tobacco*	*33,200*	*4(2)*
		Miscellaneous		
2(2)	6,575	American Greetings Corp.	None	None
1(1)	26,700	American Hospital Supply	300	1
2	4,568	Diebold	None	None
2(1)	8,300	Gevaert Photo N. V.	4,600	1
2	7,000	Hertz Corp.	23,600	1(1)
2	5,954	Int'l Flavors & Fragrances	None	None
1	1,300	Jostens	5,000	1
1	3,502	Maryland Cup	3,004	1
4	62,100	Minnesota Mining & Mfg.	9,900	1
2(1)	1,600	Polaroid Corp.	7,000	1
2	29,050	Unilever N. V.	500	1(1)
None	*None*	*Brunswick Corp.*	*175,000*	*2(2)*
1	*1,500*	*Procter & Gamble*	*51,300*	*3*

The foregoing tabulation also includes transactions by 14 investment companies (under 7 additional managements) in addition to those shown in our tabulation "Balance Between Cash and Investments."

Purchases and sales by Affiliated Fund included above and in our article are for the October quarter 1962; those by American Business Shares, Fidelity Capital Fund are for the November 1962 quarter.

Cash Position vs. Security Holdings of 89 Investment Companies With Aggregate Net Assets of $16.1 Billion (12-31-62 vs. 9-30-62)

Security Transactions by the 89 Investment Companies During October-December, 1962

	Net Cash & Governments† Thousands of Dollars —End of—		Net Cash & Governments† Percent of Net Assets —End of—		Investment Bonds and Pfd. Stocks Percent of Net Assets —End of—		Common Stocks Percent of Net Assets —End of—		(In Thousands of Dollars) Portfolio Securities Other than Governments		Of this: Portfolio Common Stocks	
	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Total Purchases‡	Total Sales**	Total Purchases‡	Total Sales**
Open-End Balanced Funds:												
American Business Shares	b4,109	b4,191	b16.3	b16.0	b25.3	b23.6	b58.4	b60.4	b253	b257	b253	b257
Axe-Houghton Fund A	619	369	8.6	1.5	20.5	35.0	70.9	64.2	4,428	1,889	3,226	1,849
Axe-Houghton Fund B	6,004	12,365	3.5	7.1	27.7	29.1	68.8	63.8	1,780	2,227	1,475	697
Axe-Houghton Stock Fund	619	93	8.6	1.2	20.5	21.3	70.9	77.5	1,092	473	1,005	256
Axe Science & Electronics	2,851	343	14.7	1.7	4.9	6.0	80.4	92.3	2,513	17	2,512	17
Boston Fund	6,548	10,968	2.3	3.6	36.6	34.2	61.1	62.2	5,224	5,341	1,588	3,861
Broad Street Investing	2,764	2,121	1.3	0.8	8.4	7.9	90.3	91.3	3,611	4,685	2,713	3,870
Commonwealth Investment	5,484	4,746	3.8	3.1	38.1	35.4	58.1	61.5	5,927	5,622	2,580	1,364
Diversified Investment Fund	2,430	2,542	1.9	2.6	36.7	35.2	61.4	62.2	2,320	3,639	1,985	2,463
Dodge & Cox Fund	356	393	4.5	4.4	28.1	26.2	67.4	69.4	587	485	427	341
Eaton & Howard Balanced Fund	34,240	37,983	18.8	18.2	19.5	17.1	61.7	64.7	8,639	11,821	245	1,212
Fund of America	396	325	9.3	7.2	28.8	15.3	61.9	77.5	513	352	411	236
General Investors Trust	1,671	1,408	11.2	8.7	27.1	23.8	61.7	67.5	1,445	583	1,072	377
Group Securities—Fully Admin. Fund	320	394	3.2	3.6	22.8	22.9	74.0	73.5	Nil	156	Nil	156
Institutional Foundation Fund	2,602	1,920	4.9	3.5	27.1	26.8	68.0	69.7	1,835	1,120	1,835	1,120
Investors Mutual	62,442	61,570	3.7	3.3	39.3	36.1	57.0	60.6	80,423	50,351	64,695	32,735
Johnston Mutual Fund	4,991	4,320	17.8	14.2	18.1	15.7	64.1	69.5	3,734	2,603	3,534	2,183
Knickerbocker Fund	242	386	2.2	3.2	6.6	8.8	91.2	88.0	218	409	113	409
Loomis-Sayles Mutual Fund	23,120	22,878	33.0	23.5	8.1	16.3	58.9	60.2	1,784	3,490	1,034	1,990
Massachusetts Life Fund	6,316	5,401	8.2	6.4	32.8	30.8	59.0	62.8	4,166	1,329	2,906	917
Mutual Investment Fund	2,450	2,887	7.9	8.5	10.6	6.7	81.5	84.8	2,823	3,278	2,790	2,195
National Securities—Income	1,332	3,649	1.8	4.5	37.0	36.8	60.0	58.7	2,685	3,045	1,198	2,745
Nation-Wide Securities	3,567	4,879	8.5	10.4	30.2	29.2	61.3	60.4	1,641	1,931	989	1,931
Nelson Fund Inc.	270	260	6.6	5.6	18.8	19.2	74.6	75.2	121	233	121	233
New England Fund	4,661	4,778	24.7	24.6	18.5	16.3	56.8	59.1	446	807	422	559
Putnam (George) Fund	22,074	27,998	8.4	9.9	31.6	29.5	60.0	60.6	20,618	22,807	8,665	10,494
Scudder, Stevens & Clark Fund	12,076	10,126	15.7	11.0	19.5	24.5	65.0	64.5	3,899	5,583	Nil	236
Shareholders' Trust of Boston	1,521	2,306	2.5	3.6	34.7	31.9	62.8	64.5	5,480	5,727	5,480	5,226
Stein Roe & Farnham Balanced Fund	9,807	11,588	14.1	15.2	19.7	20.3	66.2	64.5	2,109	3,250	1,970	2,685
Value Line Fund	241	657	3.1	7.5	None	None	96.9	92.5	991	1,573	991	1,573
Value Line Income Fund	1,786	2,163	2.4	2.8	46.6	44.2	51.1	53.0	2,642	2,171	2,152	1,732
Wellington Fund	215,496	194,588	16.5	13.8	32.3	28.2	51.2	57.5	83,593	49,388	83,593	30,541
Whitehall Fund	723	538	5.8	4.1	45.0	43.9	49.2	52.0	896	625	369	323
Sub-Total Open-End Bal. Funds	444,128	441,133	8.5	8.2	25.8	25.0	65.7	66.8	258,436	197,264	202,349	116,783
Open-End Stock Funds:												
Aberdeen Fund	758	1,131	4.2	5.0	None	None	95.8	95.0	536	298	536	298
Affiliated Fund	a59,548	a62,966	a8.5	a9.2	aNone	aNone	a91.5	a90.8	a12,692	a10,071	a12,692	a10,071
Blue Ridge Mutual Fund	67	369	0.2	1.1	13.3	10.2	86.5	88.7	741	656	741	614
Bullock Fund	5,318	5,484	8.3	7.7	None	None	91.7	92.3	2,737	3,228	2,737	3,288
Chemical Fund	3,438	3,943	1.8	1.5	1.0	0.6	97.2	97.9	9,323	5,243	7,371	5,170
Delaware Fund	10,487	4,852	9.0	3.8	2.0	2.8	89.0	93.4	14,797	9,162	13,578	9.072
de Vegh Mutual Fund	1,105	1,725	6.9	8.0	1.2	1.4	91.9	90.6	2,199	4,006	2,199	3,932
Dividend Shares	17,500	21,770	6.4	7.2	None	None	93.6	92.8	1,771	9,508	1,771	9,508
Dreyfus Fund	9,938	19,367	3.2	5.4	0.3	0.3	96.5	94.3	24,763	16,658	24,763	16,449
Eaton & Howard Stock Fund	10,270	14,828	6.7	8.1	None	None	93.3	91.9	7,434	8,979	1,488	5,979
Energy Fund	288	367	1.2	1.3	None	0.4	98.8	98.3	2,427	1,238	2,427	1,183
Fidelity Fund	8,081	5,632	2.2	1.4	21.3	12.4	76.5	86.2	57,292	26,546	56,717	26,130
Fundamental Investors	29.538	20,804	5.2	2.9	None	None	94.8	97.1	13,078	6,233	13,078	6,233
Group Securities—Com. Stock Fund	4,354	3,323	3.2	2.2	None	None	96.8	97.8	3,197	1,219	3,197	1,219
Guardian Mutual Fund	2,407	1,694	15.7	10.0	8.8	5.9	75.5	84.1	3,170	2,311	3,170	1,874
Incorporated Investors	30,640	35,824	12.9	13.9	None	None	87.1	86.1	2,620	11,251	2,620	8,762
Institutional Investors Mutual Fund	4,050	4,701	5.0	5.9	None	None	95.0	94.1	9,596	7,187	9,596	7,187
Investment Co. of America	24,739	31,906	11.3	13.0	1.9	1.7	86.8	85.3	9,395	14,488	9,395	13,783
Investment Trust of Boston	1,635	1,595	2.8	0.9	None	None	97.2	99.1	2,921	1,710	2,921	1,710
Lazard Fund	10,246	12,745	11.2	12.7	None	None	88.8	87.3	c----	c----	c----	c----
Massachusetts Investors Trust	27,764	6,789	2.0	0.4	None	None	98.0	99.6	13,983	31,520	13,983	31,520
Massachusetts Investors Growth Stock	12,827	16,113	2.7	3.0	None	None	97.3	97.0	17,054	13,377	17,054	13,377
National Investors	7,882	8,640	3.0	2.8	None	0.4	97.0	96.8	8,623	5,274	8,623	5,274
National Securities—Stock	6,321	16,815	3.6	8.5	None	None	96.4	91.5	9,258	16,448	9,258	16,448
One William Street	19,286	27,315	8.6	11.0	1.7	1.6	89.7	87.4	14,430	25,567	14,430	25,567
Pine Street Fund	2,892	3,614	14.6	17.0	6.5	5.6	78.9	77.4	754	1,373	754	1,373
Pioneer Fund	1,058	1,982	2.3	3.1	14.0	11.8	83.7	85.1	9,178	7,789	9,178	7,789
Price (T. Rowe) Growth Stock	6,228	6,935	6.8	8.8	1.0	0.6	92.2	90.6	3,113	1,911	3,113	1,911
Scudder, Stevens & Clark—Com. Stk.	2,188	643	4.7	1.2	None	None	95.3	98.8	5,544	4,214	2,146	14
Selected American Shares	10,970	5,806	11.3	5.3	0.2	0.3	88.5	94.4	11,310	6,034	11,225	6,025
Sovereign Investors	----	41	---	1.1	3.8	3.9	96.2	95.0	254	340	254	340
State Street Investment	20,028	19,192	10.9	9.6	0.7	0.7	88.4	89.7	3,262	7,146	3,262	7,129
Stein Roe & Farnham Stock Fund	1,224	1,459	4.4	4.7	None	None	95.6	95.3	1,170	989	1,170	989
Texas Fund	2,199	1,774	4.8	3.1	0.3	0.2	95.0	96.5	1,774	249	1,774	249
United Accumulative Fund	21,841	27,260	4.1	4.5	5.5	7.0	90.4	88.5	62,264	41,129	16,617	16,129
United Continental Fund	3,050	5,451	7.5	13.4	3.6	2.4	88.9	84.2	4,468	7,825	Nil	5,626
United Income Fund	13,207	18,226	4.3	5.3	5.7	4.5	90.0	90.2	40,078	33,088	17,214	12.092
United Science Fund	5,908	15,531	3.7	8.5	4.1	4.4	92.3	87.1	18,880	21,013	Nil	13,014
Value Line Special Situations	399	82	2.7	0.5	12.2	12.4	85.1	87.1	741	360	741	360
Wall Street Investing	78	91	0.8	0.8	13.2	13.5	86.0	85.7	411	335	68	280
Wisconsin Fund	3,730	2,883	20.9	14.9	1.5	1.4	77.6	83.7	1,916	1,129	1,916	1,129
Sub-Total Open-End Stock Funds	399,437	447,758	6.4	6.0	3.4	4.0	90.2	90.0	409,877	365,965	304,346	302,821
Total Open-End Funds	843,565	888,891	7.3	7.1	14.7	14.4	78.0	78.5	668,313	563,229	506,695	419,604
Closed-End Companies:												
Abacus Fund	2,422	1,577	7.3	4.0	None	None	92.7	96.0	2,193	1,087	2,193	1,087
Adams Express	2,690	2,617	3.2	2.8	1.0	0.6	95.8	96.6	85	1,176	85	1,176
American European Securities	222	53	1.3	0.3	16.7	16.3	82.0	82.9	1,995	2,017	1,995	2,017
American International	1,892	2,806	5.1	6.9	1.9	1.0	93.0	92.1	98	762	98	762
Carriers & General	1,306	1,514	7.9	8.5	1.3	1.2	90.8	90.3	129	977	129	977
Consolidated Investment Trust	343	363	0.5	0.5	1.8	1.6	97.9	97.9	1,126	1,087	38	Nil
Dominick Fund	2,759	1,539	8.2	4.2	3.5	3.2	88.3	92.6	2,042	2,027	1,936	1,888
General American Investors	6.313	7,294	12.5	12.5	2.2	2.1	85.3	85.4	958	1,765	958	1,765
General Public Service	15,897	13,184	22.6	17.3	1.0	1.2	76.4	80.8	2,447	149	2,447	149
Lehman Corp.	28,304	20,613	10.2	6.9	1.1	1.6	88.7	91.5	5,197	10,003	5,197	10,003
Madison Fund	14,234	15,054	11.1	10.7	0.1	0.3	88.8	89.0	15,140	15,577	15,140	15,577
Niagara Share	4,527	4,314	7.6	6.5	0.2	0.2	92.2	93.3	1,585	2,511	1,585	2,511
Overseas Securities	----	----	---	---	7.9	7.9	90.0	90.3	358	498	358	498
Tri-Continental	6,061	4,882	1.1	1.1	9.8	9.0	88.6	89.9	6,113	5,232	3,793	2,999
U. S. & Foreign Securities	7,598	7,313	7.8	6.7	None	None	92.2	93.3	Nil	889	Nil	889
Total Closed-End Companies	94,568	83,123	7.1	6.0	3.4	3.2	89.5	90.8	39,466	45,757	35,953	42,298
Grand Total	938,133	972,014	7.3	6.8	10.8	10.7	81.9	82.5	707,779	608,986	542,648	461,902

†Includes corporate short-term notes where so included by reporting fund. a For July 31-October 30 period. b For August 31-November 30 period. c Sold on balance. ‡Cost of purchases. **Proceeds from sale.

—SUMMARY—

CHANGES OF CASH POSITION OF 89 INVESTMENT COMPANIES
December 31, 1962 vs. September 30, 1962

	Plus	Minus	Approx. Unchngd.	Total
OPEN-END COMPANIES: Balanced Funds	14	13	6	33
Stock Funds	26	13	2	41
CLOSED-END COMPANIES	4	6	5	15
Totals	44	32	13	89

AVERAGE ALLOCATION BY 89 COMPANIES OF ASSETS TO CASH AND EQUIVALENT, DEFENSIVE SECURITIES, AND RISK SECURITIES

	Sept. 30, 1962	Dec. 31, 1962
Net cash, etc. and Governments	7.3%	6.8%
Defensive Securities (Bonds and Preferreds)	10.8	10.7
Risk Securities (Common Stocks)	81.9	82.5
Totals	100.0%	100.0%

Quality Stocks Emphasized By Funds in Market Climb

Continued from page 20

dated. Sellers eliminating this issue included: Lehman (20,000); Institutional Investors (11,500); and Mutual Investment (7,000). The stock was the most widely sold issue during the December quarter.

Steels Continued Sold

As a group, the steels, despite higher production rates and increased product demand, continued, on balance, to experience selling. Among the issues, however, that managed to elicit better buying was U. S. Steel, with acquisitions by Fidelity (30,600) newly; Dominick (7,000) newly; and Dreyfus (3,100). Conversely, Republic Steel remained under pressure during the period and met with heavy selling. One William Street (75,000) and Eaton Howard (15,000) constituted complete eliminations; Tri Continental reduced its position by 18,400 shares.

Machinery and Industrial Equipment in Disfavor

Less popularity was indicated for heavy industrial equipment during the December quarter. Casualty items included Clark Equipment, Ingersoll-Rand and Singer.

* * *

MISCELLANEOUS ISSUES

Among the companies which it is inappropriate to categorize industry-wise, and which found favor in the December quarter, were Polaroid, American Greeting and Minnesota Mining. Big buyer of Minnesota Mining was Chemical Fund (40,500). Brunswick had no buyers and was eliminated in its entirety by United Accumulative (140,000 shares) and Putnam (35,000). As for Procter & Gamble, there was one buyer and three selling managements.

* * *

REVIVED INTEREST IN FOREIGN ISSUES

Interest in foreign issues, which had waned in the September period, revived during the December quarter. Although there was a divergence of emphasis, the following equities found buyers:

Broken Hill Prop. Co. Ltd.; Deutsche Bank A. G.; Ericsson L. M. Tel. Co. Ltd.; Farben Bayer; Honda Motor Co. Ltd.; Monarch Fine Foods; Netherlands Insurance Co. of 1845.

Also Philips' Lamp Works; Royal Dutch Petroleum; Schlumberger Ltd.; Swedish Ball Bearing; Uniliver N.V.; and Woolworths Ltd.

Selling was witnessed in the following foreign-based issues:

Borax Holdings Ltd.; Compagnie Bancaire; Cypress Mines; Dresdner Bank ADR; Gevaert Photo-Producten; Loblaw Companies, Ltd.

Eurofund's Acquisitions

Eurofund, the closed-end investment company limited by its charter to European securities or cash, for the year 1962, purchased $9,649,206 in equities while disposing of $8,685,634. During the December quarter the fund was a particular heavy seller of French securities, and conversely, actively acquired stocks of companies of British origin.

In the latter regard, it should be pointed out that, while de Gaulle's "blackballing" of Britain's effort to enter the Common Market obviously was a severe blow to national pride, the London stock market viewed the rebuff as considerably less than catastrophic. This fact was underscored by the *Chronicle's* London Correspondent Paul Einzig in an article appearing in our Feb. 7 issue, page 13.

The major net additions to common stock holdings by Eurofund in the December quarter included the following issues by countries of origin:

Belgium: Ateliers de Constructions Electriques de Sharleroi S.A. (ACEC); Banque de Bruxelles S.A.; Cimenteries et Briqueteries Reunies (CBR); Compagnie Belge d'Assurances Generales sur la Vie; Fabrique Nationale d'Armes de Guerre; La Royale Belge (Vie-Accidents); S.A. des Grands Magasins "au Bon Marche"; Societe de Bruxelles pour la Finance et l'Industrie-BRUFINA.

France: Compagnie Generale-d'Electricite (CGE); Librairie Hachette.

Germany: Allianz Versicherungs-A.G.; Dresdner Bank A.G.; Kaufhof A.G.; Rudolph Karstadt A.G.; Th. Goldschmidt A.G.

Italy: Assicurazioni Generali di Trieste e Venezia; Ercole Marelli & C. S.p.A.; Ing. C. Olivetti & C. S.p.A.; La Fondiaria Vita-Compagnia Italiana di Assicurazione sulla Vita; Societa Nazionale Industria Applicazioni Viscosa.

Netherlands: Albert Heijn N.V.; Amsterdamsche Bank N.V.; Eerste Nederlandsche Verzekering Maatschappij; Royal Dutch Petroleum N.V.; Unilever N.V.; Verenigde Bedrijven Bredero N.V.

Spain: Banco Espanol de Credito.

Switzerland: Interiberia.

United Kingdom: Elliott-Automation Ltd.; English China Clays Ltd.; Financial Times Ltd.; Gestetner Ltd.; Great Universal Stores Ltd.; Jaguar Cars Ltd.; Tesco Stores (Holding) Ltd.

Electronics Seen Rising to Fourth Largest Industry

The electronics industry, which attained solid footing in 1962 as the nation's fifth largest industry, will move into fourth place by the end of this calendar year, according to a report released recently by the Marketing Services Department of the Electronic Industries Association.

EIA's staff market analysts set the dollar volume of sales by all industry segments last year at $13.1 billion and see the total rising to $15 billion by the end of this year. By the close of 1970, they expect annual electronic sales to climb to $20 billion.

The EIA publication, "Electronic Industries Review, 1962-63," is the first of a series of annual studies of the state of the industry at the end of the preceding year and the outlook for the current year. The full-fledged annual industry review will continue to be the "Electronic Industries Yearbook," which will be published this Spring by the Marketing Services Department.

Summarizing prospects for 1963, the report says the electronics industry will "face a continuation of intensive competition pressures both from domestic conditions and from foreign producers. There is acknowledged over-capacity in some industry segments. There is a constant emergence of new technologies which shorten the profitable life of production facilities before the customer's needs have caught up with the products of the older technologies."

Despite these problems, the report concludes, electronics "remain the most dynamic growth segment of the nation's economy."

The leading growth segment this year is expected to be the industrial electronics industry, with sales rising to $2.7 billion from the 1962 total of $2.4 billion. Sales of control and data processing equipment are expected to pace the expansion.

Total Federal Government expenditures for electronics during calendar 1963 are estimated at $9 billion, 16% increase from the 1962 total of $7.6 billion. The report anticipates a slight decline in Defense Department spending in the missiles and electronics and communications categories, but sees an increase in funds spent for electronics under DOD research, development, test, and evaluation programs.

EIA foresees another record year for consumer electronic products. Factory sales of radios, excluding automobile sets, will approach 12.2 million, an increase of a half-million units over the 1962 total. Auto radio sales, however, are expected to move downward from 7.2 million units recorded for last year to 6.5 million this year.

Manufacturers sold 6,340,000 television receivers last year, and 1963 sales are expected to remain at about that level or drop to 6.2 million units. Continuing heavy demand for stereophonic phonographs will keep total 1963 phono sales at the 5-million mark reached in 1962.

Factory sales of electron tubes, semiconductors, and electronic parts are expected to reach a peak of $3.7 billion this year, compared with a total of $3.6 billion in 1962. Transistor sales, which totaled 220 million units last year, are expected to rise to 330-340 million this year.

The EIA report views the emergence of the burgeoning market for microelectronics as one of the most important techno-economic trends in the electronics industry, and expects "increasingly rapid" penetration of the military market by micro-electronic devices.

Copies of "Electronic Industries Review, 1962-1963," can be ordered from the EIA Marketing Services Department, 1721 DeSales Street, N.W., Washington 6, D. C., at $1 each. Price to representatives of EIA member-companies is 50 cents a copy.

A. H. Rust & Co. Formed in N. Y. C.

Adolf H. Rust has formed A. H. Rust & Co. with offices at 61 Broadway, New York City, to engage in a securities business. Mr. Rust was formerly a partner in Pflugfelder & Rust.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

What Is A "Suitable" Investment?

The National Association of Securities Dealers has a rule which in effect, states that: "A member must have 'reasonable' grounds for believing that a recommendation is suitable for a customer on the basis of the facts, if any, as disclosed by such customer as to his security holdings, and as to his financial situation and needs." While no one could justly question the philosophy underlying the rule, it is nevertheless a fact that, in many instances, it poses a formidable problem to the security salesmen and the employing firms. And, through no fault on their part, they could find themselves in jeopardy, particularly if the rule is interpreted in the most literal sense. On that basis, no one could ever be certain whether or not compliance with its provisions has been met.

Patently, there is a wide scope for interpreting the meaning of the phrase "reasonable grounds." To use the vernacular, one man's cup of tea may be another man's Waterloo. Also, in these rapidly changing times, what might have been an entirely "suitable" investment today could well prove to be tomorrow's prize fiasco.

Some Examples

In any event, there are, for example, people who wish to purchase securities and, at the same time, refuse to divulge pertinent facts regarding their personal and financial affairs. They have a perfect right to do this and still buy securities from any broker or salesman with whom they wish to do business. They may not want to be bothered with a detailed analysis of their holdings, and care less as to whether or not a security is "suitable" in their minds or the opinion of anyone else. They want to buy some stock, sell it if they can make a profit, and the less they know about it the better. There are people who just won't bother with such things as "suitability," and anyone who has sold securities knows full well that this is so.

There are also people who invest in securities who have their own way of doing things and it suits them. I know of one individual who has about $350,000 market value of common stocks in a margin account. He becomes violently neurotic if you mention the names of certain politicians, the national debt, the deficit, or foreign aid. He has been living on capital for years. He is 60 years old, married late in life, adopted two children now about seven and nine years old, indulges his family, and thinks his broker is the best fellow he ever knew because he agrees with him, goes fishing with him, and makes him feel that he isn't altogether a dope and a fool; even if other people have told him that he should clear up his debit, put some of his investments into a living trust, and cut his living expenses in half.

What is "suitable" for him? He'll tell you that it is his money, that he worked like the devil for it; and that if you know so much why aren't you sitting on your back porch enjoying the sunshine like he is doing.

Or how about the little old lady who had invested her $60,000 in conservative securities and mutual funds. Then one day she began reading financial publications. She started asking her broker to sell some of her sound investments and buy speculative securities. He said "No" they weren't SUITABLE. Then the stocks she desired to buy advanced sharply in price. She finally told her broker in no uncertain terms that the next time she wanted to buy a particular stock he had better buy it. He did. Then she took a bath last May.

What if she went to the authorities and complained? (This has happened). What if she didn't tell the whole story? It is her word against the broker's word, but the record stands there in cold black and white. How do you help the uninformed, or the greedy, when they won't listen?

Who Is to Judge What Will Be Suitable?

During the next decade there may be many investments we consider "suitable" today that may turn out to be entirely unsuitable as vehicles for the protection of capital. In what way is inflation going to affect the value of certain fixed income securities such as savings accounts, tax exempts, or government bonds? Will the old line inflation hedges be the best investment? Or, could it be that young companies relatively unknown to the average investor now, that are engaged in highly specialized fields of endeavor, and that are buttressed with superior management and skilled researchers, may be far superior investments to the "A" rated blue chip stocks that are the darlings of the institutional investors, trust funds, and the investment fraternity today.

Who knows the answers to these questions? This is a very difficult and nebulous problem which all investors must face up to during the next several years.

Good sense, honest effort, and an understanding of human nature are the only tools available to the security salesman in his dealings with the investing public. No set of rules can provide the answers to these difficult questions. Also, rules that attempt to set up a broad and undefinable area of supervisory activity will only place impediments before the honorable investment salesman and his firm.

Fraud is a different matter. So is misrepresentation. These are acts that can be defined, delineated, described, and specifically charged in a court of law. But to try to perform the task of deciding, particularly in retrospect, what is, or was, "suitable" for every person who buys or sells securities by using a phrase such as "reasonable grounds for believing" is not only "unsuitable" and "unreasonable," it is "unrealistic."

Let us have rules that can be understood and clarified. This is a real world. There is enough uncertainty in the future itself without adding to the confusion by trying to control human behavior and attempting to place the burden of guilt upon the security salesman when the investor is often the real culprit.

The Market . . . And You

BY WALLACE STREETE

Now that we are half-way through February, it is becoming more obvious that this month is likely to follow the pattern of most Februarys of recent years: No new market tops, no new bottoms.

Evidence increases almost daily that the market is in no mood to continue its almost uninterrupted climb of the last three and a half months without a correction. Accent remains on the cautious side.

Yet selling has been restrained. Witness the contracting volume on the downside. Volume, even amid a sideways market, fell to barely four million shares daily last week, from the 4.5 million share pace of January.

Meanwhile, much of the activity continues to concentrate in the better quality issues. February, often a period of reappraisal for economists on their predictions for the new year, seems to have the same effect on many investors. The result: few violent changes and greater inclination to stick with proven values.

Support for the Rails and Utilities

More evidence comes from action of the rails and utilities as compared with the major industrials. While the Dow-Jones selected 30 blue chips refuse to break through their closing late January high of 683, the more pedantic rails and utilities are less hesitant. Both groups have shown more vigor despite the absence of any major economic developments.

It is also more apparent that both the rails and the utilities are getting more support from the professional seers. While short on glamour, both groups have shown strong earnings potential. More significantly, both groups are less dependent on a tax cut, or heavy government spending.

Since neither the rails nor the utilities generally attract much popular support, it is also more evident that Mr. Average Investor remains aloof from the market.

Odd-lotters have been sellers on balance for several months now, and have continued this pattern in recent days. January's countdown broke the mold of recent history by showing that odd-lotters were sellers rather than buyers for the first time in that month since 1935.

But interest in the rails and the utilities does underlie a ray of optimism for the technicians. The fact that the rails can hit a new recovery high, unconfirmed by the industrials, suggests that the inevitable reaction to the aging rally will be mild.

Technical Aspects

Signs of the reaction are more apparent. The five point drop in the Dow early this week was the most violent in nearly a month. Although the market has shown great recuperative powers, the fact remains that the overall results are no better than a month ago.

Meantime the intraday lows trend lower. The main strength of the patient has been its ability to shrug off its bad moments and make up its losses by the close of each session. But when this daily shot-in-the-arm fails to appear, we could have a substantial setback in the making.

The outlook of many analysts that the market is reflecting the sideways motion of the economy was borne out this week by statements of Commerce Secretary Luther Hodges.

Mr. Hodges said that the total Gross National Product should show a slight increase in the January-March quarter over the $562 billion rate of the fourth quarter of 1962. But the increase, added the cabinet officer, will be far less than a vigorous upturn. Higher Federal spending, he indicated, will be necessary, if Congress refuses to cut taxes, and if the economy falters later this year.

Hopes of a tax cut, as a market stimulant, are fading in mixed degrees. Knowledge that the Administration is set upon a course of greater deficit spending is having a strong effect on institutional investors.

Spending Beneficiaries

More attention is being directed toward some of the more depressed groups that can be expected to benefit from this added spending. More emphasis is being put on the steels. Output in this group rose more than 5% last week, the greatest gain since last July.

Although steel earnings for 1962 can best be described as discouraging, many analysts feel the worst may be over. These stocks, like most of the coppers and rubbers, are relatively cheap in price-earnings ratios. Cheap, that, is when compared to most other segments of heavy industry.

Machinery and heavy equipment stocks are also attracting some interest as potentially undervalued situations. Bucyrus-Erie, Joy Manufacturing, and Cerro Corp. have been cited as possibilities in future rallies.

Special Situation

Special situations retain a following. McDonnell Aircraft has added another $210 million in Government contracts to its $2 billion award for the Phantom 11 earlier this month. Although a few points below its 1962-63 high of 61⅛ reached soon after the original announcement, the airplane maker could show higher earnings later this year.

Polaroid, on the other hand, has secured tremendous nation-wide publicity from its color film, but has failed to excite the stock market fraternity to any marked degree. It has fallen to the mid 130's from a post-recovery high of 148. This is a far cry from its 1962 high of 221, and its 1960 peak of 262, but comfortably above its low of 81½ after the May crash.

Polaroid's President, Edwin H. Land, meanwhile, says the heavy startup costs of the new instant color film should begin to pay off in profits by the end of the first half of this year. He said this week that the outlook for the company, as a whole, looks very promising.

The scramble for special situations reaches as far afield as South African gold, Canadian silver, and one-handle faucets for milady's bath. The latter product is the main item in a mixed bag of Masco Corp., a recent discovery of the sharp-eyed followers of the American Stock Exchange.

Comparative Trading Volumes

The accent on established values, as opposed to special situations, is borne out by the contrast in trading volume on the American and the New York Stock Exchanges.

Although daily turnover has dwindled on the Senior Board from its frantic pace of nine months to a year ago, the drop has been even more drastic on the American's Exchange scoreboard. The Big Board actually saw its volume mount last month to more than 100 million shares, the biggest turnover for a month since 1929.

American Exchange volume skidded that month to 24 million shares, or 25% under the year-earlier turnover. December's slide had been even more drastic. This came to 32% compared with a drop of 2% on the Big Board.

Established favorites such as the autos continue strong on the New York Stock Exchange. Auto issues captured four of the first seven more active spots earlier this week. These four—the exception was Studebaker — have all announced record or near record earnings.

While General Motors remains the institutional favorite, Chrysler continues to draw strong interest from the chartists. Now the official possessor of a sharp earnings climb in 1962, it appears to have an even more favorable potential this year.

Chrysler has been able to cut its break-even point and garner an increasing share of a growing market. The brightest side, according to many industry observers, is that the total market is bound to expand through the next decade from a firm 6 million-plus base. This fact will help every auto maker, but probably Chrysler the most, if it can retain its recent pace.

[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.]

Jackson V.-P. of Mason & Lee

LYNCHBURG, Va. — Dabney C. Jackson has been elected a vice president of Mason & Lee, Inc., 8th & Church Streets, members of the Philadelphia-Baltimore-Washington Stock Exchange. Mr. Jackson, who has been in the investment business for many years, was formerly with Horner, Barksdale & Co. Prior thereto he conducted his own investment firm, Dabney C. Jackson & Co., and was with Edward G. Webb & Co. and Scott, Horner & Mason.

Other officers of Mason & Lee, Inc. are Walter G. Mason, Chairman; Aubrey L. Mason, Executive vice president; Burton P. Lee, Vice president and R. C. Paxton, Secretary-treasurer.

Detroit Bond Club Dinner

DETROIT, Mich.—The Bond Club of Detroit is holding their 47th annual dinner on Feb. 27, 1963, at the Detroit Boat Club. John Martin, First of Michigan Corporation, President of the Club, will be the presiding officer. Judd Arnett, columnist of the "Detroit Free Press," will be the principal speaker.

Joseph Ryan, Ryan, Sutherland & Co., Vice-President of the Bond Club, is Chairman for the dinner arrangements.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

CITIZENS AND SOUTHERN NATIONAL BANK

Price	Dividend	——Earnings (1963 Est.)——	Yield	P/E Ratio
$86	$1.70	$4.80 (Incl. Affiliates)	1.97%	17.9 x

The Citizens and Southern National Bank was originally incorporated in 1887 and through the years acquired other banks in principal cities in Georgia. Banking laws in the State of Georgia were changed and disallowed the further branching of banks beyond the cities in which they were located. Fortunately, the Citizens and Southern had representation at this point in Savannah, Macon, Augusta, Athens, and Valdosia. During the 1930's the bank established a holding company called the Citizens and Southern Holding Company, the stock of which is held in trust for the benefit of the stockholders of the Bank. The holding company has close to 100% interest in nine Georgia banks. One affiliate—the Atlanta Bank—is now part of the Citizens and Southern and not the holding company.

The management of the Citizens and Southern is considered excellent, with Mr. Mills Lane as President. Bank relationships should be satisfactory due to the prominence of the Lane family in banking in the South. Mr. Hugh Lane, a brothers of Mills Lane, and Chairman of the Board of the Citizens and Southern National Bank of South Carolina, is on the Board of Directors of the Citizens and Southern. Mr. J. T. Lane, a cousin, is Chairman of the Atlantic National Bank of Jacksonville, Fla. and also on the Board of Citizens.

With the potential population growth in the Southeast, and the expectation of a similar deposit growth, the principal bank in the area should not fail to grow. The price of the stock at present levels is reasonable on estimated earnings. These earnings are probably conservative due to expectation of a 10% rise in the level in 1963.

The following figures do not include 1962 year-end figures as affiliates have not fully reported.

	Deposits (000)	Loans (000)	Capital Accts. (000)	Capital/Deposits (%)
1961	$644,548	$383,534	$65,051	10.83
1960	622,433	369,989	62,043	10.65
1959	605,370	367,323	56,963	10.01
1958	572,989	302,614	47,876	8.92
1957	528,062	283,696	41,855	8.60
1956	525,416	288,689	39,634	8.21

Net Operating Income (Incl. Affiliates)

1961	$6,505	1959	$4,909	1957	$4,453
1960	5,969	1958	4,266	1956	3,623

	‡Earnings Per Sh.	Dividend	Price Range High	Price Range Low	—P/E Ratios— High	—P/E Ratios— Low	‡Book Value
1963	$4.80*	--	--	--	--	--	--
1962	4.41	--	--	--	--	--	--
1961	4.34	$1.70	91	50	21.0	11.5	$43.44
1960	3.98	1.60	52	38	12.9	9.7	41.31
1959	3.51	1.50	50	38	14.2	11.0	40.02
1958	3.55	1.44	46	32	13.0	9.2	39.81
1957	4.06	1.37	37	30	9.0	7.5	37.76
1956	3.31	1.37	45	31	13.4	9.5	35.95

*Estimated. ‡Including affiliates.

T. J. Carroll Forms Own Co.

PHILADELPHIA, Pa.—Thomas J. Carroll is conducting a securities business from offices in the Western Savings Fund Building under the firm name of T. J. Carroll & Sons. The new firm will act as underwriters, distributors and dealers in investment securities. Mr. Carroll, who has been in the investment business since 1950, was formerly Manager of the municipal and sales department of the local office of Blyth & Co., Inc. Prior thereto he was in the municipal bond department of Wurts, Dulles & Co.

Bullish Near-Term Stock Market Outlook for 1963

Continued from page 3

this year. Assuming that we will have one further rise during the next month or two to around the 510-530 level in the Dow-Jones Industrials, the subsequent decline may carry this average down to somewhere between 300 and 350."

Sept. 5, 1957: "The stock market has been in a broad liquidation area ever since the Dow-Jones Industrial and Railroad Averages recorded their bull market highs in the spring of 1956. My present reasoned guess is that the distribution phase of the cycle has been completed. I can see the possibility that the bear market, in terms of the averages, may run its course by as early as November or December of this year."

Oct. 29, 1959: "We now appear to be either past or very close to a major cyclical peak in the stock market."

Sept. 29, 1960: "The current downtrend in the stock market is not likely to last much longer, or to go much further, at least in the case of a majority of the less popular equities."

Nov. 16, 1961: "Our studies now indicate that the probabilities favor an irregularly rising trend of stock prices until sometime late in 1962 or early in 1963."

June 21, 1962: "We have probably seen this year's lows or at least the approximate lows, for the vast majority of stocks and for the leading averages. The Dow-Jones Industrials are likely to shortly regain all of the ground lost since January and have a reasonable chance to exceed last year's highs by 10% or more — particularly if the almost inevitable revaluation of gold should take place within the next six or eight months."

The last of these quotations is from my talk of last June. Those who have been working in this field for the past ten years may recall my talk in August, 1953, before the New York Society of Security Analysts. At that time, I was opposed by the president of an investment trust who stated that stocks were not attractive with the Dow Industrials at around the 265 level (which proved to be within 3% of the subsequent low). My talk in September, 1957, was made in opposition to a prominent economist and investment counselor who represented the prevailing view at that time by looking for higher stock prices in contrast with my prediction of a decline of at least 100 points from the 520 level. When I spoke in October, 1959, before an Investment Club in St. Louis, my warning of a probable decline in stock prices over the next 12 months was, again, in contrast with the prevailing view that the trend of the market would be upward, partly because 1960 was an election year, and, also, since we were to begin "the soaring 60's."

I was not quite in gear with the prevailing view in November, 1961, when I was looking for only a moderate setback early in 1962, and a rising trend for the year as a whole. At that time, my files show that it was popular to expect the 1960-1961 advance to run its course by sometime between March and June, 1962, with a downward trend thereafter. This was my one bad "miss" in the past decade. While I was on record in late 1961 urging the avoidance of glamour stocks selling at 50 to 90 times earnings, I did make a serious mistake in not allowing for the possibility that as soon as there was any development that might shatter confidence, these overly exploited market favorites would collapse and temporarily pull down the entire market structure. President Kennedy's publicly expressed hostility to businessmen as a group last April unquestionably was the catalyst which brought about a shattering of confidence and a 25% decline in the Dow Industrials in the next three months.

In light of this background, I should like to give you my personal reasons for expecting a further rise in stock prices during the months immediately ahead.

Reasons for Expecting Market Uptrend

In the first place, I believe there is a high degree of basic correlation betwen changes in the supply of credit on the one hand, and the cyclical trend of business and stock prices on the other. Since the stock market is much more sensitive to changes in the credit supply than is business, the stock market tends to move ahead of business. In the past, upward spirals in the economy have not ended until *after* the Federal Reserve Board took steps, either positive or negative, to reduce bank reserves by $1 billion or more within a period of 12 to 15 months as, for exmaple, in 1936, 1952, 1955 and 1959; or the rediscount rate had been increased by 100% from the previous cyclical low, as in August, 1929; May, 1946; January, 1953; May, 1956; and June, 1959. Business activity usually turns downward within a few months after a sharp decline in the stock market. The fact that this did not happen last year tends to confirm the view that the decline in stock prices last spring was due to emotional and technical developments rather than to any fundamental consideration, such as a major decline in the supply of credit. On the basis of both logic and experience, this means that the line of least resistance in the stock market should continue to be upward over at least the near-term.

I would not be surprised to see the Federal Reserve Board take further steps to tighten credit by sometime this spring or early summer, however, particularly if inflation psychology is rekindled. The latter could result from face-saving attempts to rationalize the "unexpected" strength in the stock market since last June; the publicity the Republicans (and conservative Democrats) may give to each new high in the Federal debt; or a pick-up in business traceable to inventory accumulation in anticipation of strikes or general price increases. The FRB may also find it imperative to tighten credit if Europeans show signs of really losing confidence in the dollar because of our open adoption of deficit spending as a national policy even when business activity is at a fairly high level.

Boost From Earnings

A second reason for expecting stock prices to at least temporarily advance to, or well above, their 1961 highs is that the trend of earnings continues irregularly upward as more businessmen have begun to realize the necessity for cutting costs. We expect this year's earnings for the Dow Jones Industrials to be somewhere between $38 and $40 a share, as compared with only slightly above $31 a share in 1961. On the basis of the trends as well as levels of price-earnings relationships in recent years, an advance to the equivalent of 19 to 20 times earnings might be considered a reasonable expectancy. This conclusion is supported by (1) the probability that new financing this year will not compete for equity funds to nearly the extent that it did in 1961 or 1962; and (2) the fact that the Dow Industrials reached a high of at least 20 times earnings in each of the past five years. Furthermore, a level of 20 times earnings is equivalent to a 5% "earnings' yield" basis. I personally am convinced that "earnings' yields" are fundamentally much more significant than "dividend yields" either with or without relating these to bond yields. I say this because investors are fundamentally much better off if managements limit dividend payments to a small proportion of earnings when the retained funds can be used to advantage, than if virtually all dividends are paid out and then recaptured through the issuance of rights to new shares.

In this connection, I might mention that I am a little disappointed in the publicity being given to price-earnings relationships based on earnings for the preceding four quarters. This can be very misleading during periods when the trend of earnings is either definitely upward or downward, since stocks do not sell on the basis of *past* earnings to nearly the same extent as they do in relation to earnings in prospect for the 6 to 12 months immediately ahead. This emphasis on previously reported earnings is the antithesis of the sounder (but sometimes overdone) "growth approach" wherein efforts are made to appraise stocks on the basis of earnings possibilities 5 to 10 years ahead. From a practical point of view, I think we should emphasize the relationship of stock prices to earnings in prospect over the next year or two, rather than to income reported for the preceding four quarters, *or* the hopes of the far distant future.

Time Cycle Theory

A third and final reason I will present in support of may expectations of higher stock prices during the period immediately ahead, is the implications of a Timing Cycle theory which I first developed in 1930. Those who have read my articles in "Cycles" know that my Time Cycle concept is based on the indicated presence of three overlapping 10 year cycles, one of which tells us to look for a decine during the third year of each decade. My original studies called attention to the tendency of the market to experience important readjustments starting late in the "second," or early in the "third" year of these ten-year periods. Subsequent research has shown that when there has been a fairly sharp readjustment in the preceding 12 months, we should allow for a probable delay in the Timing of the "3" year peak. The decline during the first half of 1962 was roughly about halfway between the setbacks witnessed in the first half of 1932 and in the early months of 1942. In both instances, the highs during the following year were not recorded until June or July. Back in 1893, 1903, 1913 and 1923, the declining trends during this interval of what Mr. Edgar Lawrence Smith has termed "The Decennial Pattern," were all underway before the end of the first quarter. The same thing was true in 1953, when the highs for that year were seen in January, even though Wall Street had turned very optimistic because the Republicans were about to take over the White House for the first time in 20 years. However, all of these years, including 1953, were preceded by a 12 months period of either stable or rising equity prices. If the stock market continues to follow the indications of our Time Cycles in the next 12 months as closely as it has about 80% of the time over the past 60 years, those who are looking for a relatively soft stock market and hesitation in business activity during the first half of this year, followed by a rising trend in the last six months, may find themselves as wrong as they were in their optimistic projections for 1960, or their pessimistic forecasts for the last half of 1962.

Anticipation of Turning Points

In closing, I want to call attention to the fact that all of my studies are focused on efforts to *anticipate* turning points in the stock market cycle, rather than to merely try to recognize them after they are well underway. I think this is a very important objective in managing institutional funds in particular, and for anyone who has a social conscience and would, therefore, like to help dampen the amplitudes of the cycle rather than help exaggerate the market swings by taking action only after a cyclical move is clearly underway. There is no certainty, of course, that any approach to market forecasting will give as good results in the future as it has in the past. I personally believe that the probability that a forecast will prove correct will continue to depend on the extent that emphasis is placed on approaches (or particular combinations of stock market indicators) *that have been tested in actual practice.* The stock market outlook will have to be reviewed very carefully in June or July, of course, particularly if optimism by that time reaches the proportions of early 1937, the fall of 1939, the spring of 1946, or January, 1960. I have grave misgivings about the possible long-term outcome of the experimentation with our economic system in Washington, but I do not see how anyone can be certain whether the result will be an explosive inflation (and perhaps a world-wide rise in the price of gold), on the one hand; or a downward market readjustment of the type witnessed in 1937 to 1942, on the other. In my opinion, these basic uncertainties warrant emphasis on the cyclical outlook for stock prices, with due regard to stock selections which feature the purchase of the equities of well managed companies, when their shares are available at discounts for unpopularity.

*An address by Mr. Gaubis before the Association cf Customers' Brokers, New York City, Feb. 12, 1963.

The Security I Like Best

Continued from page 2

Company feels that their working capital of $9,865,944 is sufficient to permit an increase of at least 20% in total volume without additional equity or debt financing. At present, Joseph & Feiss's advance bookings for this Spring are up 17% over 1962, while those of WINDBREAKER are up 20%.

Long-term debt consists of a 6¼% insurance company note of $2,700,000. There are 700,000 shares of $2.50 par value common stock of which 424,255 shares are outstanding. The Company holds 74,940 shares in the treasury. The shares have a book value of $20.81. Net quick assets are just under $17 per share. A 25¢ dividend was paid in January of this year, the first since a 25¢ payment in January 1961. No dividend was paid in 1959 or 1960.

The stock, selling at $10.50 per share, is valued in the Over-the-Counter Market at 9.5 times 1962 fiscal year earnings of Joseph & Feiss alone.

The Joseph & Feiss Company is entering what will undoubtedly prove to be the most successful year in its long history. With recently instituted management controls beginning to pay off, along with the diversification through acquisition of WINDBREAKER—Danville giving entry into the enormous leisure wear market, Joseph & Feiss has set its sights on a combined volume in excess of $30,000,000 for fiscal 1963. Barring unforeseen developments beyond the Company's control, this figure should be reached and with it a further improvement in per share earnings.

These facts and assumptions make this security my favorite and a favorite of individuals seeking a stock conservatively valued in the market but with distinct growth possibilities for both near- and long-term investment.

Named Director

General Lucius D. Clay has been elected a director of the Chase International Investment Corporation, a wholly-owned foreign financing subsidiary of the Chase Manhattan Bank, it has been announced.

Lucius D. Clay

He served on Chase Manhattan's board of directors from Nov. 19, 1958, until Jan. 30, 1963, when he resigned to become a senior partner in the firm of Lehman Brothers, investment bankers.

Gen. Clay, who from 1947 to 1949 served as Commander-in-Chief of U. S. Forces in Europe and Military Governor of the U. S. Zone in Germany, was personal representative of President Kennedy with rank of Ambassador on temporary assignment in Berlin during the Berlin Wall crisis.

He is chairman of the Committee to Strengthen the Security of the Free World, and a director of Metropolitan Life Insurance Company, General Motors Corporation, United States Lines, American Express Company, Allied Chemical Corporation, Lehman Corporation, and Aerospace Corp.

Gen. Clay also is a trustee of Central Savings Bank and chairman of the executive committee and a director of Continental Can Company.

E. Myers Joins Eisele & King

Effective Feb. 1, Elmer E. Myers joined the Corporate Finance Dep't of Eisele & King, Libaire, Stout & Co., 50 Broadway, N.Y.C., members of the New York Stock Exch. and other exchanges.

Elmer E. Myers

Mr. Myers first entered the Street in 1915 with Hodenpyl, Hardy & Co. He was with the firm until 1928, except for service overseas in World War I with the Tank Corps. In the 1930 to 1934 period he traveled extensively in this country and in Europe surveying industrial conditions for a private group. He returned to the Street to manage the Trading Department of Sutro Bros. & Co., in 1934, where he stayed till 1941. Once again he went into service with the armed forces in Africa and was recommended for a field commission. Following this, he served as a Vice-President of several firms in the capacity of sales manager and dealer relations. Mr. Myers is a Past Commander of the Tank Corps Post of the American Legion and also Past Commander of the Veterans of Foreign Wars.

New Map Shows NYS Resources and Facilities

A unique, colorful map showing the geography and highway system of New York State, with individual detailed maps of the State's resources and facilities, has been published by the Area Development Department of Niagara Mohawk Power Corporation.

The map is designed to acquaint industrialists and business executives with the resources available in New York State, and the plant location services offered by Niagara Mohawk. In addition to a general road map of the entire state, eight individual maps illustrating railroad lines, navigable waterways, mineral locations, colleges and universities, airports, forest areas, population density of the state, and the location of principal research laboratories are included.

The map contains a description of the complete plant location services offered by Niagara Mohawk to industries, without cost or obligation. The company's franchise area is outlined on the face of the map; listed also are district and division offices where location assistance is available.

Copies of the New York State Map may be obtained without charge by writing, on your letterhead, to the Area Development Department, Niagara Mohawk Power Corporation, Department RJ, 300 Erie Boulevard West, Syracuse 2, N. Y.

COMMENTARY...

BY M. R. LEFKOE

In last week's column, I advocated that the business community undertake a nationwide program of disseminating information to the general public on three crucial issues: the theory of *laissez-faire* capitalism, the morality of business as a profession and profit-seeking as a goal, and the history of free enterprise in the United States.

Such a program, I pointed out, would serve to counteract the false collectivist version of these subjects which have permeated our entire culture, and which have been largely responsible for the widespread acceptance of that economically unsound and morally unjust political system known as a "mixed economy".

Many businessmen probably responded to this suggestion with the thought: Yes, it would be a good idea, if it were possible; but how can complex economic issues be made intelligible to the general public?

In answer to this question, I have reprinted below an analysis of the collectivist assertion: "In a society of *laissez-faire* capitalism, powerful monopolies would be formed which would gain control over the entire economy." Originally published in the June, 1962, issue of *The Objectivist Newsletter*,* Nathaniel Branden's refutation of this collectivist claim is a brilliant demonstration of how a complex and widely misunderstood economic issue can be presented in terms readily understandable by the general public.

As you read it, ask yourself whether the government would have as much support for its program of harrassing and harnessing businessmen if every citizen in the United States had read it. Ask yourself further if the collectivist thesis — "*laissez - faire* capitalism had its chance, but failed miserably"—would be as widely accepted by the American public. Your answer will indicate why the public must be provided with the truth on issues such as this.

Truth About Monopolies

"One of the worst fallacies in the field of economics — propagated by Karl Marx and accepted by almost everyone today, including many businessmen—is that the development of monopolies is an inescapable and intrinsic result of the operation of a free, unregulated economy. In fact, the exact opposite is true. It is a free market that makes monopolies impossible.

"It is imperative that one be clear and specific in one's understanding of the meaning of 'monopoly.' When people speak, in an economic or political context, of the dangers and evils of monopoly, what they mean is a *coercive* monopoly—that is: exclusive control of a given field of production which is closed to and exempt from competition, so that those controlling the field are able to set arbitrary production policies and charge arbitrary prices, independent of the market, immune from the law of supply and demand. Such a monopoly, it is important to note, entails more than the *absence* of competition; it entails the *impossibility* of competition. That is a coercive monopoly's characteristic attribute—and is essential to any condemnation of such a monopoly.

"In the whole history of capitalism, no one has been able to establish a coercive monopoly by means of competition on a free market. There is only one way to forbid entry into a given field of production: by *law*. Every single coercive monopoly that exists or ever has existed—in the United States, in Europe or anywhere else in the world — *was created and made possible only by an act of government*: by special franchises, licenses, subsidies, by *legislative* actions which granted special privileges (*not* obtainable on a free market) to a man or a group of men, and forbade all others to enter that particular field.

"A coercive monopoly is not the result of *laissez faire*; it can result only from the *abrogation* of *laissez faire* and from the introduction of the *opposite* principle—the principle of *statism*. . . ."

Why Absolute Control Cannot Be Maintained

"The question is often asked: What if a large, rich company kept buying out its smaller competitors or kept forcing them out of business by means of undercutting prices and selling at a loss—would it not be able to gain control of a given field and then start charging high prices and be free to stagnate with no fear of competition? The answer is: No, it would not be able to do it.

"If a company assumed heavy losses in order to drive out competitors, then began to charge high prices to regain what it had lost, this would serve as an incentive for new competitors to enter the field and take advantage of the high profitability, without any losses to recoup. The new competitors would force prices down to the market level. The large company would have either to abandon its attempt to establish monopoly prices—or else go bankrupt fighting off the competitors that its own policies would attract.

"It is a matter of historical fact that no 'price war' has ever succeeded in establishing a monopoly or in maintaining prices *above* the market level, outside the law of supply and demand. ('Price wars' *have*, however, acted as spurs to the economic efficiency of competing companies — and have thereby resulted in enormous benefits to the public, in terms of better products at lower prices.)

"What is frequently forgotten by people, in considering an issue of this kind, is the crucial role of the capital market in a free economy. As Alan Greenspan observes in his article 'Bad History' (*Barron's*, Feb. 5, 1962): 'If entry [into a given field of production] is not impeded by Government regulations, franchises or subsidies, the ultimate regulator of competition in a free economy is the capital market. So long as capital is free to flow, it will tend to seek those areas of maximum rate of return.'

"Investors are constantly seeking the most profitable uses of their capital. If therefore, some field of production is seen to be highly profitable (particularly when the profitability is due to high prices rather than to low costs), businessmen and investors necessarily will be attracted to that field; and, as the supply of the product in question is increased relative to the demand for it, prices fall accordingly. 'The capital market,' writes Mr. Greenspan, 'acts as a regulator of prices, not necessarily of profits. It leaves any individual producer free to earn as much as he can by lowering his costs and by increasing his efficiency relative to others. Thus it constitutes the mechanism which generates greater incentives to increased productivity, thereby leading to a rising standard of living.'

Ford vs. General Motors

"The free market does not permit inefficiency or stagnation—with economic impunity—in any field of production. Consider, for instance, a well-known incident in the history of the American automobile industry. There was a period when Henry Ford's Model-T held an enormous part of the automobile market. But when Ford's company attempted to stagnate and to resist stylistic changes—'You can have any color of the Model-T you want, so long as it's black'—General Motors, with its more attractively styled Chevrolet, cut into a major segment of Ford's market. And the Ford Co. was compelled to change its policies in order to compete. One will find examples of this principle in the history of virtually every industry.

"Now if one considers the only kind of monopoly that *can* exist under capitalism, a *non*-coercive monopoly, one will perceive that its prices and production policies are not independent of the wider market in which it operates, but are fully bound by the law of supply and demand; that there is no particular reason for or value in retaining the designation of 'monopoly' when one uses it in a non-coercive sense; and that there are no rational grounds on which to condemn such 'monopolies.'

"For instance, if a small town has only one drug store, which is barely able to survive, the owner might be described as enjoying a 'monopoly' — except that no one would think of using the term in this context. There is no economic need or market for a second drug store, there is not enough trade to support it. But if that town grew, its one drug store would have no way, no power, to prevent other drug stores from being opened.

"Now if a company were able to gain and hold a non-coercive monopoly, if it were able to win all the customers in a given field, not by special government-granted privileges, but by sheer productive efficiency—by its ability to keep its costs low and/or to offer a better product than any competitor could—there would be no grounds on which to condemn such a monopoly. On the contrary, the company that achieved it would deserve the highest praise and esteem.

The Case of Aluminum

"The history of the Aluminum Company of America prior to World War II is a case in point. Seeking constantly to expand its market, Alcoa kept its prices as low as possible; this policy required enormous productive efficiency and cost-cutting. Alcoa was the only producer of primary aluminum and, as such, was a monopoly; but it was not a coercive monopoly; nothing prevented other companies from attempting to compete with it, except the fact that they could not match its productive efficiency. The pricing policies of Alcoa were entirely subject to the law of supply and demand: aluminum had to compete with steel, with copper, with cement, and with many other construction materials; and had Alcoa attempted to raise its prices—this would have served as an engraved invitation to competitors to enter Alcoa's own field.

"No one can morally claim the *right* to compete in a given field, if he cannot match the productive efficiency of those with whom he hopes to compete. There is no reason why people should buy inferior products at higher prices in order to maintain less efficient companies in business. Under capitalism, any man or company that can surpass competitors, is free to do so. It is in this manner that the free market rewards ability and works for the benefit of everyone—except those who seek the undeserved.

"A bromide commonly cited in this connection by opponents of capitalism is that of the old corner grocer who is thrown out of business by the big chain store. What is the clear implication of their protest? It is that the people who live in the neighborhood of the old grocer have to continue buying from him, even though a chain store could give them better service at lower prices and thereby let them save money. Thus both the owners of the chain store and the people in the neighborhood are to be penalized—in order to protect the stagnation of the old grocer.

"*By what right?*' If that grocer is unable to compete with the chain store, then, properly, he has no choice but to move elsewhere or go into another line of business or seek employment from the chain store. Capitalism, by its nature, entails a constant process of motion, of growth, of progress; no one has a *vested right* to a position, if others can do better than he can.

"When people denounce the free market as 'cruel,' the fact they are decrying is that the market is ruled by a single moral principle: *justice*. And *that* is the root of their hatred for capitalism.

The Real Villain

"In the issue of monopolies, as in so many other issues, capitalism is commonly blamed for the evils perpetrated by its destroyers: it is not free trade on a free market that creates coercive monopolies, but government legislation, government action, government controls. If men are concerned about the evils of monopolies, let them identify the actual villain in the picture and the actual cause of the evils: government intervention into the economy. Let them recognize that there is only one way to destroy monopolies: by the separation of State and Economics—that is, by instituting the principle that the government may not abridge the freedom of production and trade."

*Published monthly at 165 E. 35th St., New York 16, N. Y. See also the Aug., 1962 issue for Mr. Branden's analysis of the collectivist thesis: "Periodic depressions are inevitable in a system of *laissez-faire* capitalism."

Correction

In the *Financial Chronicle* of Jan. 31, it was reported that Robert C. Bueermann & Co., Inc., 811 Southwest Sixth Avenue, Portland, Oregon, had been formed to engage in a securities business. We are informed that this is in error. Robert C. Bueermann & Co., Inc. engages solely in the profession of investment counsel and does not act as brokers or dealers.

NEWS ABOUT BANKS AND BANKERS

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

Dana T. Bartholomew has been appointed a member of the Trust Board of **First National City Bank, New York.**

* * *

The **Manufacturers Hanover Trust Co., New York,** elected John J. Evans a Vice-President for the Midwest in the national division.

* * *

Approval to open a second office of **Long Island Trust Co., Garden City, N. Y.** in the Farmingdale area has been received from the Board of Governors of the Federal Reserve System, confirming earlier approval by the New York State Banking Dept. Site of the new office is in East Farmingdale on Route 110, 2500 feet south of the junction with Conklin St.

The East Farmingdale office, which will be opened in the late spring or early summer, is the Trust Company's sixteenth and its fourth in Suffolk County. Other offices are: South Farmingdale (in the County Line Shopping Center, 918-11 South Main St.), Copiague, Lindenhurst, Melville, Levittown Parkway, Mineola, Freeport, South Freeport, Great Neck, Cherry Valley (West Hempstead), Stewart Manor, County Center (Garden City), Garden City Park, and East Garden City. The bank's Main Offfice is located at 82 Seventh St., Garden City.

* * *

Approval has been granted by the Comptroller of the Currency to the **Security National Bank of Long Island** for a branch office on Route 110 in East Farmingdale, New York.

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The Comptroller of the Currency James J. Saxon approved the application to consolidate the **National Bank of Liberty, Liberty, New York,** and the **South Fallsburg National Bank, South Fallsburg, New York,** effective on or after Feb. 8.

* * *

The **Manufacturers & Traders Trust Co., Buffalo, N. Y.** elected Raymond D. Stevens, Jr., a Director.

* * *

The **First Pennsylvania Banking & Trust Co., Philadelphia, Pa.,** made Robert K. McInnes trust department, administration; Henry H. Pease, Jr., trust department, investments, and Thomas W. Snedeker, a regional division, metropolitan department Vice-Presidents.

* * *

Thomas E. Wilshire was promoted to Assistant Vice-President and Manager of the Systems Division, of **Western Pennsylvania National Bank, Pittsburgh, Pa.**

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The Comptroller of the Currency James J. Saxon gave preliminary approval Feb. 9 to the establishment of a National Bank in the District of Columbia under the title, **Public National Bank.** The new bank will have initial total capital funds of $3,000,000, divided into 150,000 shares of $10 par value. The proposed offering price of the stock will be $20 per share. The proposed location of the new bank is in the vicinity of Vermont Avenue and "K" Streets, N. W., Washington, D. C.

The proposed directors of the new bank are the following: Allen Baer, Jack J. Blank, Oscar I. Dodek, Peter C. Kalavritinos, Walter Ogus, Jack Pry, and Sol C. Snider.

* * *

Kenneth W. Sledd was promoted to Assistant Vice-President of **The Bank of Virginia, Richmond, Virginia.**

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The Comptroller of the Currency James J. Saxon approved the application to merge **The First National Exchange Bank of Virginia, Roanoke, Va.,** and **Dominion National Bank of Bristol, Bristol, Va.,** under the charter and title of the former on or after Feb. 13.

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The **Manufacturers National Bank of Detroit, Mich.,** elected Max M. Fisher, a Director.

* * *

The Board of Governors of the Federal Reserve System approved on Feb. 5 the application of the **Ann Arbor Bank, Ann Arbor, Mich.,** with deposits of $63,700,000 with **The Dexter Savings Bank, Dexter, Mich.** with deposits of $4,400,000 under the charter and title of the former.

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The **Byron Center State Bank, Byron Center, Mich.,** has changed its title to **Byron Center State Bank.**

* * *

The Comptroller of the Currency James J. Saxon approved the application to consolidate the **Commercial National Bank of Ithaca, Ithaca, Mich.,** and the **Pompeii State Bank, Pompeii, Mich.** on or after Feb. 11.

* * *

The **First National Bank, Minneapolis, Minn.,** elected C. F. Pierson, a Director.

* * *

The Comptroller of the Currency James J. Saxon, Feb. 4, announced that he has given preliminary approval to organize a National Bank in Gladstone, Missouri.

Initial capitalization of the new bank will amount to $400,000 and it will be operated under the title **"First National Bank of Gladstone."**

* * *

The **Guaranty Bank, Phoenix, Ariz.,** elected Ernest R. Breech, a Director.

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The **Crocker-Anglo National Bank, San Francisco, Calif.,** elected Charles L. VanHorne a Vice-President at the San Jose, Calif., main office.

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The Comptroller of the Currency James J. Saxon approved on Feb. 1 the application to merge **United States National Bank of San Diego, San Diego, Calif.,** and **The First National Bank of La Verne, La Verne, Calif.,** effective on or after Feb. 8.

* * *

The **United States National Bank, San Diego, Calif.,** is offering its stockholders rights to purchase 27,500 additional common shares ($1,182,500) at $43 a share. The subscription offering will be at the rate of one new share for each 19 held.

The offering, together with 22,500 new shares being issued is to acquire the **First National Bank of La Verne, Calif.,** will bring the total common shares outstanding to 535,000.

* * *

SWISS BANK CORPORATION, BASLE, SWITZERLAND

	Dec. 31, 1962 S. Fcs.	Dec. 31, 1961 S. Fcs.
Total resources	6,877,488,272	6,049,924,151
Deposits	6,223,134,365	5,430,645,651
Cash and due from banks	2,332,725,468	2,001,674,193
U. S. Govt. and other securities	588,382,021	593,435,357
Loans & discts.	3,074,414,872	2,620,256,625
Undivid. profits	43,204,680	42,109,724

IBA Issues Study On Ratings of Municipal Bonds

The $37.4 billion of municipal bonds issued from 1957 through 1961 are analysed by investment ratings, type of issue and size of issue in a study just released by the Research Department, Investment Bankers Association of America. The study examines the overall pattern of ratings and how this pattern varied between general obligation and revenue bonds and among bond issues of various sizes.

More than 33,000 municipal bond issues were reviewed. They constituted approximately half the dollar total of all municipal bonds outstanding at the beginning of 1962. Thus, they provide a good sample of the total and should be indicative of the size and ratings of all outstanding municipal bond issues.

General conclusions of the study are:

(1) By value, almost three times as many revenue bond issues are unrated as are general obligation issues.

(2) In terms of number of issues, just over two out of five (43.1%) of all general obligation bonds were rated, while only one out of four revenue issues (25.0%) was rated.

(3) General obligations, as a group, received higher quality ratings than revenue bond issues —44.9% (by value) of all general obligations were rated Aa or better, while 46.0% of revenues were rated A or better.

(4) The larger the issue, the more likely it is to be rated, and, if rated, the higher the rating is likely to be.

In addition, there has been a tendency over the five-year period for an increasing proportion of small municipal bond issues to receive ratings.

Individual copies of this study are available from the Research Department, Investment Bankers Association of America, 425 Thirteenth Street, N. W., Washington 4, D. C.

Byllesby Directors

Two veteran oil industry executives have been elected to the Board of Directors of H. M. Byllesby and Company, Chicago-based investment banking firm, which also has extensive holdings in the gas and oil area of Utah.

The new directors are C. P. Chandler, Jr., President of Chandler-Simpson, Inc., of Denver, Colo., an affiliated company which specializes in oil and gas well drilling and exploration, and M. C. Hoffman, an independent oil and gas consultant.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The domestic money market, in spite of the trend in most free world money centers toward somewhat lower rates, is not expected to ease very much, if any, since we must keep our rates at levels which will not make profitable the outflow of funds from the United States because we still have a balance of payments problem. The trend toward lower interest rates in other free world centers, however, may be coming to an end.

The capital market, although not far away from the highs for the year, does not appear to have the same enthusiasm that was evident in the not too distant past. It seems as though the very large deficits of Government, which will have to financed in a way that will not give rise to inflationary pressures, is causing a modest amount of concern among the buyers of Government bonds.

Higher Long-Treasury Yields Seen Likely

The action of the capital market appears to indicate that there is some hesitation on the part of buyers of long-term obligations. It is evident from the market movement of long-terms that the yields on these securities are again in a plateau and, unless there is a further easing of long-term capital market conditions, the most distant maturities of fixed income obligations are not going to make much, if any, progress towards lower rates of return.

In other words, it seems to be the opinion of many long-term bond buyers that yields on these securities will not go lower and they could, with an increase in the offerings of the most distant maturities of Governments, move out of the area they have been in, into one in which somewhat higher yields would be the order of the day.

Ultimate Investor to Be Goal Of Forthcoming Issues

It is believed that the Government, in order to finance the coming deficits, will make real efforts to get the new money raising obligations into the hands of the ultimate investor. This can be done through the sale of all kinds of Government issues to the ultimate investor, since the purchase by corporations of short-term Treasury bills or other near-term liquid obligations does not result in an increase in deposits or purchasing power since it is just a shift in deposits from the corporation to the Government.

In addition, the sale of medium term Government bonds to the ultimate investor is expected by some capital market specialists to be one of the ways in which the Treasury will raise needed new money. It is believed that there are sizable amounts of money that would be interested in purchasing Government obligations with a maturity that would not be longer than twenty years, probably a ten to fifteen year issue would be more to their liking.

The funds that would be used to make these commitments would come from institutional investors other than banks of deposit. In these purchases, there would likewise be no inflationary implications since there would be no increase in deposits of purchasing power, only a shifting of deposits to the Government.

The sale of long-term Government bonds will not be inflationary either, in so far as these obligations are also sold to the ultimate investor. The purchases of Treasury bonds by pension funds, insurance companies, charitable organizations, savings banks and all other institutional investors, aside from the commercial banks, likewise does not bring about any increase in deposits, since there is only an exchange in deposits from the ultimate buyer to the Treasury.

In respect to the commercial banks, the sale of new money securities to them results in new deposits being created which is new purchasing power. This is what would cause the inflationary psychology to come to the forefront again.

Accordingly, the Treasury is expected to make every effort to sell a goodly amount of their securities to the final investor in order to finance the deficit without creating inflationary conditions which will bring about somewhat higher capital market rates and reduce the differential between Government and non-Federal bonds.

Small Attrition on February Exchange Offer

The Treasury announced that the February 15 refunding operation was a very successful one, with 97.4% of the maturing securities being turned in for the refunding issue. The amount of $6,763,000,000 went into the 3¼% certificate due Feb. 15, 1964, and $2,471,000,000 into the 3¾s, due Aug. 15, 1968. The attrition of $231,000,000 was very small.

Details of the Treasury's forthcoming "junior advance refunding," pertaining to selected near-term maturities, are expected to be made known in the next day or so.

Internat'l Trade Fair in Tokyo April 16, 1963

Tokyo's Fifth Biennial International Trade Fair will open April 16 with an estimated 100,000 exhibits from all parts of the world.

The three-week exhibition will include all of Japan's industrial and consumer goods as well as products of more than a thousand overseas exhibitors. They will be displayed at Tokyo's permanent International Trade Fair Grounds in the Harumi Pier area, ten minutes fom the center of the city.

During Tokyo's last International Trade Fair (1961) more than $59,000,000 in contracts were signed involving more than 7,000 buyers from 84 nations.

The 1963 Fair has been given added impetus by recent lifting of restrictions on 88% of imports to Japan, and by the nation's continued economic expansion and rising consumption levels.

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. 9	1,975,000	1,874,000	1,912,000	2,446,000
Index of production based on average weekly production for 1957-1959	Feb. 9	106.0	100.6	102.6	131.3
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 1	7,206,660	7,245,460	7,280,410	7,404,210
Crude runs to stills—daily average (bbls.)	Feb. 1	8,726,000	8,681,000	8,543,000	8,526,000
Gasoline output (bbls.)	Feb. 1	30,269,000	30,337,000	30,687,000	29,509,000
Kerosene output (bbls.)	Feb. 1	3,704,000	3,641,000	3,524,000	3,447,000
Distillate fuel oil output (bbls.)	Feb. 1	15,423,000	15,637,000	15,621,000	15,748,000
Residual fuel oil output (bbls.)	Feb. 1	6,422,000	6,113,000	6,427,000	6,885,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished gasoline (bbls.) at	Feb. 1	201,602,000	198,976,000	189,545,000	196,333,000
Kerosene (bbls.) at	Feb. 1	26,104,000	27,571,000	31,379,000	26,906,000
Distillate fuel oil (bbls.) at	Feb. 1	113,548,000	122,929,000	143,511,000	118,286,000
Residual fuel oil (bbls.) at	Feb. 1	48,565,000	*48,784,000	49,520,000	41,838,000
Unfinished oils (bbls.) at	Feb. 1	80,427,000	80,487,000	83,388,000	79,464,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 2	501,294	462,019	422,196	549,051
Revenue freight received from connections (no. of cars)	Feb. 2	470,886	453,182	404,212	515,593
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 2	7,865,000	*7,555,000	7,100,000	8,235,000
Pennsylvania anthracite (tons)	Feb. 2	339,000	348,000	242,000	377,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS - RECORD—NEW SERIES:					
Total advance planning by ownership	Feb. 7	$558,400,000	$723,700,000	$476,000,000	$1,067,700,000
Private	Feb. 7	273,300,000	308,000,000	186,300,000	235,800,000
Public	Feb. 7	285,100,000	415,700,000	289,700,000	831,900,000
State and Municipal	Feb. 7	256,000,000	374,800,000	273,400,000	822,000,000
Federal	Feb. 7	29,100,000	40,900,000	16,300,000	9,900,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE=100	Feb. 2	83	*82	91	82
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 9	17,532,000	18,188,000	17,467,000	16,468,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 7	329	320	315	313
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 4	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Feb. 4	$63.43	$63.43	$63.43	$66.44
Scrap steel (per gross ton)	Feb. 4	$28.17	$27.83	$27.50	$38.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 8	30.600c	30.600c	30.600c	30.600c
Export refinery at	Feb. 8	28.425c	28.500c	28.400c	28.525c
Lead (New York) at	Feb. 8	10.500c	10.500c	10.000c	9.750c
Lead (St. Louis) at	Feb. 8	10.300c	10.300c	9.800c	9.550c
‡Zinc (delivered at)	Feb. 8	12.000c	12.000c	12.000c	12.500c
Zinc (East St. Louis) at	Feb. 8	11.500c	11.500c	11.500c	12.000c
Aluminum (primary pig, 99.5%) at	Feb. 8	22.500c	22.500c	22.500c	24.000c
Straits tin (New York) at	Feb. 8	108.500c	109.750c	111.000c	120.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 12	90.21	90.49	90.67	86.77
Average corporate	Feb. 12	89.09	89.09	88.95	86.11
Aaa	Feb. 12	93.23	93.08	92.93	89.78
Aa	Feb. 12	90.91	90.77	90.77	87.99
A	Feb. 12	89.37	89.37	89.09	85.59
Baa	Feb. 12	83.53	83.53	83.28	81.29
Railroad Group	Feb. 12	86.38	86.11	85.72	83.40
Public Utilities Group	Feb. 12	90.63	90.63	90.63	87.05
Industrials Group	Feb. 12	90.63	90.63	90.48	87.86
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 12	3.71	3.67	3.64	4.04
Average corporate	Feb. 12	4.48	4.48	4.49	4.70
Aaa	Feb. 12	4.19	4.20	4.21	4.43
Aa	Feb. 12	4.35	4.36	4.36	4.56
A	Feb. 12	4.46	4.46	4.48	4.74
Baa	Feb. 12	4.90	4.90	4.92	5.08
Railroad Group	Feb. 12	4.68	4.70	4.73	4.91
Public Utilities Group	Feb. 12	4.37	4.37	4.37	4.63
Industrials Group	Feb. 12	4.37	4.37	4.38	4.57
MOODY'S COMMODITY INDEX	Feb. 12	372.4	373.6	369.1	372.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 2	358,699	352,233	168,338	354,629
Production (tons)	Feb. 2	349,096	350,835	120,651	340,317
Percentage of activity	Feb. 2	94	95	69	--
Unfilled orders (tons) at end of period	Feb. 2	455,175	446,729	458,616	473,415
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Feb. 8	113.95	*112.86	122.71	110.97
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 18	2,941,120	2,989,770	2,397,840	2,660,130
Short sales	Jan. 18	737,050	662,540	375,600	447,180
Other sales	Jan. 18	2,241,870	2,554,230	1,791,710	2,309,000
Total sales	Jan. 18	2,978,920	3,216,770	2,167,310	2,756,180
Other transactions initiated off the floor—					
Total purchases	Jan. 18	729,750	623,890	392,270	386,140
Short sales	Jan. 18	89,358	53,210	29,700	31,300
Other sales	Jan. 18	623,922	616,080	282,230	379,020
Total sales	Jan. 18	713,280	669,290	311,930	410,320
Other transactions initiated on the floor—					
Total purchases	Jan. 18	1,140,038	1,109,120	996,567	893,985
Short sales	Jan. 18	164,040	183,690	113,020	92,620
Other sales	Jan. 18	1,208,060	1,161,049	831,874	925,416
Total sales	Jan. 18	1,372,100	1,344,739	944,894	1,018,036
Total round-lot transactions for account of members—					
Total purchases	Jan. 18	4,810,908	4,722,780	3,786,677	3,940,255
Short sales	Jan. 18	990,448	899,440	518,320	571,100
Other sales	Jan. 18	4,073,852	4,331,359	2,905,814	3,613,436
Total sales	Jan. 18	5,064,300	5,230,799	3,424,134	4,184,536
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. 18	1,837,716	1,932,829	1,248,846	2,018,497
Dollar value	Jan. 18	$91,896,993	$92,651,610	$58,782,515	$109,791,364
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Jan. 18	1,993,611	1,972,213	1,990,740	1,825,891
Customers' short sales	Jan. 18	20,349	15,735	13,616	16,636
Customers' other sales	Jan. 18	1,973,262	1,956,478	1,977,124	1,809,255
Dollar value	Jan. 18	$99,415,044	$95,492,912	$85,193,525	$95,319,237
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 18	682,830	615,690	913,280	491,750
Short sales	Jan. 18	------	------	------	------
Other sales	Jan. 18	682,830	615,690	913,280	491,750
Round-lot purchases by dealers—Number of shares	Jan. 18	518,490	574,710	200,230	697,970
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. 18	1,271,120	1,175,380	740,610	702,600
Other sales	Jan. 18	23,273,540	23,328,920	18,703,680	18,064,300
Total sales	Jan. 18	24,544,660	24,504,300	19,444,290	18,766,900
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Feb. 5	100.3	100.4	100.4	a
Farm products	Feb. 5	97.9	98.5	97.6	a
Processed foods	Feb. 5	100.3	*100.4	100.4	a
Meats	Feb. 5	94.5	96.0	96.3	a
All commodities other than farm and foods	Feb. 5	100.6	100.6	100.7	a

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

	Latest Month	Previous Month	Year Ago
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1957-59 Average=100—Month of January:			
Adjusted for seasonal variation	114	*117	110
Without seasonal adjustment	86	211	83
METAL PRICES (E. & M. J. QUOTATIONS)—January:			
Copper—			
Domestic refinery (per pound)	30.600c	30.600c	30.600c
Export refinery (per pound)	28.453c	28.466c	28.060c
††London, prompt (per long ton)	£234.131	£234.151	£230.449
††Three months, London (per long ton)	£233.574	£233.151	£230.545
Lead—			
Common, New York (per pound)	10.296c	10.000c	10.034c
Common, East St. Louis (per pound)	10.096c	9.800c	9.834c
††London, prompt (per long ton)	£54.250	£55.434	£59.102
††Three months, London (per long ton)	£54.696	£55.365	£60.290
Zinc—			
East St. Louis (per pound)	11.500c	11.500c	12.000c
§§Prime Western, delivered (per pound)	12.000c	12.000c	12.500c
††London, prompt (per long ton)	£67.585	£67.030	£70.213
††London, three months (per long ton)	£68.051	£67.714	£71.443
Silver and Sterling Exchange—			
Silver, New York (per ounce)	124.382c	119.875c	104.284c
Silver, London (per ounce)	106.517d	103.224d	87.080d
Sterling Exchange (check)	$2.80484	$2.80333	$2.81096
Tin, New York Straits	111.131c	110.688c	120.318c
Gold (per ounce U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$186.636	$186.600	$190.000
Antimony—			
¶New York, boxed (per pound)	36.250c	36.250c	36.250c
Laredo, bulk (per pound)	32.500c	32.500c	32.500c
Laredo, boxed (per pound)	33.000c	33.000c	33.000c
Platinum, refined (per pound)	$82.000	$82.000	$82.000
Cadmium (per pound, delivered ton lots)	$1.182273	$1.75000	$1.60000
(Per pound, small lots)	$1.186364	$1.80000	$1.70000
Cobalt, 97% grade (per pound)	$1.50000	$1.50000	$1.50000
Aluminum—			
99% grade ingot weighted average (per lb.)	22.500c	22.500c	24.000c
99% primary pig export	22.500c	22.500c	23.250c
**Nickel	79.000c	79.000c	81.250c
Bismuth (per pound)	$2.25	$2.25	$2.25
MONEY IN CIRCULATION—TREASURY DEPT. As of November 30 (000's omitted)	$34,600,000	$34,100,000	$33,500,000
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of January:			
Industrials (125)	3.29	3.41	3.04
Railroads (25)	4.79	5.03	4.77
Utilities (not incl. Amer. Tel. & Tel.) (24)	2.99	3.18	3.01
Banks (15)	3.16	3.27	3.34
Insurance (10)	2.41	2.53	2.20
Average (200)	3.25	3.37	3.03
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S. AUTOMOBILE MANUFACTURERS' ASSN.—Month of January:			
Total number of vehicles	811,997	759,599	497,955
Number of passenger cars	688,073	648,904	414,752
Number of trucks and motor coaches	123,924	110,695	82,893
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE — 1910-1914=100—As of Dec. 15:			
All farm products	242	245	240
Crops	224	227	224
Commercial vegetables, fresh	236	233	211
Cotton	261	268	269
Feed, grain and hay	153	147	150
Food grains	231	230	219
Fruit	198	*224	216
Oil-bearing crops	247	244	250
Potatoes	147	144	130
Tobacco	505	520	544
Livestock	258	262	254
Dairy products	263	268	271
Meat animals	308	314	299
Poultry and eggs	151	151	146
Wool	249	252	229
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Nov. (000's omitted):			
Savings and loan associations	$1,269,755	$1,403,110	$1,209,130
Insurance companies	104,936	115,965	97,256
Banks and trust companies	489,774	553,755	439,562
Mutual savings banks	178,433	191,151	173,116
Individuals	277,236	305,046	295,426
Miscellaneous lending institutions	562,546	638,506	539,125
Total	$2,882,680	$3,207,533	$2,753,615
RUBBER MANUFACTURING ASSOCIATION, INC.—Month of December:			
Passenger & Motorcycle Tires (Number of)—			
Shipments	7,736,844	9,614,628	8,160,610
Production	9,291,298	9,463,937	9,251,067
Inventory	24,285,563	22,725,880	22,806,787
Tractor Implement Tires (Number of)—			
Shipments	176,566	234,888	180,474
Production	256,958	275,047	233,711
Inventory	1,143,496	1,062,020	1,119,189
Passenger, Motorcycle, Truck and Bus Inner Tubes (Number of)—			
Shipments	2,640,164	3,250,739	2,873,602
Production	3,140,714	3,141,065	3,001,620
Inventory	9,897,642	9,280,435	9,784,084
Tread Rubber (Camelback)—			
Shipments (pounds)	40,696,000	*45,639,000	43,320,000
Production (pounds)	40,227,000	*48,001,000	43,101,000
Inventory (pounds)	15,509,000	*15,864,000	15,342,000
Truck and Bus Tires (Number of)—			
Shipments (pounds)	1,040,738	1,426,733	1,015,757
Production	1,330,099	1,379,655	1,232,304
Inventory	3,613,424	3,313,185	3,560,683
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS—Month of November (000's omitted):			
Exports	$1,851,200	$1,613,700	$1,817,700
Imports	1,451,600	1,438,900	1,342,200
U. S. GOVT. STATUTORY DEBT LIMITATION As of January 31 (000's omitted):			
Total face amount that may be outstanding at any time	$308,000,000	$308,000,000	$298,000,000
Outstanding—			
Total gross public debt	303,417,167	303,470,000	296,513,476
Guaranteed obligations not owned by the Treasury	530,908	517,623	346,538
Total gross public debt & guaranteed obligations	$303,948,076	$303,987,703	$296,860,014
Deduct—Other outstanding public debt obligations not subject to debt limitation	370,824	371,635	437,589
Grand total outstanding	$303,577,251	$303,616,068	$296,422,425
Balance face amount of obligations issuable under above authority	4,422,748	4,383,931	1,577,574

*Revised figure. ¶Domestic five tons or more but less than carload lots boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **Port Colburn, U. S. duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

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

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

● 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 trust. **Address** — Florence, S. C. **Underwriter** — None. **Note** — This registration was withdrawn.

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. (3/6)
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**—Expected in March or April.

● Atlanta 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.

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. **Note**—This registration was withdrawn

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

● Big Top Stores, Inc. (3/4-8)
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.

● Black Hills Power & Light Co.
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. **Offering**—Imminent.

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).

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.

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

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

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. **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.

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.

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. (2/25-28)**
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.

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NEW ISSUE CALENDAR

February 14 (Thursday)

Southern Railway Co. — **Equip. Tr. Ctfs.**
(Bids 12 noon EST) $4,020,000

February 18 (Monday)

Atlantic Coast Line RR. — **Equip. Trust Ctfs.**
(Bids 12 noon EST) $3,570,000

Buckingham Corp. — **Class A**
(Lehman Brothers) 400,000 shares

Great Eastern Insurance Co. — **Common**
(Emanuel, Deetjen & Co. and Zuckerman Smith & Co.) $1,908,000

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

Workman Electronic Products, Inc. — **Common**
(Hensberry & Co.) $420,000

February 19 (Tuesday)

Emerson Electric Manufacturing Co. — **Common**
(Blyth & Co., Inc.) 162,045 shares

Jayark Films Corp. — **Common**
(Pacific Coast Securities Co.) 85,000 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.) $3,504,900

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)

Consultant's Mutual Investments, Inc. — **Common**
(Gerstley, Sunstein & Co.) $5,000,000

Dixie Lime & Stone Co. — **Common**
(Courts & Co.) 100,000 shares

Emtec Inc. — **Debentures**
(Fulton, Reid & Co., Inc.) $300,000

Green Shoe Manufacturing Co. — **Common**
(Paine, Weber, Jackson & Curtis) 170,500 shares

Lunar Films, Inc. — **Common**
(Ingram, Lambert & Stephen, Inc.) $718,750

Manchester Insurance Management & Investment Corp. — **Common**
(Troster, Singer & Co.) $955,293.50

Natural Gas & Oil Producing Co. — **Class A**
(Peter Morgan & Co.) $900,000

Roddy Recreation Products Inc. — **Units**
(Dempsey-Tegler & Co., Inc.) $1,300,000

Wallace (William) Co. — **Units**
(Reynolds & Co., Inc. and P. W. Brooks & Co., Inc.) 2,500 units

February 26 (Tuesday)

Denmark (Kingdom of) — **Bonds**
(Kuhn, Loeb & Co., Inc.; Smith, Barney & Co. Inc., Harriman Ripley & Co., Inc. and Lazard Freres & Co.) $20,000,000

Seaboard Air Line RR. — **Equip. Trust Ctfs.**
(Bids 12 noon EST) $6,360,000

February 27 (Wednesday)

Atlanta Gas Light Co. — **Bonds**
(Stone & Webster Securities Corp. and First Boston Corp.) $27,000,000

Brooklyn Union Gas Co. — **Bonds**
(Bids 11 a.m. EST) $12,000,000

March 4 (Monday)

Big Top Stores, Inc. — **Common**
(P. J. Gruber & Co., Inc.) $301,000

Data Corp. of America — **Common**
(A. D. Gilhart & Co., Inc.) $131,250

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

March 5 (Tuesday)

John's Bargain Stores Corp. — **Common**
(Hayden, Stone & Co. Inc.) 50,000 shares

Northwestern Bell Telephone Co. — **Debentures**
(Bids 11 a.m. EST) $40,000,000

March 6 (Wednesday)

Anadite, Inc. — **Debentures**
(Dean Witter & Co.) $800,000

Anadite, Inc. — **Capital Shares**
(Dean Witter & Co.) 15,000 shares

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 Electric Power Co., Inc. — **ADR's**
(Merrill Lynch, Pierce, Fenner & Smith, Inc. and The Nomura Securities Co., Ltd.) 1,300,000 ADR's

Pak-Well Paper Industries, Inc. — **Common**
(Francis I. du Pont & Co.) 150,000 shares

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)

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

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 9 (Tuesday)

Missouri Pacific RR. — **Equip. Trust Ctfs.**
(Bids to be received) $8,250,000

April 16 (Tuesday)

Pacific Northwest Bell Telephone Co. — **Debens.**
(Bids 11 a.m. EST) $50,000,000

April 22 (Monday)

Norfolk & Western Ry. — **Equip. Trust Ctfs.**
(Bids to be received) $4,500,000

April 23 (Tuesday)

Consolidated Natural Gas Co. — **Debentures**
(Bids to be received) $35,000,000

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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Underwriter — Bernard M. Kahn & Co., Inc., N. Y. Note—This registration was withdrawn.

D. C. Transit Systems, Inc.
April 30, 1962 filed $6,250,000 of 6½% conv. subord. debentures due 1977 and five-year warrants to purchase an aggregate of 187,500 class A shares, to be offered for subscription by holders of class A and class B stock in units consisting of $100 of debentures and three warrants. Price—$100 per unit. Business—Operation of a public transit system in Washington, D. C.; a new subsidiary to construct housing projects in Washington, D. C. Proceeds—For construction and general corporate purposes. Office—3600 M St., N. W., Washington, D. C. Underwriter—None.

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.

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.

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.

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—Bacon, Johnson Realty Management Co., Inc. (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. (2/25-28)
Sept. 27, 1962 filed 100,000 common. Price—By amendment (max. $6.75). Business—Mining and processing of crushed granite, lime rock, and agricultural limestone. Proceeds—For loan repayment, and working capital. Office—11 N. Main St., Ocala, Fla. Underwriter—Courts & Co., Atlanta, Ga.

Doman Helicopters, Inc.
April 19, 1962 filed 418,680 common to be offered for subscription by stockholders on the basis of two new shares for each three held. Price—By amendment (max. $1.25). Business—Research, development and construction of experimental helicopters. Proceeds—To obtain certification of models, train service personnel, repay debt, etc. Address—Municipal Airport, Danbury, Conn. Underwriter—None. Note—The SEC has questioned the accuracy and adequacy of this statement.

Donmoor-Isaacson, Inc.
Feb. 26, 1962 filed 150,000 common, of which 50,000 are to be offered by the company and 100,000 by stockholders. Price—By amendment (max. $12). Business—Design and manufacture of boys knit shirts, sweaters, and pajamas. Proceeds—For working capital. Office—1115 Broadway, N. Y. Underwriter—Goodbody & Co., 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.
Jan. 23, 1963 filed 156,414 common. Price—$23.50. 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. Offering—Imminent.

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.

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.

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. (2/25-28)
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—None. Note—This registration has been 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.

● 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. Offering—Expected in early 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. Note—This registration was withdrawn.

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.

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.

● Green Shoe Manufacturing Co. (2/25-28)
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.

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 was 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. (3/25-29)**
June 7, 1962 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Operation of discount stores. **Proceeds**—For inventory, expansion, debt repayment and working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va. **Underwriter**—Willard Securities, Inc., New York.

Hek Manufacturing Co., Inc.
Aug. 7, 1962 ("Reg. A") 75,000 common, of which 69,000 shares are to be offered for the account of the company and 6,000 shares for the underwriter. **Price**—$2. **Business**—Manufacture of dental equipment. **Proceeds**—For debt repayment, advetrising, research and development and working capital. **Office**—2176 Palou, San Francisco. **Underwriter**—L. H. Wright Co., Inc., N. Y.

Hill Street Co.
Oct. 16, 1961 filed 2,265,138 common to be offered for subscription by stockholders of Union Bank of California on a share-for-share basis. **Price**—$3. **Business**—A management investment company. **Proceeds**—For investment. **Office**—760 S. Hill St., Los Angeles. **Underwriter**—None.

● **Hobam, Inc.**
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. **Offering**—Imminent.

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.

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).

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.

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. (2/19)**
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.

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 (max. $17.50). **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.

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.

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

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**—In late March.

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. (2/25-28)**
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. (2/25-28)**
Nov. 28, 1962 filed 272,941 common. **Price**—$3.50. **Business**—Writing of casualty insurance, adjustment of claims, financing of insurance premiums, and the making of investments. **Proceeds**—For expansion, loan repayment and other corporate purposes. **Office**—9929 Manchester Rd., St. Louis. **Underwriter**—Troster, Singer & Co., N. Y.

Manhattan Drug Co., Inc.
March 29, 1962 filed 72,000 common, of which 58,000 are to be offered by company and 14,000 by stockholders. **Price**—$3.50. **Business**—Manufacture, packaging and

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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.

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.

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., Inc., 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. (2/25-28)**
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. **Note**—This registration was withdrawn.

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.

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. (3/11-15)**
March 30, 1962 filed 150,000 class A common. **Price**—By amendment (max. $13). **Business**—Manufacture of envelopes, packaging materials of various kinds, wrapping paper, stationery, and school supplies. **Proceeds**—For selling stockholders. **Office**—198 W. Alameda, Denver. **Underwriter**—Francis I. du Pont & Co., N. Y.

Pan American Beryllium Corp.
Feb. 28, 1962 filed 100,000 common. **Price**—$5. **Business**—Company plans to mine for beryl ore in Argentina. **Proceeds** — For debt repayment, equipment, and other corporate purposes. **Office**—39 Broadway, N. Y. **Underwriter**—To be named.

PanAm Realty & Development Corp.
March 12, 1962 filed 400,000 class A stock. **Price**—$10. **Business**—A real estate holding and development company. **Proceeds**—For general corporate purposes. **Office**—70 N. Main St., Freeport, L. I., N. Y. **Underwriter**—To be named.

Parkway Laboratories, Inc.
Dec. 6, 1961 filed 160,000 common. **Price**—$5. **Business**—Manufacture of drugs and pharmaceuticals. **Proceeds**—For an acquisition, research and other corporate purposes. **Office** — 2301 Pennsylvania Ave., Philadelphia. **Underwriter**—Arnold Malkan & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

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.

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.

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.**
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. **Offering**—Imminent.

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

● **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**—March.

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.

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**—To be named.

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**.—Expected in mid-March.

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.

● **Stone Mountain Scenic Railroad, 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 construction, debt repayment and other corporate purposes. **Address**—Stone Mountain, Ga. **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.

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.

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

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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 late 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 (William) Co. (2/25-28)**
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.

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. **Offering**—indefinitely postponed.

Western Empire Real Estate Investments
Sept. 26, 1962 filed 600,000 shares of beneficial interest. **Price**—$4. **Business**—Company plans to quality as a real estate investment trust. **Proceeds**—For investment. **Office**—1755 Gilpin St., Denver, Colo. **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.

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)**
July 13, 1963 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., N. Y. **Note**—This registration has become effective.

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. (2/18-21)**
Oct. 25, 1962 filed 140,000 common. **Price**—$3. **Business**—Manufacture, development and assembling of precise electronic replacement components for radio, TV and industrial use. **Proceeds**—For debt repayment, inventory, research, and other corporate purposes. **Office**—Packinghouse Rd., Sarasota. Fla. **Underwriter**—Hensberry & Co., St. Petersburg, Fla.

● **Zero Mountain Inc. (3/4-8)**
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

★ **Alaska Ice & Storage, Inc.**
Jan. 25, 1963 ("Reg. A") 110,000 common. **Price**—$1. **Business**—Operation of a public cold storage warehouse in Kodiak, Alaska. **Proceeds**—For expansion and working capital. **Office**—131 Queen Anne Ave. N., Seattle. **Underwriter**—None.

★ **Atlantic City Electric Co. (3/6)**
Feb. 11, 1963 filed $15,000,000 first mortgage bonds due 1993. **Proceeds**—For construction. **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.; First Boston Corp.-Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Blyth & Co. **Bids**—March 6 (11 a.m. EST) at Irving Trust Co., One Wall St., New York. **Information Meeting** — March 1 (11 a.m. EST) at same address.

★ **Automatic Retailers of America, Inc.**
Feb. 13, 1963 filed $10,000,000 of subord. debentures due 1983 (with attached warrants). **Price**—By amendment. **Business**—Operation of coin operated vending machines. **Proceeds** — For debt repayment, expansion and other corporate purposes. **Office**—10889 Wilshire Blvd., Los Angeles. **Underwriters**—White, Weld & Co., Inc. and Goldman, Sachs & Co., N. Y.

★ **Berman Leasing Co.**
Feb. 11, 1963 filed $5,500,000 of conv. subord. debentures due 1983, to be offered for subscription by stockholders on the basis of $100 of debentures for each 20 shares held. **Price** — By amendment. **Business** — Leasing of trucks, tractors, trailers and related equipment, and the sale of used and new vehicles. **Proceeds**—For debt repayment. **Address**—Pennsburg, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

★ **Brite-Lite Corp. of America**
Jan. 28, 1963 ("Reg. A") $300,000 of 6% conv. subord. debentures due 1973. **Price**—At par. **Business**—Development and manufacture of an animated advertising sign. **Proceeds**—For general corporate purposes. **Office**—3500 N. Central-Suite 238-Phoenix. **Underwriter**—None.

★ **Capitol Steel Corp.**
Feb. 1, 1963 ("Reg. A") $250,000 of 7½% conv. subord. debentures due Aug. 31, 1969. **Price**—At par and accrued interest. **Business**—Production of steel bars and joists, and the distribution of welded wire mesh and other products used in building construction. **Proceeds**—For purchase of land and building, debt repayment and other corporate purposes. **Office**—1180 Ave. of Americas, N. Y. **Underwriter**—None.

★ **Central Illinois Light Co. (3/11)**
Feb. 8, 1963 filed $9,375,000 first mortgage bonds due 1993. **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 Bros. & 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.

★ **Denmark (Kingdom of) (2/26)**
Feb. 8, 1963 filed $20,000,000 of external loan bonds due 1978. **Price**—By amendment. **Proceeds**—For the acquisition of capital equipment to be used for development of Danish economy. **Underwriters**—Kuhn, Loeb & Co., Inc., Smith, Barney & Co., Inc., Harriman Ripley & Co., Inc., and Lazard Freres & Co., New York.

★ **Honomalino Agricultural Co., Inc.**
Jan. 23 1963 ("Reg. A") 14,500 common. **Price** — $10. **Business**—Development of land for a tree nursery. **Proceeds**—For general corporate purposes. **Office**—204-B Hao St., Honolulu. **Underwriter**—None.

★ **Knollwood Angus Ranch, Inc.**
Jan. 25, 1963 ("Reg. A") 112,500 common. **Price** — $1. **Business**—Raising of purebred Aberdeen Angus cattle and development of citrus acreage in Florida. **Proceeds** — For land development, livestock acquisition and working capital. **Address**—Bartow, Fla. **Underwriter**—None.

★ **Kohnstamm (H.) & Co., Inc.**
Feb. 8, 1963 ("Reg. A") 21,428 common. **Price** — $14. **Business**—Manufacture and sale of chemicals. **Proceeds**—For general corporate purposes. **Office**—161 Ave. of Americas, N. Y. **Underwriter**—None.

★ **Las Vegas Properties Trust**
Feb. 7, 1963 filed 500,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—4933 Paradise Rd., Las Vegas, Nev. **Underwriter**—Securities Co. of Nevada, Las Vegas.

★ **Milwaukee Braves, Inc.**
Feb. 11, 1963 filed 115,000 common to be offered for sale only to Wisconsin residents. **Price** — By amendment (max. $11.50). **Business**—Company is the owner of the Milwaukee Braves baseball team. **Proceeds**—For loan repayment and working capital. **Address** — County Stadium, Milwaukee, Wis. **Underwriter** — Robert W. Baird & Co., Inc., Milwaukee.

★ **North American Life & Casualty Co.**
Feb. 8, 1963 filed 1,000,000 common, of which 500,000 are to be offered by company and 500,000 by selling stockholders. **Price**—By amendment. **Business**—Writing of insurance primarily life, sickness and accident. **Proceeds** — For general corporate purposes. **Office** — 1750 Hennepin Ave., Minneapolis. **Underwriter**—Paine, Webber, Jackson & Curtis, N. Y.

★ **Northwestern Bell Telephone Co. (3/5)**
Feb. 11, 1963 filed $40,000,000 of debentures due March 1, 2003. **Proceeds**—To repay advances from American Telephone & Telegraph Co. parent, and for other corporate purposes. **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. (jointly). **Bids**—March 5, 1963 (11 a.m. EST) at 195 Broadway, New York.

★ **Provident Real Estate Enterprises**
Jan. 30, 1963 ("Reg. A") $250,000 of 6% subord. debentures due 1978. **Price**—At par. **Business**—Acquisition and development of real estate in southeastern Pennsylvania. **Proceeds**—For land acquisition, store construction and other real estate investments. **Office**—111 South Ave., Media, Pa. **Underwriter**—None.

★ **Recreation Unlimited-Northwest, Inc.**
Jan. 23, 1963 ("Reg. A") 200,000 common. **Price**—$1. **Business**—Promotion of outdoor recreation in the Pacific Northwest and Alaska. **Proceeds** — For general corporate purposes. **Office**—7001 Seaview Ave., N. W., Seattle. **Underwriter**—None.

★ **69-77 Pondfield Road Corp.**
Feb. 4, 1963 ("Reg. A") 6,000 units consisting of 6,000 common shares and $120,000 of 5½% notes due 1967 to be offered in units, each unit consisting of one common share and one $20 note. **Price**—$30 per unit. **Business**—A real estate holding company. **Proceeds**—For debt repayment. **Office**—69-77 Pondfield Rd., Bronxville, N. Y. **Underwriter**—None.

★ **United Data Processing, Inc.**
Jan. 25, 1963 ("Reg. A") 3,000 common. **Price**—$17.50. **Business** — Electronic processing of commercial data. **Proceeds**—For debt repayment, equipment and working capital. **Office**—430 N. W. 10th Ave., Portland, Ore. **Underwriter**—First Cascade Corp., Portland, Ore.

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 Savings & Loan Association
242,581 shares offered at $8 per share by J. A. Hogle & Co., Salt Lake City. (Issue was exempted from SEC registration).

Computer Control Co., Inc.
200,000 common offered at $8 per share by Kidder, Peabody & Co., New York.

Pacific Southwest Airlines
313,000 common offered at $19 per share by E. F. Hutton & Co., Inc., Los Angeles.

Pioneer Telephone Co.
75,000 common offered at $16.75 per share by Dean Witter & Co., San Francisco and M. H. Bishop & Co., Minneapolis.

Western Power & Gas Co.
$9,000,000 of 4¼% convertible subordinated debentures due Feb. 15, 1978, offered at par and accrued interest by Paine, Webber, Jackson & Curtis; Dean Witter & Co. and Stone & Webster Securities Corp., New York.

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.

● **Atlantic Coast Line RR (2/18)**
Jan. 15, 1963 it was reported that this road plans to sell $3,570,000 of 1-15 year equipment trust certificates. **Office**—220 East 42nd Street, 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 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).

★ **Consolidated Natural Gas Co. (4/23)**
Feb. 11, 1963 it was reported that the company plans to sell $35,000,000 of sinking fund debentures due 1988 in April. **Business**—A holding company for six subsidiaries engaged in all phases of the natural gas business. **Proceeds**—For loan repayment, and expansion. **Office**—30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.-Paine, Webber, Jackson & Curtis (jointly); Morgan Stanley & Co.; Halsey, Stuart & Co. Inc., First Boston Corp. **Bids**—Expected April 23.

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 $15,000,000 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, 1963 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.

★ **Life & Casualty Insurance Co. of Tenn.**
Feb. 11, 1963 it was reported that John D. and Clint Murchison, Jr., are negotiating with certain underwriters for the proposed public sale of a portion of their 5,250,000 share holdings in the company. **Office**—159-167 Fourth Ave., No., Nashville, Tenn. **Underwriters**—To be named.

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.

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★ Missouri Pacific RR (4/9)

Feb. 13, 1963 it was reported that this road plans the sale of about $8,250,000 of equipment trust certificates in April. **Address**—Missouri Pacific Bldg., St. Louis 3, Mo. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected April 9.

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.

★ Norfolk & Western Ry. (4/22)

Feb. 13, 1963 it was reported that this road plans to sell about $4,500,000 of 1-15 year equipment trust certificates in April. **Office**—8 North Jefferson St., Roanoke, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Expected April 22.

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).

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. (4/16)

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 16 (11 a.m. EST) at 195 Broadway, New York.

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 $3,504,900 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. (3/27)

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.

Root Cause of Payments Imbalance Is Easy Money

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the whole of our $7 billion gold loss since 1957, plus perhaps as much as 3 billion in dollars that other central banks have willingly absorbed, has flowed from us to them. And the gold and dollars have gone to those central banks that have either reduced or held their domestic assets steadily. A few examples:

	Foreign Assets Up	Domestic Assets Down
	(In millions of $)	
Bank of France	3,100	2,350
Bank of Italy	1,900	143
German Federal Bank	1,400	*160
Netherlands Bank	740	105
Nat'l Bank of Belgium	460	275
Nat'l Bk. of Switzerland	715	55
Bank of Japan (and Finance Ministry)	1,300	620

*Up

The Japanese figures are only through the third quarter of 1960. After that the domestic assets of the Bank of Japan began to rise rapidly, and Japan had a balance of payments crisis in 1961. To put these figures into perspective, note that our $7 billion in gold losses alone was equal to all monetary gold held in 1957 by all countries of the Free World outside of Continental Europe. Continental Europe held $8.2 billion; and our gold losses, together with new production and Russian losses, enabled it virtually to double its gold holdings in five years.

Just as the Federal Reserve has found that the more it increased its domestic assets, the larger and more persistent the payments deficits and gold losses would be, so foreign central banks have found that the more they tried to offset payments surpluses by reducing domestic assets, the more persistent those surpluses would be.

The economic consequences of easy money are a massive movement of reserves to other countries from our own, where they increase foreign money supplies, not our own; stimulate foreign economies, not our own; employ foreign labor, not our own. Our money supply, after five years of easy money, has risen 6%; Germany's after 5 years of tight money, over 50%. Our economic growth rate has been slow, and we are still slogging along with 5½% unemployed after two years of economic recovery. By contrast, Germany has had a strong economic growth rate and overfull employment — such a strong demand for labor that 700,000 workers, not counting East German refugees, have been imported. Paradoxically, as the money supply figures indicate, inflationary pressures in the United States have receded while those in Germany have increased. In spite of a 5% upvaluation of the mark a year and a half ago, German wage rates are rising at a rate of approximately 12% a year, and prices are rising too.

Myth That Tight Money Hurts The Economy

Germany is only one example. The whole of Continental Europe, and Japan too, have either full or overall employment. In Switzerland one out of four workers is imported. Even the supposedly depressed areas of Southern Europe, like Southern Italy, Spain, and Greece, which have exported workers to the rest of Europe, are now approaching full employment themselves. Surely this wealth of evidence should make it crystal clear that the idea that easy money stimulates an economy and tight money depresses it is one of the great economic myths of our time. We have assumed all too readily that the rapid growth rates in Europe have been attributable to the Common Market. But some of the most rapid growth is taking place in non-Common Market countries like Austria, or Spain, or Greece; or around on the other side of the world, Japan, all of whose economies have been stimulated by payments surpluses that are the counterparts of our deficits.

These developments illustrate what may often be a rather cruel fact about economic life: one man's misfortune is another's gain. Florida's freeze is California's boom. Our debilitating payments deficits are others' stimulating payments surpluses. But two countries have been conspicuously absent from the surplus list — the United Kingdom and Canada. Why? My answer is simple, perhaps provocatively simple. The domestic assets of the Canadian and British central banks have increased rather than decreased, and foreign assets have fallen—until last June 24 in Canada and until July 1961 in the United Kingdom.

Our good and respected neighbor, Canada, has given us an instructive lesson in easy money, if we would but learn it. Economic policies have been generally more expansionary than ours, monetary policies even easier, budget deficits relatively larger. The consequences have been plain to see: a period of greater unemployment than ours; such a slowing down in the growth rate that per capita Gross National Product has actually fallen in recent years; and finally a run on the currency and devaluation of the Canadian dollar to 92½ cents from levels as high as $1.05 in 1960. To those who blame our payments deficits on our high wages, it should be especially instructive to see that even devaluation, which in effect lowered Canadian wage levels by roughly 10%, could not eliminate the payments deficit. Indeed, some of the largest losses of reserves took place after the 92½ cents rate was adopted on the 3rd of May. In the end, it took the 6% discount rate of June 24 and Bank of Canada sales of domestic assets to do the job. Canada has regained in six months more than all of the foreign exchange she had lost during the months of crisis. And the Canadian economy is recovering — unemployment down, exports up, confidence returning.

Now that Canada, Japan, South Africa, and the United Kingdom have all checked their payments deficits with tighter money within the last 18 months, we alone among all industrial countries have yet to act. We alone are not accepting the discipline of our balance of payments.

We are being told that the elimination of our payments deficit is a long, difficult task that will not be finished until the end of 1963. The task is long and difficult because the measures are wrong. Our present measures cannot cure the payments deficit, for they attack the symptoms of the disease, not its cause. They are of three kinds: first, those to keep money from flowing out of the United States, like tying foreign aid and military expenditures; second, those to make more money flow into the United States, like promoting exports or foreign tourism; and third, selling assets and increasing borrowings to avoid paying gold. The first two are futile. We can no more hold or push money into the United States than we could into the State of Illinois—that is what free convertibility of currencies means—and the third simply enables us to postpone action on the real cause.

If we took crisis action, like a sharp increase in the discount rate, we could eliminate our payments deficit overnight. The British have done it twice with 7% bank rates, in September 1957 and July 1961. The French did it in December 1958. Canada did it on June 24. The records of the International Monetary Fund are sprinkled with additional examples, for every effective IMF stabilization program provides for halting domestic credit creation by the central bank.

We have instead put even greater reliance upon easy money. We used to allow money to tighten with the advance of economic recovery, as in 1955-1957, which, significantly, produced in 1957 the only surplus payments year since 1948; and again in 1959, which almost eliminated our deficit in early 1960. Remember the 4½% Treasury bill yields and the famous "magic fives" of 1959. In 1962, however, we took pride in continuing easy money longer into the current recovery than into any previous postwar recovery. For more than two years we have kept the net free reserve target virtually unchanged. With what results? Although, after the 1959 tight money, the recession of late 1960 and early 1961 was the shortest and shallowest of postwar recessions, the easy money recovery of 1961-1962 has already run out of steam.

Finds Foreign Aid a Scapegoat

We still hear the deficit blamed on foreign aid and military expenditures, the burdens we have to bear. I thought we had done with this compartmentalizing of the balance of payments, this business of blaming the deficit on one particular compartment or another. Should we not stop buying coffee, or foreign cars, or foreign tours, or foreign bonds? It never seems to occur to the compartmentalizers that if they stop or reduce the flow through one compartment more dollars will flow through others. The tying of foreign aid and foreign military expenditures to purchases in this country reminds me of the man whose clogged bathtub overflowed, so he caught the water in buckets and frantically threw it back in the tub. He never thought to turn the faucet off. After all, our central bank is pouring high-powered money into our tub at the rate of $150 million a month.

It is not the purposes for which dollars are spent abroad, nor whether they are spent abroad or at home, but how they are financed. Before December 1958 it was customary to blame the weakness of the French franc on the burdens that the French economy had to bear — the wars in Indochina and Algeria. The burdens went right on and even increased, yet the French franc overnight became one of the world's strongest currencies, once the Bank of France stopped increasing its domestic assets. Our foreign aid and military programs are less than 1% of our Gross National Product, hardly an intolerable burden. If these aid dollars are taxed, or borrowed from us at appropriate interest rates, they have no more effect on the balance of payments than any other dollars that you or I might choose to spend abroad. But if they are created even in part by the Federal Reserve System or commercial banks, they flow almost immediately into foreign central banks, who use them to buy our gold.

What Gold Losses Mean?

Now what more specifically do these gold losses mean? Let me try answering that question for us; first, as bankers; second, as businessmen; and third, as American citizens. Since as bankers we both pay and earn interest, their greatest significance for us is undoubtedly in the level of interest rates.

As the gold losses are caused primarily by continued easy money, we bankers must constantly remind ourselves that the natural forces of supply and demand for money, and therefore its price, the rate of interest, are constantly being interfered with on a significant scale. Interest rates would have been quite different had not so much high-powered money been created—over $150 million a month, for example, in both the recession year 1958 and the recovery year 1962. We have seen Treasury bill rates of five-eighths of 1% in 1958 and 4½% in 1959. We have had on the one hand the "magic fives" of 1959, and on the other the nudging of long-term rates down in 1961 and 1962. In trying to forecast movements of interest rates, which are all-important in our business, it is not only a question of evaluating natural market forces and the relationship of rates here and abroad, but of guessing at the influences and pressures on the minds of a few decision makers. For example, if we could have foreseen that easy money would continue throughout the recovery year 1962, making a rise in the prime rate out of the question, I wonder whether some bankers might not have had second thoughts about squeezing profits by pushing savings rates to the limit of the new Regulation Q ceilings that became effective a year ago. And right now, in addition to watching business conditions, we must observe carefully Chairman Martin's speech in Pittsburgh of Dec. 28[2] and the Federal Reserve Bank of New York's "Perspective on 1962," both of which indicate, happily, in my view, that in determining policy our authorities are weighing the international position of the dollar more heavily in the balance.

Meanwhile, in the backs of our minds is this overriding thought: it becomes clearer day by day that we are on a collision course, a drag race between easy money and the gold value of the dollar. One or the other must give. There is a mathematical inevitability to the calculation. We have lost almost $7 billion of gold in five years, a rate of $120 million a month. A red flag is coming up— the 25% reserve requirement against Federal Reserve note and deposit liabilities. The actual ratio has dropped three points to about 32% in a year. Of course, we can change the requirement, while repeating our assurances to the world that we are not going to devalue. But such assurances do not change policy. We are schizophrenic. We have espoused and helped build a stable exchange rate world of freely convertible currencies and freer multilateral trade—witness the Trade Expansion Act—yet we pursue a monetary policy that ignores the disciplines of such a world and makes it impossible for it to work.

2 *Ed. Note:* Full text was published in the *Chronicle* of Jan. 3, 1963.

Basis for Optimism

I am nevertheless an optimist and think that it will be easy money that will give before the value of the dollar. Although both gave in Canada, the value of sterling has weathered several crises since 1949. Whether money will remain easy in this country until a crisis forces a sudden rise in short-term rates, as in Britain or Canada, is anybody's guess.

I should hope that we would instead be orderly about it and simply stop our payments deficit and gold losses by holding our central bank domestic assets steady. In that case, both short- and long-term interest rates would surely rise as they came into equilibrium with those of other money centers, but not necessarily very much. Switzerland has a central bank that has reduced its domestic assets in its efforts to tighten money; but it has even lower interest rates than ours, not because of easy money but because of payments surplus. Higher interest rates, in fact, would only augment the surplus. It is entirely possible, even probable, that once confidence in the dollar was restored, the United States, too would develop a surplus in its balance of payments that would hold interest rates down.

Obviously, what happens to interest rates when we back away from easy money will depend not only upon the rate at which we back away, but also upon the state of the economy at the time and particularly on the size of the budget deficit. A large budget deficit would require higher interest rates than a smaller one.

Issues Warning on Long-Terms

I wish I knew when we will back away from easy money and how fast—but I do not. Monetary ease has continued now for five years. Plainly, it cannot continue on the same scale for another five, but it could quite conceivably continue for another year or two. As the gold losses continue and the day of higher interest rates draws nearer, it behooves us to grow more cautious, particularly in making term loans at fixed rates and investing in longer dated securities. On the deposit side, if interest rates should rise, Regulation Q might again become a problem. Regulation Q is already affecting negotiable time certificates of deposit because the Q ceilings are below market rates for maturities of less than six months.

Easy money and the gold losses affect us as businessmen through the state of the economy. The idea that easy money stimulates the economy and tight money depresses it is embedded in our minds and held there by heavy political pressures. But the case can be made that easy money has failed in its prime mission. It has not only weakened the dollar abroad but has weakened our

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Root Cause of Payments Imbalance Is Easy Money

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economy at home and has contributed to unemployment.

Look at the record. Those countries whose central banks have held their domestic assets down have had rapid growth rates, full or overfull employment, and payments surpluses, while the only **major countries whose central** banks have increased domestic assets—the United States, the United Kingdom, and Canada—have had sluggish growth rates, worrisome unemployment, and payments deficits. In recent years, many countries have switched from easy money to tight money, with stimulating rather than depressing consequences.

We are wrong in thinking there is a basic conflict between policies good for the domestic economy and those good for the dollar internationally. As Chairman Martin said in Pittsburgh: "Our domestic and international objectives are inextricably interrelated . . . both must be achieved together, or we risk achieving neither." The conflict is in our minds, not in the economic world of reality. And the more we pursue the self-defeating expansionary policies designed to stimulate our economic growth, the larger the conflict seems to loom.

Here in the United States our unemployment rate has dropped below 5% in only one month since we adopted easy money at the end of 1957. Easy money saps the strength of an economy. It brings a payments deficit, and a payments deficit means that we export less goods made with our labor, import more goods made with foreign labor, and lend and invest more money abroad to employ foreign rather than our own labor. And foreigners invest less here. The additional puchasing power injected through easy money stimulates foreign spending more than home spending.

The converse is that tight money, by producing payments surpluses, has been extraordinarily stimulating to our neighbors. If we stop easy money, there will not be the deflationary reduction of liquidity that many fear. In fact, our economy will be stimulated, not depressed. Imports would lose their buoyancy, and exports would rise because the purchasing power now exerting itself on European and Japanese resources, employing those resources fully, and driving their costs and prices up, would have an opportunity to exert itself on our resources and employ them more fully. As business confidence increased, both business and consumer spending would increase. It is confidence, not liquidity, that we have lacked.

Tax Cut Timing Is Wrong

If we continue easy money, our economy will continue soft, and we shall seek other measures to stimulate it, particularly tax cuts. Now I am in favor of a tax cut just as much as anyone else, and a very persuasive case can be made for it. I would refer to the November and December Monthly Economic Letters of my own bank. Speaking personally, however, I sometimes wonder whether we may be in danger of letting our anxiety for a tax cut affect our economic judgment, especially having in mind our balance-of-payments position. Our reasoning becomes somewhat tortuous and deceptive when we argue that despite substantial budget and payments deficits, a tax cut will so accelerate our economic growth that both deficits will be helped and even corrected over time. How can this be? I recall hearing similar arguments for the investment credit and the more liberal depreciation guidelines. Would not further tax cuts with easy money be self-defeating and compound our problems, not solve them? We already have a budget deficit of $8 billion and are told we can expect no reduction in expenditures. A tax cut this year would surely add another $5 or $6 billion to the deficit, maybe more. Such a deficit would face the Federal Reserve with a dilemma. If it held the line, the rise in interest rates might well be politically unacceptable. If it increased domestic assets to help finance the budget deficit, the payments deficit would grow still worse. A larger payments deficit would further weaken our economy, not strengthen it. Foreign economies would be strengthened, not ours. The timing is wrong. If we first stopped easy money and got a strongly growing economy, we could have our tax cut in a period of rising revenues and avoid a big, unwieldy budget deficit.

Finally, easy money and the gold losses mean much to you and me as citizens. We Americans must contemplate the spectacle of our great and powerful economy—by all odds the most powerful the world has ever known—failing to achieve its full potentialities domestically, overspending internationally, and meeting its current obligations by borrowing, selling assets, and drawing on gold reserves at a rate of more than $1 billion a year. These gold losses weaken us in more ways than we know, only some apparent, others more subtle and insidious. They threaten the dollar as a world currency and indeed, as the very keystone of our international monetary system. They undermine our international prestige and weaken our voice and strengthen most of our creditors in the councils of the world. They shake the confidence of other peoples in our ability to manage our affairs. They reduce our capacity to fulfill our world responsibilities, to meet crises, and even to defend ourselves. We, the richest of all nations, are wasting resources in peace that we may some day need in emergency.

Real International Monetary Cooperation

In the end it comes to this: we cannot solve our payments problem and preserve the international monetary system with new institutions, plans, techniques, or gimmicks. We cannot preserve it with monetary cooperation that simply enables a central bank increasing domestic assets to borrow with or without exchange rate of gold guaranties from central banks reducing them. What we do need is a synchronizing of the monetary policies of the world's principal central banks. The heart of such synchronization would have to be reasonably close coordination of the increase and reduction of domestic assets. We learned this lesson long ago in our own Federal Reserve System. No one of our Federal Reserve Banks can continuously buy government securities faster or hold its discount rate lower than the others. What no single bank can do the System cannot do.

There has already been encouraging monetary cooperation within the Common Market, and plans are being made for more. But the Common Market has no more of a monetary wall around it than does the United States. This cooperation needs eventually to extend throughout the entire western world. The machinery to make a beginning is existing organizations such as the International Monetary Fund, the Bank for International Settlements, and the Monetary Committee of the Organization for Economic Cooperation and Development.

With synchronization of monetary policies, many problems would be clarified. There is, for example, the debate as to whether our present concern should be with world inflation or deflation. No wonder, for if we look at the tight money countries of Continental Europe, and Japan, and possibly now Canada, the problem is full use of resources and rising prices and costs; but if we look at the easier money countries, the United States and the United Kingdom, the problems is economic slack. Widely varing monetary policies have given us a distorted and uneven economic world. If we synchronized, the world would fall into better perspective. After a period of readjustment, we could better determine what kind of common monetary policy was needed; but with central bank policies coordinated, balance-of-payments problems would be avoided.

The opportunity is now, for the indications are that world costs and prices have moved recently into better equilibrium and that no significant exchange rate adjustment would be needed. Synchronization of monetary policies would take the punch out of restrictionist forces, bring a new strength and unity to the entire western world, and be a fitting companion piece to the efforts to reduce barriers to payments and trade. It would bring something for which we all longed, the benefits of a world currency.

Thus the argument comes to its logical conclusion which reminds me of Charles Kettering's advice: "Beware of logic. It is an organized way of going wrong with confidence."

***An address by Mr. Exter before the 15th National Credit Conference sponsored by the Credit Policy Committee of the American Bankers Association, Chicago, Ill.**

Dantler Exec. V.-P. Of Corp. Securities

ARCADIA, Calif. — Edward K. Dantler has been elected to the Board of Directors and named Executive Vice-President of Corporate Securities, Inc., 1045 West Huntington Drive. Mr. Dantler was formerly a regional Vice-President of Hugh W. Long & Co., Inc.

After receiving a B.S. degree from Northwestern University, Mr. Dantler served as a special agent of the F.B.I. He received his M.B.A. degree in finance from the University of Southern California and joined Dean Witter & Co. in 1954.

The State of TRADE and INDUSTRY

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heavy melting jumped $1.33 a ton to $28.33, highest since May, 1962.

Nonferrous metals sales ran at a generally brisk pace in January and should do as well this month, *Steel* reported.

The aluminum, copper, and titanium industries expect banner sales years. The lead, zinc, nickel, and magnesium industries are expected to post modest gains.

Growing Steel Inventory Buying Clouded With Uncertainties

Steel operations should move up a conservative 10% in March, *Iron Age* magazine reported.

February production should total about the same as January, with the three fewer days reflecting a moderate rate of improvemen this month.

The month-to-month comparisons show the general tone of the entire steel market. There is some improvement over normal market conditions. But the big bulge is expected to come when steel users start building inventories.

The inventory picture is not clear cut. But this much is known. Automakers expect to have enough steel in their hands to run out the 1963 model season. And they have told their suppliers to do the same.

The move to build inventories is from two to three months behind past performances in advance of steel labor negotiations. Many users are skittish about investing in clostly inventories, and have not yet seen the need to make their moves.

But with the big users, such as automotive and can making, now pretty much on the record, other steel consumers will have to follow—if only to protect their positions on mill books in case of a real surge of buying in April and May.

From the steel industry point of view, the delay of users to make firm commitments is troublesome. There could be problems if steel negotiations should take a turn for the worse and a 90-day notice to reopen the contract is filed May 1. Unless there is more advance planning, this would cause a jam at the mills and some users would be frozen out.

Nor are mills themselves doing much building of their own finished and semi-finished stocks. In 1962, steel producers built up their own inventories as much as 4 to 5 million tons. They were left with much of this when the settlement came, followed by a flood of cancellations.

Seasonal factors will also come into play in March. For example, with automakers increasing their production schedules in March, it will be April before any real accumulation of steel is likely to be accomplished.

As users make protective gestures, lead times are lengthening out. In Detroit, for example, zinc-coated products are now out to seven weeks, an increase of two weeks. Cold-rolled sheet is being promised on a five-week basis, a lengthening of from 6 to 10 days. In Chicago, three weeks delivery is definitely out.

The delivery pattern varies widely by product and location, but a lengthening of some degree is the general rule.

In effect, 1963 may be a year of inventory gambling. The big users can not afford to take too many chances. These include automotive, canmakers, farm implement makers, and appliance manufacturers. But there are many sizable companies that will wait until the last minute.

Finally, *Iron Age* reported that steel warehouses have started to build up their stocks, slowly and carefully. Although cautious, this movement appears to be steady and covers virtually all grades.

Week's Auto Output Rises 19.2% Above Year-Ago Week

Auto production in the U. S. buoyed by continuing record sales during January, continued last week at a rate of more than 30,000 units a day, according to Ward's Automotive Reports.

The statistical agency said output last week of an estimated 152,952 cars will nearly maintain the level of production resulting in 687,421 assemblies during January. The January total was only 1,279 units short of the all-time high for the month.

Last week's output, Ward's said, will be within 1.0% of 154,172 cars made last week and 19.2% ahead of 128,321 cars made in the corresponding session of 1962.

Meanwhile, Ward's said, combined output of passenger cars and trucks since Jan. 1 reached the 1,000,000-unit mark as of last Friday, Feb. 8.

The slight decline in auto output last week reflected fewer Saturday overtime shifts scheduled for the period. Ford Motor Co., which had been working half or more of its plants on a six-day basis, last week worked the extra day only at Kansas City (Mo.) and Lorain (O.). General Motors Corp. had four Chevrolet plants going overtime last week. The Buick plant at Flint (Mich.), and a combination Buick-Oldsmobile-Pontiac facility at Kansas City (Kansas) had also slated shifts for last Saturday

Of last week's output, General Motors was expected to account for 56.1%; Ford Motor Co. 22.5%; Chrysler Corp. 13.5%; American Motors 6.9%; and Studebaker Corp. 1.0%.

Rail Loadings Decline 8.7% Below Year Ago

Loading of revenue freight in the week ended Feb. 2, totaled 501,294 cars, the Association of American Railroads announced. This was an increase of 39,275 cars or 8.5% above the preceding week.

The loadings represented a decrease of 47,757 cars or 8.7% below the corresponding week in 1962, but an increase of 3,461 cars or 0.7% above the corresponding week in 1961.

Truck Tonnage Falls Behind Last Year's Level by 3%

Intercity truck tonnage in the week ended Feb. 2 was an even 3% behind the volume in the corresponding week of 1962, the American Trucking Association announced. Truck tonnage was 10.7% ahead of the volume for the previous week of this year.

While the volume of intercity tonnage is still trailing 1962, the gap has been narrowed; this can be attributed, in part, to the ending of the longshoreman strike at Eastern and Gulf ports. The week-to-week increase can also be attributed to the ending of the dock strike, and the wide variations in tonnage changes for the week seem to be due to the effects of the strike, and improved weather conditions.

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.

Lumber Data Unavailable

Editor's Note: Weekly and yearly lumber production, shipment and new order data are unavailable this week.

Electric Output Rises to 6.5% Over Last Year's Level

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 9, was estimated at 17,532,000,000 kwh., according to the Edison Electric Institute. Output was 656,000,000 kwh. less than the previous week's total of 18,188,000,000 kwh., and 16,468,000,000 kwh., or 6.5% above the total output of the comparable 1962 week.

Slight Rise in Business Failures

Commercial and industrial failures, after two steady weeks, edged up to 329 in the week ended Feb. 7 from 320 in the preceding week, reported Dun & Bradstreet, Inc. This slight increase lifted casualties to the highest level since last October, and they exceeded slightly the comparable year-ago level of 313 and the prewar level of 318 in 1939. However, they fell far short of the 376 occurring in the similar week of 1961.

Failures with liabilities in excess of $100,000 dipped to 55 from 60 last week but continued considerably above the 30 a year earlier. Smaller casualties involving losses under $100,000 rose to 274 from 260 in the prior week but remained below the 283 of this size reported in the corresponding week of 1962.

Wholesale Commodity Price Index Continues Down

The general wholesale commodity price level this Monday edged the lowest in a month, reports Dun & Bradstreet, Inc. Reflecting declines from a week ago in the wholesale cost of tin, rubber, rye and most livestock, the index dipped beneath any other day since the corresponding date of January when it hit the low for 1963 of 268.18.

The Daily Wholesale Commodity Price Index inched off to 268.59 (1930-32=100) on Monday, Feb. 11, from 269.29 in the preceding week and continued to show a strong decline from comparable year-ago levels. It stood at 273.55 on the similar day of 1962.

Retail Purchases Recover From Stormy Setback

Consumer buying staged a partial comeback in the week ended Wednesday, Feb. 6, from the frozen slide of a week ago. Overall retail volume eked out a fair margin over last year's level for the corresponding week. While temperatures eased up in many regions, weather worsened in others, particularly on the West Coast, battered by heavy rains. The Philadelphia transit strike ended, but the pick up in business there had not gained full momentum by this Wednesday, and the paper strikes continued to plague Cleveland and New York stores. The vicissitudes of weather continue to have little effect on enthusiasm for new cars—sales held to a record level. Good gains were chalked up in home furnishings and moderate advances in men's wear. On the other hand, activity in women's wear, appliances, and hardware followed an uneven path.

The total dollar volume of retail trade in the week ended this Wednesday ranged from 1% below to 3% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: Pacific —6 to —2; East North Central —5 to —1; Mountain —3 to +1; New England —2 to +2; West North Central —1 to +3; Middle Atlantic +2 to +5; East South Central +2 to +6; South Atlantic +3 to +7; West South Central +4 to +8.

Nationwide Department Store Sales Rise 1% 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 1% for the week ended Feb. 2, compared with the like period in 1962.

In the four-week period ended Jan. 26, 1963, sales gained 3% over the corresponding period in 1962.

According to the Federal Reserve System, department store sales in New York City for the week ended Feb. 2, were 1% more 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 3% more than a year ago for the country's 12 principal retail centers which, incidentally, includes Cleveland and New York City. In the past four weeks, Cleveland's sales declined 1% compared to last year's period, but the sales for the week ending Feb. 2, were 7% higher than the comparable week in 1962.

Wholesale Food Price Index Inches Lower

Continuing to slip for the second successive week, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., edged down 0.2% to $5.84 on Feb. 12. It was also off slightly, 0.9% from last year's level of $5.89 on the corresponding day.

Numerous price declines were chalked up at wholesale markets—for wheat, rye, oats, beef, lard, cheese, coffee, cottonseed oil, cocoa, raisins, steers and lambs. However, most of these dips were fractional and were almost offset by appreciably higher quotations for hams, bellies and eggs and mild advances for corn and barley.

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.

H. Hentz to Admit

As of Feb. 21 H. Hentz & Co., 72 Wall Street, New York City, members of the New York Stock Exchange, will admit Goldie Weiss Dworkin and Doris Weiss Hirschmann to limited partnership in the firm.

Current News in the Field

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

NEW FIRMS

BIRMINGHAM, Ala.—**Rentz & Company**, 1912 Old Orchard Road. Officers are Ernest F. Rentz, President; Nelda F. Rentz, Vice-President; and J. M. Crumpton, Secretary and Treasurer. Mr. Rentz was formerly with Luna, Matthews & Waites.

BRIDGEPORT, Conn. — **Pension Investors Corporation of Connecticut**, 3085 Fairfield Ave. Bernard A. Gilhuly, Jr. is a principal of the firm.

BROOKLYN, N. Y. **Laurel Investors Company**, 3323 Kings Highway. Alvin J. Epstein is principal.

CARSON CITY, Nev.—**Financial Counsellors, Inc.**, Virginia & Truckee Building. Officers are Samuel H. Furman, President; George J. Muzsikos, Vice-President and Treasurer; and Joe Yee, Secretary. Mr. Furman was formerly with First Investors Corporation.

EAST BRUNSWICK, N. J. — **Versatile Income Planning, Inc.**, 2 Thrush Drive. Arthur J. Serxner is a principal.

HATTIESBURG, Miss.—**Thomsen Securities Corporation**, 701 Main Street, successor to Southeastern Securities Corporation.

LAS VEGAS, Nev. — **Universal Securities Corporation**, 3227 Las Vegas Boulevard, South. Howard R. Weisberger is a principal.

LOS ANGELES, Calif. — **P. N. MacIntyre & Co.**, 210 West Seventh Street, successor to Mora & Co. Patrick N. MacIntyre is a principal.

LOS ANGELES, Calif.—**N. I. F. Distributors, Inc.**, 1246 South La Cienega Blvd. Norman J. Crocker is a principal of the firm.

MILLBURN, N. J.—**Turner & Co.**, 449 Wyoming Avenue. John A. Turner is sole proprietor.

KANSAS CITY, Mo.—**C. Yancey & Company**, 94 West 40th Street, North. Chester W. Yancey is Proprietor.

NEW YORK CITY—**Eastern Madison Corporation**, 342 Madison Avenue. Officers are Robert A. Kolker, President, and D. M. Kolker, Secretary and Treasurer.

SALT LAKE CITY, Utah—**Zenith Investments & Funds Co.**, 2016 Emerson Avenue. Officers are Ruth L. Reynolds, President, and Treasurer, and Sherman F. Reynolds, Vice-President and Secretary. Both were formerly with Burton & Lence, Inc. and Reynolds & Co., Inc.

TAMPA, Fla.—**Homer M. Truitt**, 238 East Davis Boulevard. Mr. Truitt was formerly with Louis C. McClure & Co. and **Curtis Merkel Co.**

TOWSON, Md. — **Hoover Investment Company Inc.**, Loyola Federal Towson Building. Officers are Joseph I. Hoover, President and Treasurer, and Janis C. Hoover, Vice-President and Secretary.

NEW BRANCHES

BAKERSFIELD, Calif. — **Central California Securities**, 2601 F Street. Richard L. Alexander is Manager.

LOS ANGELES, Calif.—**Investors Continental Services Ltd.**, 265 South Gramercy Place. James C. Powers is Local Manager.

MIAMI, Fla.—**Noel N. Rothman & Co.**, 8101 Biscayne Boulevard. Hal H. Berk is Manager.

MINNEAPOLIS, Minn.—**The Dreyfus Corporation**, Northwestern Bank Building, under the management of Felix Ehren.

SAN ANTONIO, Texas—**Investors Continental Services, Ltd.**, 7523 Bridgewater Drive. Henry Kremers is Manager.

Saul Lerner Co. Appoints Two

Saul Lerner Company, Inc., 40 Exchange Place, New York City, dealers in puts and calls, have announced that Larry Kotkin has become associated with them as Director of new business Mr. Kotkin was formerly with Daniel Filer Inc.

Gilbert Sash of the firms research department has been promoted to sales manager.

Chicago Analysts To Hear

CHICAGO, Ill. — Robert E. Brooker, President of Montgomery Ward & Co., will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held today, Feb. 14, in the Illinois Room of the La Salle Hotel.

Amer. Savings & Loan Association Shares Offered

Public offering of 242,581 shares of this association's permanent reserve guarantee stock is being made at $8 per share by J. A. Hogle & Co., Salt Lake City. Of the total, 200,000 shares are being sold for the association and 42,581 for certain stockholders.

American Savings of 63 South Main St., Salt Lake City, is a savings and loan company with branches in Utah and Hawaii.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — By the time President Kennedy's tax reduction and tax reform proposals are finally acted upon by Congress some of them are going to be substantially different from those he submitted to the lawmakers.

The big difference will be in the area of the so-called reforms or revisions. This was indicated as the House Ways and Means Committee began hearings on the tax plan before a standing-room-only audience in the huge, green-carpeted hearing room on Capitol Hill.

Cuba continues to be the No. 1 foreign policy question of our country, but the tax plan assuredly is the foremost domestic issue before Congress. The fate of the Administration's proposals are clouded.

However, there is one thing that is clear: It is going to be months and months before both branches of Congress vote on the proposals, assuming of course the reductions and reforms reach the floor of both the House and Senate this year.

At the President's 30-minute press conference a few days ago, after he began it by announcing he intended to reappoint William McChesney Martin as Chairman of the Federal Reserve System, all but two or three questions concerned Cuba and foreign policy matters.

Public Apathy Deplored by Administration

Behind the doors of the White House there has been some disappointment about the all-important tax bill. The President and his advisers had hoped and believed the American people would warmly accept the tax reduction plan as meaning a raise in take home pay.

At the same time, they hoped a broad tax cut would not only greatly stimulate the economy, but it would serve as an insurance policy against a depression for the next several years.

Instead there has been a strong feeling among the President's cabinet officers and economic advisers that the program has been widely misunderstood. Therefore, they have set about to try and erase what they regard as misconceptions.

There is some division in thinking among Administration leaders in Congress, which is normal of course. There are some who think that the tax reduction bill should be passed first, and the tax reform legislation should be subsequently considered separately.

Secretary Dillon's Viewpoint

However, Secretary of the Treasury Douglas Dillon, under questioning by House Republican Leader John W. Byrnes of Wisconsin, maintained that the reduction and reforms are inseparable.

Mr. Dillon indicated that he would be inclined to recommend a veto of legislation that did not include reform and reduction of taxes in the same package. Evidence is mounting that some of the reform proposals probably are headed for the legislative scrap heap.

Congressman Byrnes said, in directing his remarks to the Secretary of the Treasury, after Mr. Dillon had been on the witness stand for more than two hours:

"I believe there are two essential requisites for a tax reduction this year: First, there must be some willingness to tailor expenditures to the need for tax reduction and bring Federal spending under control. So far, I have not seen any evidence of that willingness on the part of the Administration. Second, the greater part of the proposed structural reforms must be put in the deep freeze."

Another Cabinet officer, Secretary of Labor W. Willard Wirtz, pointing to the unemployment picture in January amounting to 5.8%, maintained in statements to the House tax writing committee that the reduction and reforms are needed to get people back on jobs. He said there are now 4,000,000 persons in this country unemployed, which is substantially higher than in the prosperous European countries.

The economy of our country has been sluggish for some 10 years or so. The proposed rate reductions would amount to $13.6 billion—$11 billion from income taxes and $2.6 billion from corporate taxes—when the program became fully in effect. The reform taxes, however, would recoup $3.4 billion of the loss.

Administration's Argument in Behalf of Tax Cut

Although House and Senate leaders are arguing that the tax plan is a colossal gamble, and there is no assurance a reduction will check the rise in unemployment, the Administration has some statistics in support of the proposal.

Research by the Administration shows that down through the years most taxpayers spend from 92 to 94% of their total income. It has been that way a long time, and it is unlikely to change in the immediate years ahead. Some of the President's advisers are contending that a $10 billion tax cut will mean, within a few years at most, an increase in the Gross National Product (goods and services) in the amount of $30 billion a year.

Secretary of Commerce Luther H. Hodges, who followed Secretary Dillon, told the Committeemen in his testimony a rosy picture in the economy can be painted if all the pertinent things are taken into consideration. The Gross National Product is at an all-time high, and so is employment and personal income. But he said the annual rate of the jobless has not been below 5½% since 1957, which means there are 4,000,000 people without work.

It was obvious that the Treasury Department had been working for months on the numerous exhibits that Secretary Dillon presented to Congress. Many people apparently had worked on the various exhibits.

"Ticker Room?—Just give us the facts—never mind the sugar-coating for Valentine's Day!"

The Proposed Dividend Repeal Measure

Exhibit eight (dividend credit and $50 exclusion), for example, includes 30 pages of statistical information on the existing dividend credit and exclusion law adopted in 1954.

The bill was passed originally because the 52% corporation tax takes a mighty whack out of any profits a company may have before it can pay any dividends. Despite arguments to the contrary, simple arithmetic shows it is double taxation when the law first collects on the corporation, and then on the owner (stockholder) again in his dividends. it **In calling for repeal of the 4% dividend credit, the Administration contends that "whatever double taxation exists is relatively more burdensome to low-income taxpayers than to high-income taxpayers." The Treasury Department also maintains that the 4% dividend credit, taken by itself," has the undesirable effect of removing a very substantial part of the extra burden of 'double taxation' for high-income stockholders but only a small part of this extra burden for small and more moderate income stockholders."**

The Treasury has presented Congress with a series of statistical tables in support of its arguments for repeal of the existing law.

Oil and Gas Industry Girds for Battle

The oil and gas industry is quite disturbed over the proposed taxation reform on the industry. One well known tax lawyer in Washington said after Mr. Dillon's testimony that the proposed Administration law is "a lot tougher than at first thought." The Administration contends that substantial amounts of taxes on oil and gas escape taxation through loopholes in the existing laws.

The industry is getting ready for a big scrap in the months ahead when the whole question of industry taxation will be aired.

Some High Incomes Escape Taxation

Perhaps the Administration is on sound grounds in recommending repeal of the existing law allowing deduction of unlimited charitable contributions. This law of course, applies to only a small number of high income individuals and is of no major significance.

A table was presented to Congress in detail showing 14 of 19 individuals had the privilege of eliminating taxes completely. There were 12 taxpayers, with incomes as high as $20,000,000 and one with $50,000,000 for a three year period that paid no Federal income tax. Obviously this provision like many others, are not quite fair.

Still another repealer the President is recommending, and which Congress will consider seriously, is the present so-called preferential treatment of recipients of stock options. More and more stockholders are becoming resentful when boards of directors provide for stock options for high salaried officials. Presumably this is done to keep the executives. The practice has been spreading, but as it has spread so much stockholders are expressing opposition to the dilution of their equity because of these plans.

[*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.*]

COMING EVENTS

IN INVESTMENT FIELD

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.

Feb. 27, 1963 (Detroit, Mich.)
Bond Club of Detroit, 47th annual dinner at the Detroit Boat Club.

CHRONICLE's Special Pictorial Section March 7.

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.

CHRONICLE's Special Pictorial Section April 4.