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EDITORIAL | As We See It

To most thoughtful observers the most remarkable feature of the formulation and passage through Congress of the resolution which postpones (but hardly eliminates) a railroad strike is the concern of all legislators and officials with the preservation of our system of collective bludgeoning usually miscalled collective bargaining. The President was by no means alone when he hastened to assure organized labor that "the hard question . . . has been how this result (protection of the public interest) could be accomplished without weakening, for the future, the structure of collective bargaining. The virtual unanimity of the vote on this joint resolution, by members of Congress completely committed to the preservation of private freedom, is the firmest assurance that free collective bargaining is not being eroded."

To hear much that is being said and was being said during the passage of the resolution through Congress one would suppose that the most vital of all matters was not to save the country the inestimable cost of having the railroads of the country closed down for some indeterminate period or to assure to the public that it could henceforth have a railroad transportation system as efficient and as inexpensive as good business management could provide, but to preserve the so-called right of monopolistic labor unions to dictate, not only to the railroads but virtually all other branches of business in all matters that the unions conceive to be of primary concern to them.

The term "collective bargaining" has taken its place in the popular mind alongside of such phrases as "all men are created equal," the inalienable right of all men to "life, liberty and the pursuit of happiness" and many more which might be cited, the (Continued on page 20)

Clearing Up the Confusion About Cash Flow and Other Concepts

By Robert C. Tyson,* *Chairman, Finance Committee, United States Steel Corp., New York, N. Y.*

Mr. Tyson admirably succeeds in removing the obscurity surrounding the general understanding of money as the "common denominator" in our economy. He does this by clarifying the confusing array of ideas held about such numerators of money as profits, cash flow, depreciation and undistributed earnings, price inflation and taxes. Though the observations made are directed at the corporation's financial officer, everyone should find here a timely refresher on money and its manifold reciprocals.

I think that matters pertaining to money and the various designations it receives, such as profits, taxes, wages, prices, depreciation and so on, are among the most obscure, the least understood features of our economy. At the same time they are absolutely vital to the functioning of the economy; and to bring it right home to our own doorstep. It seems pretty clear that financial officers of business firms have a rather special opportunity to perceive and portray the functioning of money in our economy—and hence an implicit obligation to do so.


Robert C. Tyson

Note for example, that money is the one common denominator of every business transaction—now that primitive barter has become largely history. One-half of each business transaction is money or credit. Business firms assemble factories, materials, labor and services in order to provide something for market. But they all have to be expressed in money equivalents if they are to be compared, measured and combined to furnish intelligible guidance to enterprise. And whose job is it to see that the right amount of money at the right time is available to pay for them? The financial officer, of course. So he has to have one foot over in the labor market trends, another one in materials market trends, another in a thing called depreciation.

To do his job he has to have records, and these are compiled by the accountants. So the financial officer has to have another foot in the accounting profession. Perhaps he had better have two feet there so that he can really walk, rather than just hop around in accounting procedures and statements, thus avoiding the misinterpretations of accounting data often unhappily made by economists, legislators, labor leaders and other non-accountants.

The financial officer is responsible for lodging the firm's money in appropriate places—primarily banks. So he has to have another foot over in banking theory and practice—you see he is getting to be some sort of a centipede. He also becomes a central figure in any new financing undertaken by his firm—so there goes another foot out into the investment banking and capital markets areas.

When it comes to timing the selling of bonds or of investing corporate or pension trust funds, it is well for him, if he is to do so advantageously, to have a foot in the economic forecasting profession. When a firm is setting up a pension system, the financial officer had very much better be "on the job," for that is an area (Continued on page 20)

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

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RICHARD E. RICHTER
President, Shelton Securities Corp., New York City

Greatamerica Corp.

Life Insurance in Force in the U. S. has reached the staggering total of $700 billion with 1963's current rate adding an additional $80 billion per year.

We feel that one of the best participations in the continued growth of the insurance industry is Greatamerica Corp., doing over one per cent of the industry total with $8 billion in force The company's stock at about 18 (over-the-counter), 29% under the market value of its holdings, is attractive for long-term capital gains investors.

Business

Greatamerica is the holding company for: Franklin Life Insurance Co., 24% owned, American Life of Alabama, 80%; Gulf Life Insurance, 17%, and Amicable Life 38% owned. Greatamerica diversified by acquiring 96% of the stock of First Western Bank & Trust in 1963. All of the companies in the group are headed for banner years in 1963. The various components are broken down in the following way:

Franklin Life—Writes ordinary life policies and annuities in all states except N. Y. Insurance in Force has gone from $3.1 billion in 1958 to over $5 billion this year. One important discernible trend is that new individual term insurance written, has risen by 50% in the five year period while whole life and endowment has remained static. This is mainly due to the "pay as you go" philosophy pervading all aspects of our economy.

Total admitted assets of Franklin have had a 70% gain since 1957. It is considered one of the top growth firms in the Insurance field. Because of a very conservative investment policy showing over 50% in bonds and less than one per cent in stocks, Franklin's net investment income, a vital barometer of Insurance company success, has virtually doubled from $13 to $25 million with a return of 4.2% earned on those investments.

American Life—Writes insurance in 15 states and on Government Reservations. Well over half of individual Life Insurance is written on Military Personnel. Total Insurance in Force has quintupled in 5 years to $1 billion in 1963. A key network of accredited dealers on military posts has been formulated and even though voluntary terminations are great, American is well below the industry average in this category.

Investments are 60% in stocks, mainly in stocks of Insurance companies such as Gulf Life where lower investment return is prevalent but higher net gain or loss is realized. American besides holding 17% of Gulf has 80% of Stonewall Insurance a Fire and Casualty company in Alabama. American also has certain interests, through a management company in two Mutual Funds, American Investment Fund and Life Insurance Stock Fund.

Gulf Life—The company is a legal reserve Life Insurance firm which writes whole life, term, and endowment policies with some accident and health business. It operates mainly in Georgia, Florida and Alabama. Insurance in Force, approaching the $2 billion mark, has risen 50% in 5 years with group life policies showing a 120% increase as a factor of the total.

The investment portfolio has shown a gain from $6 to $10 million in the period 1957-62 with a 5% mean return on investment with 47% of funds going into residential property mortgages.

Amicable Life—Amicable writes whole life, term, and endowment on an individual basis in Texas and New Mexico. New policies of individual term have grown twice as fast as the overall Insurance in Force. Most premiums are collected on a monthly payment method whereby deductions are made from the policyholders bank account. Insurance in Force has gone from $287 million to $400 million. Sixty per cent of the investments are in conventional mortgages.

First Western Bank & Trust — This company engages in a general banking business and ranks 51st in the Nation in Total Deposits. Total Assets have gone from $450 to $650 million while Deposits have registered a parallel gain. Lending Services are divided up into Commercial Loans, 45%; Installment, 15%, and Real Estate, 40%. First Western serves growing California with 68 state-wide branches. Rates were increased in Jan., 1962 to enable the company to compete more effectively with the Savings and Loan and other lending institutions in the area. First Western should contribute over $3.7 million of earnings to Greatamerica in 1963.

Position in Industry and Conclusion

Greatamerica's various Insurance holdings rank 26th, 72nd, 131st and 171st in the U. S. Considering the highly competitive nature of the industry with 1400 firms vying for this burgeoning business, Greatamerica's companies, under the leadership of Texas financiers, Troy Post and Charles Becker, have gotten to the top by serving its customers and agents with up to date equipment and expansion of coverage in lines and extra services.

Several new acquistions are under active review to fill out the complex.

The average U. S. family today has $11,500 of Insurance, which while double a decade ago is not enough protection against the wide range of risks in this fast-changing world.

Greatamerica is pursuing one of the most progressive policies to make Americans more aware of their basic needs in both Insurance and Savings. Over two and one-half million satisfied customers will attest to this fact.

(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.)

This Week's Forum Participants and Their Selections

Greatamerica Corp. — Richard E. Richter, President, Shelton Securities Corp., New York City. (Page 2)

Grinnell Corp.—Herbert O. Wolfe, Vice-President, New York Hanseatic Corp., New York City. (Page 2)

HERBERT O. WOLFE
Vice-President, New York Hanseatic Corp., New York City

Grinnell Corporation

It is unusual to find a large, exceptionally well managed company with a favorable long term record and good growth prospects, like Grinnell Corporation, whose stock is available in the OTC Market at about 9 times earnings while the Dow Jones Industrial Average is at 19 times earnings. The low ratio of price to cash flow (about 4½), the substantial discount from underlying asset value, and the conservative capitalization with no long term debt or preferred stock add to the attractiveness of Grinnell stock for long term capital gain.

Since its establishment 113 years ago, Grinnell has been the leader in the manufacture of automatic fire protection systems, and through its control of American District Telegraph Company (ADT), acquired in 1953, it enjoys the continuous growth of the only nationwide organization specializing in central station electric protection against fire and burglary hazards. Grinnell is also a leading producer of industrial piping systems, valves, fittings, plumbing and heating materials, and other products associated with building and plant construction. Unconsolidated subsidiaries include 76% owned ADT, 100% of Holmes Electric Protective Co. which furnishes central burglar and bank vault protection in New York City, Philadelphia and Pittsburgh, and 87% of Automatic Fire Alarm Co. which supplies automatic fire alarm and sprinkler system supervision in New York City, Philadelphia and Boston. Grinnell also has a 44% interest in Hajoca Corp., wholesale distributor of plumbing, heating, air conditioning, refrigeration and industrial supplies.

Earnings for 1962, including equity in undistributed earnings of unconsolidated subsidiaries, amounted to $11,467,000, equal to $9.52 per share on 1,203,323 shares. (The shares outstanding on Dec. 31, 1962 were actually 1,314,573, but 124,212 shares of Grinnell were owned by two unconsolidated subsidiaries, and Grinnell's proportionate equity in such stock amounted to 111,250 shares). Such earnings were $9.94 per share before a non-recurring charge of $509,000 caused by the decline of the Canadian dollar in relation to the United States dollar. Cash flow, including Grinnell's proportionate interest in depreciation and amortization of unconsolidated subsidiaries, was about $20 per share.

Grinnell's unconsolidated subsidiaries have shown excellent growth. For eample, the number of ADT's subscribers increased 48% in the last 9 years to 83,541

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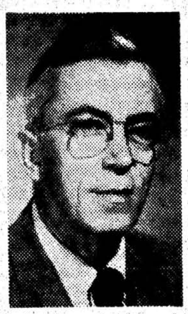
What Kind of a Business Cycle in the Years Ahead?

By R. A. Gordon,* Chairman, Department of Economics, University of California, Berkeley, Calif.

Except for wage and price resistance to economic downturns, our postwar business cycles are said to have been minor and quite similar to those prior to 1939 except for more of an upward tilt, and unlikely to plunge into a really severe contraction. Dr. Gordon details each of those observations and associates our unsatisfactory growth rate and unemployment problem to the fact that we have been in a downward phase of a long cycle these past six years. Confident we have wise management capable of avoiding a serious depression, Dr. Gordon hopes, nevertheless, that the present building boom not meet an untimely end before the new crop of family formations occur in the late 1960's. He also hopes that we not become fearfully over-occupied with inflation and balance of payments problems to the point where we pursue deflation to the detriment of our growth prospects.

I

So far as I know, the business cycle — at least in the United States—is alive and kicking. If it is not, many Americans—from the President of the United States down—have been doing much needless worrying. And the hundreds of thousands thrown out of work in 1948 - 49, 1953 - 54, 1957 - 58, or 1960 - 61, — and the businessmen who saw their profits plummet during these contractions—were very badly deceived.



R. A. Gordon

As Geoffrey Moore of the National Bureau of Economic Research has put it, "The business cycle is not dead." Outpost war experience with cyclical instability has been "sufficient to demonstrate that business cycle phenomena continue to exert a profound influence upon our economy."[1]

Changed Cyclical Character

While the business cycle is still very much with us, it is true that the problem of economic instability has changed its character during the past generation. It will help us to appraise these changes if we take a look at the various kinds of cyclical instability that have plagued our economy in the past. Careful scrutiny of the course of American economic development over the last century or more reveals at least three types of contractions or cyclical setbacks affecting the economy as a whole. We can refer to these as (1) **minor recessions,** (2) **major contractions,** and (3) **periods of retarded growth** (which we can think of as the downswing phases of successive long swings or cycles in growth).

In the latter part of this paper, I shall have something to say about major cycles and the severe depressions that accompany them and also about long swings in growth. I want to concentrate first, however, on so-called minor cycles and the relatively mild business contractions that go with such cycles. It is this sort of minor business cycle that has continued to plague us, and in a form remarkably similar to that which prevailed before World War II.

II

What I have called minor cycles have been repeating themselves in the United States for a century or more. Taking expansion and contraction together, they tend to run from two to four years in duration, are mild in amplitude, and tend to be associated with changes in short-term business expectations and with minor maladjustments. Their most marked feature consists of wide swings in inventory accumulation and decumulation. For this reason, they are frequently referred to as "inventory cycles," and references to "inventory recessions" are fairly common.

Postwar Mild Recessions

Let us look at the postwar record of cyclical instability in the United States. Since 1945, we have had four business recessions, as shown in the accompanying table.

Compared to prewar experience, these postwar contractions have been both brief and mild, although there are some prewar examples of equal brevity and mildness—for example, the mild

Continued on page 22

1 G. H. Moore, "The 1957-58 Business Contraction: New Model or Old?" *American Economic Review*, Vol. 49, May, 1959, pp. 292, 307.

Peak	Through	Duration (Months)	—Percentage Decline— Real GNP	Ind'l Prod'n
Nov., 1948	Oct., 1949	11	1.45	8.48
July, 1953	Aug., 1954	13	2.19	9.05
July, 1957	Apr., 1958	9	3.84	14.09
May, 1960	Feb., 1961	9	1.90	5.91

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OBSERVATIONS...

BY A. WILFRED MAY

SHALL MEMBER FIRMS "GO PUBLIC"?

The projected "Going Public" of Stock Exchange member firms harbors several important implications.

It would assuredly be highly advantageous to those firms taking the step, apart from providing the means for "selling-out" in boomtime. Their subscribing stockholders would solidify, expand and permanentize their brokerage clientele. Also, it would insure the retention of needed capital against the withdrawal of partners' funds through death or other reasons.

The second mentioned factor, namely, the consolidation of a "brokerage company's" stockholders into brokerage customers would entail a corresponding disadvantage to those firms not having the prestige or size required for public offering.

In any event, it would have at least one destructive effect on the public interest. Firms, particularly those in the borderline category of size or prestige for a desired offering, might well increase the existing pressures on their employes to promote trading volume. It would thus accentuate portfolio churning through the conflict-of-interest element under our commission-compensation system, whereunder the broker's advice is uncompensated in the absence of a transaction.

Also, it is difficult, to see how the Exchange officials' existing control over, and disciplining of, firm partners, could be extended to a body of corporate shareholders.

The public offering proposal would require a constitutional amendment, with a two-thirds majority of the Exchange members' approval. Hence these and other areas of the question will surely be fully aired.

* * *

ON DELUSIONS

The trail-blazer showing the impact of emotional factors on investor behavior has, of course, been Charles Mackay's *Extraordinary Popular Delusions and the Madness of Crowds* first published in 1847, and carrying a preface by Bernard M. Baruch in its 1932 edition.

Paying more than lip service to this credo in the nineteen-twenties was a small group of market researchers and economists who met for weekly luncheons at the Old Fire House in Cedar Street that included Robert L. Smitley, a Stock Exchange member gone book-seller. As proprietor of the world famous Dixie Business Book Shop, Smitley became the world's best-informed authority on economic literature.

In 1933, Smitley, then proprietor of the famed Business Book Shop, came forth with his *Popular Financial Delusions* ("Why the crowd is almost always Wrong. A great financier's observations on what men will believe for money").

This fascinating classic, or near classic, with an introduction by Humphrey B. Neill, founder of the Institute of Contrary Opinion, is now republished by James Fraser, also of the Institute, in Wells, Vt.

This debunking work, based on the belief that the "great economic and psychological laws are inflexible and their violation is always expiated" adds that "people are better entertained by what they cannot understand than what they could easily understand if they made the effort." It is dedicated to the reader's "learning to identify the delusions which beset the path of everyone with money to invest and which seek to lure him from his ultimate aim — the protection of his capital and the profits that come from the same handling of his money."

The delusions depicted run the gamut from reactions toward resisting a depression (through credit expansion), to government power, mistaking effects for causes, future forecasting, the investment trust, the authorities statistical inanities, the stock speculator, and forecasting.

Epochal Mis-Forecast

As an instance of major mis-forecasting, Mr. Smitley cites the railroad industry. Shortly after the turn of the Century a famed Yale economics professor typically answered a doubting student's question: "There never will be a time when the credit of our great railroads will be doubted. They have but to ask and the public will respond."

The author maintains that a delusion occurs with regard to the forecasting of the economic services, in that a single success is sufficient for winning the public's acclaim irrespective of limitless failures.

(Is not the converse in the event of a single major *failure* also warranted?)

In the case of the stock speculator the author points out that no matter how rational he may be in his own business, club or home affairs, he immediately becomes insane the minute he assumes the role of speculator.

Freud Over Wall Street

"Doctors Jung and Freud have missed a wonderful thrill because of their neglect to investigate thoroughly the mental unbalance of the speculator. It is as incurable a disease as is cancer."

The minor segment of successful speculators, he continues are experts in crowd psychology.

Wishful thinking constitutes another specific foible developing "an emotional state which may destroy every vestige of clear economic thinking."

Possibly greater difficulty is encountered in "psychologizing" one's self than others.

"The author," says Smitley in a chapter *The Initial Delusion?* "is but one human being unable like all others to psychoanalyze himself. Therefore, the greatest delusion of all may be his belief that the delusions he points out in these pages are delusions."

New Ticker Display System

A revolutionary stock ticker display system, which shows stock prices instantaneously, is now in operation in Bache & Co.'s new board room at 60 Broad Street, New York City. Bache is the first firm to install this newly developed electronic unit called the Lectrascan.

The ten foot long unit, designed and manufactured by Ultronic Systems Corp., flashes stock symbols, number of shares traded and prices by means of stationary rather than moving characters. In contrast with the projector type ticker, Lectrascan's information is read in the conventional left to right fashion.

The Lectrascan, with its non-moving luminous orange characters, was designed to make ticker reports easier to read. Extensive testing by the U. S. Air Force as proved that stationary characters are easier to recognize and retain than moving characters.

Ultronic Systems last month received permission from the New York Stock Exchange to attach Lectrascan to ticker circuits in offices of approved subscribers to the Exchange's continuous quotations.

Lectrascan is capable of price information at high speeds and is fully compatible with the present 500 characters-per-minute ticker. From six to ten transactions can be seen simultaneously. The unit works without a ticker tape or projector, is activiated by the same ticker signals as the ticker now in use, and requires no printing mechanism, tapes, ink or illumination sources.

Pierce, Wulbern Staff Changes

JACKSONVILLE, Fla. — The Pierce, Wulbern, Murphey Corporation, 222 West Adams Street, has recently announced the transfer of Herschel F. Smith, Jr., formerly with their branch office in Atlanta, to the Trading Department of its main office in Jacksonville. Harry Burgess, formerly with Courts & Company, New York, will maintain the trading activities in Atlanta.

Mr. Smith will manage the Trading Department for the firm, replacing Charles M. Thompson, Vice-President, who will head the Institutional Department and coordinate sales for the four branch offices. Mr. Thompson will be assisted by A. O. Jenkins, who has served as a Registered Representative at the home office in Jacksonville for the past three years.

The 33-year-old firm, Florida's only home-owned member firm of the New York Stock Exchange, has branch offices in Birmingham, Gainesville, Tampa and Atlanta.

The Security I Like Best

Continued from page 2

in 1962, while gross plant increased 135% to $106,589,000, gross revenues increased 110% to $61,261,000, and net income increased 128% to $4,301,000. In the same interval the annual depreciation charge increased by 219% to $10,998,000 from $3,445,000, increasing continuously from 7.6% of year-end gross plant to 10.3%, from 12.4% of net plant and equipment to 20.8%, and from 11.8% of gross revenues to 18.0%. The cash flow, including earnings, depreciation and amortization increased 168% to $15,896,000, and all long term debt has been eliminated.

Grinnell's industrial operations excluding all dividends from and income of unconsolidated subsidiaries compared very favorably with the results of its competitors in recent years. From 1956 to 1962, American Standard, Crane, and Walworth all showed declines in sales and net income, the combined figures showing declines of 10.2% in sales and 62.6% in profits. In the same period, Grinnell's sales were up 16.3% to $219,891,000 and profits were down only 10.6%.

In the first half of 1963, Grinnell's sales of $107,000,000 were up 12.7% from a year ago. Profit before taxes was up about 15% but probably would have been up more than 25% had it not been for conservative and non-recurring charges for starting expenses of certain new plants that had not yet started shipments. Accordingly, the consolidated statement of income shows net income of $3,214,000, up $43,000 from a year ago but provision for taxes on income was up by $922,000 to $4,102,000. Including equity in undistributed earnings of subsidiaries, earnings after taxes were $5,185,000 in the first half of 1963, as compared with $5,154,000 last year, despite the large non-recurring charges this year.

The current cash dividend of $2.00 per share is only about 20% of underlying earnings and 10% of underlying cash flow. It has been the company's policy to declare a year-end stock dividend, 3% having been paid in 1962.

In April, 1961, the Government filed a civil antitrust case against Grinnell and its subsidiaries, ADT, Holmes Electric Protective Company and Automatic Fire Alarm Company, asserting an unlawful conspiracy to monopolize the central station electric protective industry. The case, which is still in its preliminary stages, is being contested by all of the defendants.

ADT's market price is about 16 times earnings. If we regard the Holmes and Automatic Fire Alarm as worth the same multiple of earnings, then the 3 unconsolidated subsidiaries are worth about $69,000,000. This is $46,000,000 more than the figure at which Grinnell carries same. Accordingly, Grinnell's net worth is far in excess of the $113,000,000 shown on its balance sheet. Also, certain inventories on a last-in first-out basis were carried at about $29,000,000 at year-end and had a much greater current value.

With 80% of combined earnings being retained and reinvested in expansion and acquisitions and no long term debt in the system, it is reasonable to expect substantial improvement in earnings. Grinnell Corporation stock is a suitable investment for individuals and/or financial institutions.

Fall Fashions in Finance

By Dr. Ira U. Cobleigh, Economist

Containing some random reflections on fashionable investment trends in industries and issues, plus comment on certain shares whose popularity has waned and on others enjoying an uptrend.

It is not sufficiently understood that there are visible and significant fashions in finance, not unlike those holding sway over milady's attire for a ball, banquet, benefit or "brunch." While we like to think that investment decisions are determined on such logical things as assets, earning power, growth rates, cash flow, consumer spending, and other mathematical calculations, stock prices are in fact greatly influenced (as in ladies' styles) by caprices, whims and emotions which have no logical explanation. Hence we get on occasion market aberrations and excesses such as the tulip mania in Holland, the 1929 Stock Frenzy Market, the zeal for uraniums in 1954-56, and for bowling shares two years ago.

Hem Line Influence on Stock Prices

Only recently a dress designer we met at a dinner party explained his own theory that there is a definite correlation between women's styles and stock prices. The theory is based on two items —hem lines and colors. When hem lines are high, so are stocks; and when feminine fashions call for light, bright colors (such as pinks and pastels offered this Fall by Dior, Bohan and St. Laurent) the market will be in a gay and buoyant mood!

So, on this Parisian market motivation, expect a new high in the Dow-Jones average before New Year's Day! (We happen to think this result is reasonably predictable, but for different reasons than those offered by the dress designer).

Certain Descents

With this whimsical background to a serious topic, let us review a few variations in fashion in recent markets and project, if we can, what may be the popular (and consequently uptrending) stocks in coming months. In the past two years, we have certainly noticed fading popularity in a number of divisions. In 1961 bowling was "in" and if you listened to board room chatter, bowling was about to displace every other leisure pastime in America. We were going to do everything but eat breakfast at bowling emporiums; and pinspotters seemed almost as exciting as pin-up girls. But the mood changed. American Machine and Foundry which sold as high as 63⅝ in 1961, reached a 1962 low of 15⅝. Brunswick a co-leader in the bowling industry sold at 74⅞ in 1961 and at 12 currently.

Tobacco shares are less fashionable today, with American Tobacco, the leader, down from a high of 55¾ in 1961 to 28¾ currently. Steels which used to supply sturdy market leadership are in a bayou of fashion, with Bethlehem and U. S. Steel selling at around 50% of 1961 highs. Real estate stocks (except such as Texas Pacific Land and Kern County Land) have flagged, what with overextension of certain individual virtuosi in the industry, the fading glamor of syndicating, and of selling lots $10 down and $10 a month; and the failure to maintain high "dividend" distributions in certain issues, which had been synthetically produced by paying out depreciation reserves in cash. Savings and loans shares had a high vogue in 1961, were in meager demand for many months, but have now taken on a livelier look. Cements have been soggy due to competition and some overcapacity, and Canadian shares have languished from a 15% impost. Chemical and paper shares, too, lack the zest they had in 1961 and the steels and chemicals, which led the parade two years ago have now passed the leadership on to the oils and motors.

Favorites

Yet with all the lessened enthusiasm for some of the categories just listed, the market is flirting wth a new all-time high. The stellar performers and high priests of financial fashion today are General Motors at 75½ the most magnificently successful industrial concern in all history; and Chrysler moving toward 15% of the motor market and generating earnings of around $8 per share. If you were to pick the most fashionable stock in 1963 it would no doubt be Chrysler. The oils have great appeal — the big international ones such as Standard of New Jersey, and the smaller Canadian ones about to be absorbed. Texas Gulf Producing, big in the Sahara Sands, is about to become a $250 million adjunct of Sinclair. IBM is sturdily bought at a gaudy multiple of $10 earnings, because there is only one IBM anywhere!

In the enthusiasm and great competition for copying machines, Xerox, with a tough name but terrific products and research, still has a great and zealous following even at above 280, roughly 47 times projected earnings of $6 a share. In the population control division, G. D. Searle at 140 and Syntex at 114 attract buying based importantly on sociological significance of certain of their products and high hopes for future earnings.

Fat is also in the market fire. Mead Johnson led the way with Metrecal, and now girth control has spread to soft drinks — diet slanted beverages by Royal Crown Cola and Duffy-Mott, and low fat margarines by many companies.

Coming Attractions

In conclusion, it looks like an eager stock market this Fall with confidence in high fashion, supported in many areas by prospects for increased earnings. Where are these prospects? Among companies producing copper, zinc and lead. These base metals seem in a rising conjecture. Motors still look vibrant, although enthusiasm must be tempered by share altitudes. Oils and chemicals are in demand by professional investors. Rails will continue to appeal, more particularly to the income-minded.

Give high place too, in your investment planning to certain regulated industries — life insurance companies, savings and loans, banks and utilities. Regulation is in great fashion—compulsory arbitration of railway labor, new SEC ground rules, and new lending powers in the offing for commercial banks, and savings and loan companies. The S & L's have just crossed $100 billion in assets and their stocks should in due course, trend toward price/earning ratios more characteristic of other deposit institutions. The life companies now have $138 billion in assets, and their combined earnings are at an all time high. We rather expect sustained buying in this division, even though average yields are below 1¼%.

Electric utilities have been consistently rewarding in the past decade, and you might find of special interest those companies that have been steadily increasing their cash dividends.

Altogether, with 91½ million shares traded on NYSE in August (second highest August volume in history), we would anticipate an increased individual market participation this Autumn, and we trust that your portfolio will be fashionably tailored for growth and gain.

Chas. Dupuy Opens

NEW ORLEANS, La. — Charles Dupuy is engaging in a securities business from offices at 817 Claiborne Drive.

P. W. Brooks Co. To Be NYSE Firm

Effective Sept. 12, P. W. Brooks & Co. Incorporated, 120 Bradway, New York City, will become a member firm of the New York Stock Exchange. Mark J. Stuart will hold the firm's excange membership and will become a Vice-President.

Other officers of P. W. Brooks & Co., Incorporated, which was established in 1907, are Albert F. Beringer, President; Stuart M. Beringer, Executive Vice-President; Laurence M. Symmes, Senior Vice-President and Treasurer; Clarence E. Hale, Senior Vice-President and Secretary; Bruce M. Beringer, Vice-President and Assistant Treasurer; Frederick H. Herreilers, Vice-President and Assistant Secretary; Richard Howe, Edmund J. Blake, Jr. and John W. Hurley, Vice-Presidents, and Frederick A. Schulte, Jr. and Robert W. Cease, Assistant Vice-Presidents.

With Bell & Farrell

MADISON, Wis.—Benjamin Bernhardt, Jr. has been added to the staff of Bell & Farrell, Inc., 119 Monona Avenue, members of the Midwest Stock Exchange.

Tax-Exempt Bond Market

*BY GEORGE L. HAMILTON**

Since last reporting, the tax-exempt bond market has been moderately active with prices steady. Some fair retail business was apparently accomplished in bonds of recent to older new issues but the overall volume was not especially large. The advent of August vacations, plus the long Labor Day weekend, did much to slow down the tempo of the market by reducing and limiting general investor demand from appearing.

Yield Index Unchanged

The *Commercial and Financial Chronicle's* high grade general obligation bond Index shows prices unchanged from last week at 3.07%. This marks the first time in four weeks that this average did not show a slight decline in prices. On Aug. 7 the average stood at 3.02% and, when compared with the current average of 3.07%, the result for August was a net loss of about $7.50 per bond.

August of this year saw record volume of new long-term financing, with over $717,000,000 of new issues brought to market. This figure easily surpassed the previous record high for August of $606,000,000 which was set back in 1960. The total volume of new financings for the first eight months of this year stands at $7,193,000,000, also a new high, and a new 12 months record of close to $10,000,000,000 of bonds seems assured.

On the other side of the coin, state and municipal bond proposals reported as approved in August totaled only $75,000,000 of bonds compared with approval of $146,000,000 in August, 1962. However, this loses some poignancy when we consider that for the first eight months of this year approvals ran close to $2 billion versus $1.6 billion for the same period last year. At any rate, there will be no shortage of bonds.

Technical Factors Favorable

As we move into the fall, and a hoped for more active municipal bond market, the technical factors which have particular bearing on tax-exempts are about unchanged from where they stood a month ago. The U. S. Treasury appears to have brought the bill rates about where it wants them for the 90-day and the 182-day bills; these yields are now at three year highs.

The stability in the intermediate and longer term markets depends largely on the Federal Reserve and the part it takes in supporting these issues. For most of the summer these have been supported at prices not warranted by general investment demand.

During the past four sessions "operation support" was apparently withdrawn, at least temporarily, in an effort to attract buyers. However, at the moment this operation has not been a successful one and the Fed seems likely to be back in the market momentarily.

The corporate bond market continues firm with business light. The calendar of new flotations for the next six weeks lacks substantial volume as there is only one sale of note presently scheduled for competitive bidding. On Oct. 22 bids will be received for $40,000,000 Public Service Electric & Gas (1988) debentures. $100,000,000 C. I. T. Financial (1984) debentures are to be negotiated by a Dillon, Read & Co. group on Sept. 18. The current picture could change quickly, however, as is indicated in yesterday's (Sept. 4) registration of $100 million Dow Chemical Co. debentures to be underwritten by Smith, Barney & Co. and associates.

Bullish Tax-Exempt Factor

One of the continuing bullish factors for municipals is the light new issue calendar. This is still abnormally skimpy. A week ago this calendar stood at $241,531,000 and is little changed presently at $260,490,000. The only sizable loans on the schedule are $25,550,000 New York, New York Limited Profit Housing (1964-2012) bonds for Sept. 10; $25,000,000 Los Angeles, Calif. Unified School District (1964-1988) bonds up for public bidding Sept. 17 and $21,985,000 State of North Carolina, Capital Improvement (1964-1980) bonds up for sale Sept. 24.

Negotiated Deals Pending

The negotiated issue schedule has two loans in the process of being readied for market. The group led by *Blyth & Co.* and including as managers *Merrill Lynch, Pierce, Fenner & Smith, John Nuveen & Co., Kidder, Peabody & Co., A. C. Allyn & Co., F. S. Smithers & Co.* and *B. J. Van Ingen & Co.* is to submit proposals in the near future for $177,000,000 Douglas County, Washington Utility District, Wells Dam Project revenue bonds. This project, located on the Columbia River, would generate electricity to be purchased by four private power companies, namely, Puget Sound Power & Light Co., Portland General Electric Co., Pacific Power & Light Co. and Washington Water Power Co. The public reoffering date is to be in approximately six weeks.

The other negotiated issue being considered for market is $50,000,000 Lewisport, Kentucky tax-exempt revenue bonds to finance location and plant construction of a rolling mill for Harvey Aluminum. This issue has been validated by the courts and City Trustees are expected to offer the bonds possibly in late September.

Inventories Close to "Storm Warning Signal"

The general inventory situation, while of manageable proportions, is heavier than most municipal bond people would prefer. The *Blue List* float, which is our most accurate tally relative to Street inventory, stands at $535,087,000 as of Sept. 4 versus $551,503,000 a week ago. This figure, of course, is only a record of the bonds presently advertised for sale and does not include bonds which are on dealers' shelves for various purposes. Moreover, this figure does not include the approximately $60,000,000 of various Public Housing Authority bonds, the unsold balance from the $116,095,000 issue of Aug. 14. That underwriting group is managed jointly by the Bankers Trust Co. and The Chase Manhattan Bank.

The float, even though heavy, is not an unwieldy total but it represents a warning to many an underwriter and potential buyer of some possible market congestion in the near future. When this float reaches $600,000,000, the "storm warning flag" is generally run up the mast.

Bleak Profits Outlook

What seems in store for the municipal bond market over the next few months is next to impossible to judge. The complexities of the money market and our imbalance of foreign payments and the related gold problems make the long-term money market appear even more confused.

Unfortunately, the general conclusion seems to be that long-term rates will remain relatively

Continued on page 31

*Pinch-hitting for Donald D. Mackey.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.25%	3.10%
*Connecticut, State	3¾%	1981-1982	3.20%	3.10%
New Jersey Hwy. Auth., Gtd.	3%	1981-1982	3.10%	3.00%
New York State	3¼%	1981-1982	3.00%	2.90%
Pennsylvania, State	3⅜%	1974-1975	2.85%	2.75%
Delaware, State	2.90%	1981-1982	3.15%	3.05%
New Housing Auth. (N. Y., N. Y.)	3½%	1981-1982	3.15%	3.00%
Los Angeles, California	3¾%	1981-1982	3.30%	3.20%
*Baltimore, Maryland	3¼%	1981	3.25%	3.15%
*Cincinnati, Ohio	3½%	1981	3.20%	3.10%
Philadelphia, Pennsylvania	3½%	1981	3.30%	3.20%
*Chicago, Illinois	3¼%	1981	3.30%	3.20%
New York City	3%	1980	3.22%	3.16%

September 4, 1963 Index=3.07%

*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.

September 5 (Thursday)			
Douglas Co. S. D. No. 66, Neb.	1,500,000	1965-1990	11:00 a.m.
Fairfield, Conn.	3,135,000	1964-1983	--------
Hennepin County Park Reserve District, Minn.	3,000,000	1965-1985	11:00 a.m.
Indiana State College Board, Ind.	2,865,000	1963-2000	11:00 a.m.
Longmeadow Sch., Mass.	1,235,000	1964-1982	11:30 a.m.
Northeast Houston Ind. S. D., Tex.	1,300,000	1966-1993	7:00 p.m.
Pierce Co. Tacoma SD #10, Wash.	1,000,000	--------	10:00 a.m.
Seven Valleys-Spring Grove S. Building Authority, Pa.	1,465,000	--------	--------
University of Alaska	1,106,000	1965-2002	2:30 p.m.
Yamhill County S. D. No. 29, Ore.	1,395,000	1965-1984	--------
September 6 (Friday)			
Cuyahoga County, Ohio	2,262,000	1964-1988	11:00 a.m.
Wash. State Univ., Bd. of Regents	2,294,000	1964-2001	10:30 a.m.
September 9 (Monday)			
Mahtomedi, Minn.	1,000,000	--------	--------
Massillon, Ohio	1,345,000	1964-1988	Noon
South-Western City S. D., Ohio	2,750,000	1965-1986	Noon
University of North Carolina	1,800,000	1965-2002	10:30 a.m.
September 10 (Tuesday)			
Boston Metropolitan Dist., Mass.	3,415,000	1964-1993	11:00 a.m.
Franklin Sch. Construction, Va.	1,500,000	1967-1983	11:00 a.m.
Fridley Ind. S. D. No. 14, Minn.	1,730,000	1966-1988	8:00 p.m.
Hinds County, Miss.	1,750,000	1964-1986	10:00 a.m.
Houston Ind. S. D., Texas	10,000,000	1966-1992	--------
Jackson, Mich.	1,000,000	1964-1989	5:00 p.m.
Nashville & Davidson Co. Metro. Government, Tenn.	4,100,000	1965-1989	7:30 p.m.
New York City, N. Y.	25,550,000	--------	11:00 a.m.
Oyster Bay U. F. S. D. #18, N. Y.	1,835,000	1964-1993	Noon
Pompano Beach, Fla.	1,000,000	1964-1979	11:00 a.m.
Rhode Island (State of)	9,000,000	1964-1993	12:30 p.m.
South Co. Jt. Jr. Col. Dist., Calif.	8,250,000	1964-1988	10:00 a.m.
Washoe Co. Central S. D., Nev.	3,000,000	1966-1983	8:00 p.m.
September 11 (Wednesday)			
Aiken Co. S. D., So. Carolina	1,550,000	1965-1983	Noon
Athens, Ga.	1,000,000	1964-1993	Noon
Clark County Vancouver School District No. 37, Wash.	2,000,000	1965-1978	11:00 a.m.
Hempstead Cent. HSD No. 3, N. Y.	4,789,000	1965-1993	Noon
Mill Creek Comm. School Bldg. Corp., Ind.	1,500,000	--------	
Oakland Co., Mich.	2,120,000	1965-1989	11:00 a.m.
Pittsburgh, Pa.	4,680,000	1964-1983	11:00 a.m.
Pittsburgh School District, Pa.	5,000,000	1964-1988	2:00 p.m.
Plymouth, Cascade, Greenburgh, etc., Jt. Sch. Dist. No. 8, Wis.	3,410,000	1965-1983	1:30 p.m.
September 12 (Thursday)			
Akron City Sch. Dist., Ohio	3,000,000	1965-1984	1:00 p.m.
Maple Valley Sch. Dist., Mich.	1,420,000	1964-1992	8:00 p.m.
Ramapo Central S. D. No. 1, N. Y.	1,810,000	1964-1990	3:00 p.m.
Tazewell County, Va.	1,180,000	1964-1983	Noon
Wayne Co., Mich.	2,185,000	1967-2002	11:00 a.m.
September 16 (Monday)			
Lewisport, Ky.	50,000,000	--------	--------
September 17 (Tuesday)			
Deptford Township S. D., N. J.	1,895,000	1965-1984	8:00 p.m.
Detroit, Mich.	12,820,000	1964-1984	11:00 a.m.
Howell Township S. D., N. J.	1,090,000	1965-1984	8:00 p.m.
Lafourche Parish. Hospital Service District No. 2, La.	1,000,000	1964-1988	2:00 p.m.
Los Angeles Unified S. D., Calif.	25,000,000	1964-1988	9:00 a.m.
Robeson County, N. C.	2,000,000	1965-1979	--------
University of Kentucky	2,025,000	1965-2002	11:00 a.m.
September 18 (Wednesday)			
Barrington, R. I.	2,500,000	1964-1983	11:00 a.m.
New Orleans, La.	14,700,000	1965-1988	10:00 a.m.
September 20 (Friday)			
Fla. State Bd. of Control, Univ. of So. Florida Dormitory Revenue	2,220,000	1965-2002	11:00 a.m.
Hammond, La.	1,275,000	1964-1978	10:00 a.m.
Universities & State College of Arizona, Board of Regents	1,750,000	1966-2003	10:00 a.m.
September 23 (Monday)			
Las Virgenes Municipal Water District, Calif.	3,500,000	--------	8:00 p.m.
Salinas High Sch. Dist., Calif.	2,600,000	1964-1983	10:15 a.m.
September 24 (Tuesday)			
Honolulu, Hawaii	8,000,000	--------	--------
Monroe, La.	6,500,000	1965-1993	10:00 a.m.
North Carolina Cap. Imp.	21,985,000	1964-1980	--------
William S. Hart U. H. S. D., Calif.	1,500,000	1964-1983	9:00 a.m.
September 25 (Wednesday)			
Fort Myers, Fla.	1,700,000	1964-1980	11:00 a.m.
Mason City Ind. S. D., Iowa	2,600,000	1964-1983	2:00 p.m.
October 1 (Tuesday)			
Worcester, Mass.	8,455,000		

The Case Against Proposed "Interest Equalization Tax"

By Andrew N. Overby,* *Vice-President and Director, First Boston Corp., New York City and Chairman of the IBA's Foreign Investment Committee.*

Former Assistant Secretary of the Treasury and U. S. Deputy Managing Director of Monetary Fund, cites following reasons for opposing the proposed tax on purchase of foreign securities: adverse long-term effects on our balance of payments position; its inconsistency with our policy of freedom for capital movements; damage to U. S. capital market and damage to dependent foreign economies; creation of fears of further restrictions; discriminatory phases; administrative complexities. Mr. Overby maintains instead we should improve our international competitive position, encourage increased foreign investment in U. S.; reduce our non-asset-creating expenditures abroad; and temporarily draw on International Monetary Fund. Advances proposals for exemption.

The Investment Bankers Association of America opposes the enactment of the proposed "Interest Equalization Tax" for the following reasons:

Andrew N. Overby

(1) *The proposed tax will adversely affect the United States balance of payments in the long run and will not significantly improve it in the short run.*

Private long-term capital outflows result from direct investment, portfolio investment and bank loans. A complete measure of the balance of payments impact of capital flows must take account not only of the initial outflows of dollars which arise from such investments, but also of (a) receipts from previous investments, (b) the amount of the dollars that go out of the country in the purchase of foreign securities, but come back again in the purchase of United States goods and services and, of course, (c) the fact that foreigners are buyers of U. S. securities just as United States citizens and businesses are buyers of foreign securities.

Private investment abroad and the growth of such investment through retained earnings, increases in value and other factors improve the international asset position of the United States. Moreover, as indicated above, future receipts from foreign investments in the form of interest, dividends and return of capital benefit the balance of payments in future years. Accordingly, considered from the standpoint of the U. S. international asset position and long-term balance of payment position, private foreign investment is an asset creating expenditure.

The extent to which income from previous investments serves to offset current net capital outflows is indicated by the fact that in the five years 1958 to 1962, income from all private foreign investment amounted to $15,419,000,000 as compared to an aggregate net outflow for new investment of $16,626,000,000. Moreover, in 1962 alone income amounted to $3,850,000,000 as compared to a new outflow of $3,273,000,000.

Portfolio investment abroad which H.R. 8000 seeks to curtail unquestionably represents a net contribution to the United States foreign exchange position over the long run since the earnings on the investment and ultimate repatriation of the investment constitute balance of payments receipts.

It is difficult to state the precise effect at the present time of our long-term portfolio investment on our balance of payments since official statistics do not separate the income from private foreign investment of the portfolio type as between that which arises from long-term and that which comes from short-term capital investment, but we do know that the total for the two combined in 1962 was $800 million and it seems reasonable to attribute the bulk of this, let us say $600 million, to long-term private portfolio investments. This is a direct offset in the balance of international payments against the roughly $1.1 billion net outflow of long-term private capital, other than direct investment, in 1962. This figure of $1.1 million represents U. S. purchases of new issues of foreign securities of $1,076,000,000; a net outflow of $55,000,000 on transactions in outstanding foreign securities; a net outflow of $248,000,000 under what the Commerce Department calls "other long-term, net," which includes bank loans; and repayments of $170 million on previous investments and foreign long-term investments in the United States aggregating $139 million, both of which assist our balance of payments position.

But there are other transactions also that help offset the balance of payments impact of long-term private portfolio capital outflow. These are even larger than the income which returns annually to the United States from such investments. They are the purchases by foreigners of our exports of goods and services with the dollars that were obtained by foreigners in the first instance from United States purchases of foreign securities.

Trade follows credit. The chances that dollars spent to buy foreign securities will find their way back to the United States, and find it promptly, in the purchase of our exports is greatest, of course, in the case of countries that are not in the position of accumulating dollar reserves, that is of deficit or near-deficit countries. Canada and Japan, which themselves accounted in 1962 for slightly more than half of the new issues floated in U. S. capital markets ($558 million of a total of $1,076 million), are such countries. A reduction in the outflow of private long-term capital from the United States to Canada and Japan and other countries in the same foreign exchange status may be expected to disrupt business and trading relationships and may well hurt our balance of payments currently no less than in the long run.

The co-author of the Brookings Institution study on the U. S. Balance of Payments, Professor Emile Depres of Stanford University, in his testimony before the Congressional Joint Economic Committee on July 29, 1963 made the following statement with respect to the effect of the proposed tax as applied to Canadian and Japanese securities:

". . . it probably won't help our balance of payments, and indeed it may have the opposite effect because Japan and Canada are countries that have operated on rather modest reserves relying upon the United States, being financially dependent upon us in a sense to tide them over balance of payments difficulties.

"To the extent that it causes them to feel that this is no longer available to them as readily it may cause them to adopt economic policies which will result in the holding of larger reserves, probably at the expense of the United States reserves. In other words, the adaptations which these countries will make to less ready access to our capital markets are likely not merely to compensate but to overcompensate, and therefore the balance of payments advantage when we try to apply it to countries like Canada and Japan is likely to be nil or negative."

So much for the capital flows to countries that are not accumulating foreign exchange reserves: What about United States purchases of new issues of securities from those Western European countries where reserves are being accumulated?

In the case of these countries it must be recognized that we have a two-way flow of long-term private capital funds: United States citizens and businesses buy securities from Europeans and Europeans buy securities from United States persons. And of late these two flows have come very close to balancing out, with the result that our long-term private capital transactions with Europe make no significant contributions to the imbalance in United States international payments.

Data published by the U. S. Treasury show that purchases from U. S. persons of securities by Europeans in the first five months of 1963 came to $1,380,000,000, as against sales to U. S. persons by Europeans of $1,403,000,000, leaving a net negative effect in the balance of payments of only $23,000,000. The net effect of these transactions on the United States balance of payments varies from year to year, having reached a high of a $696 million surplus in 1959 as compared with a low of a $188 million deficit in 1962. In the five years 1958 through 1962, total European purchases of securities from U. S. persons exceeded total U. S. purchases of securities from Europeans by $280 million.

Thus, when one considers (i) that outflow of capital to Canada, Japan and similarly situated countries may be expected to flow back to the United States in purchases of our exports, (ii) the very small balance of payments leakages that are currently occurring in our securities transactions with Western European countries, and (iii) the fact that over a period of time these latter transactions have been a plus not a minus in our international accounts, it must be concluded that the imposition of the proposed tax will not contribute significantly to the reduction of our balance of payments deficit. Certainly it is difficult for us to understand how the $500 million annual reduction reported to have been estimated by the Treasury could be achieved.

Another approach to the assess-

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Common Stocks for Sound Income—Report—Thomson & McKinnon, 2 Broadway, New York, N. Y. 10004.

Earnings Estimates of Major U. S. Companies for 1963 — Revised study — Burnham and Company, 60 Broad Street, New York, N. Y. 10004.

Electric Utility Companies — Annual review, with comparative data in regional grc pings—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York, N. Y. 10005. Also available is an analysis of the **Air Transport Industry.**

Electric Utility Stocks — Analysis —Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available are comments on **Consolidated Edison of New York, Office Equipment, Kendall Co., Paddington Corp., Kroger Co.** and **American Optical.**

Electronics Industry — Comments —Goodbody & Co., 2 Broadway, New York, N. Y. 10004. Also available are memoranda on **American Radiator & Standard Sanitary, Borden Co., Emery Air Freight** and **Minnesota Mining & Manufacturing.**

Funk & Scott Index of Corporations & Industries — Index of articles on corporations, industries, and general business subjects taken from over 200 financial publications, 350 broker's reports, and speeches before analysts societies — 1962 Annual Cumulative Volume $30. Further information on the weekly or monthly issues available on request—Investment Index Co., 206 F Colonnade Building, Cleveland 6, Ohio.

International Balance of Payments —Review — Sumitomo Bank Ltd., Kitahama, Higashi-ku, Osaka, Japan. Also available is a review of the Japanese **Cement Industry.**

Japanese Market — Review — Daiwa Securities Co., Ltd., 149 Broadway, New York, N. Y. 10006. Also available are analyses of **Ajinomoto, Iwaki Cement, Meimi Seika, Nippon Express, Nippon Oil.**

Japanese Shipbuilding Industry—Review—Yamaichi Securities Co. of New York Inc., 111 Broadway, New York, N. Y. 10006.

Life Insurance Stocks for Lifetime Gains—Ira U. Cobleigh—Basic information, highlighted for investors, about the attractiveness of life stocks, the historic growth of representative life insurance companies, and criteria for prudent current selection of seasoned life stocks with a view to long term capital gains—Cobleigh & Gordon, 220 East 42nd Street, New York, N. Y. 10017—$2 per copy (quantity prices on request).

Life Insurance Stocks: The Modern Gold Rush—By Arthur Milton—Study of the history and potential of life insurance stocks—Timely Publications, Dept. C, 550 Fifth Ave., New York, N. Y. 10036 — $2.95 per copy (quantity prices on request — NYC residents add 5% sales tax).

Long-Term Bonds — Discussion—New York Hanseatic Corporation, 60 Broad Street, New York, N. Y. 10004.

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

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 25-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Paper Industry — Review — L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005. Also available is an analysis of **Chase Manhattan Bank.**

Portfolio Selections for Income—Bulletin — Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available are reports on **U. S. Rubber.**

Public Utility Common Stocks—Comparative figures—G. A. Saxton & Co., Inc., 52 Wall St., New York, N. Y. 10005.

Wall Street Transcript — Brokers reports in full reprinted and cross-indexed available on subscription—Copy of current issue $1—Wall Street Transcript, Dept. 928, 54 Wall St., New York, N. Y. 10005.

* * *

ABC Vending—Survey—W. R. Sauve Co., Inc., 37 Wall Street, New York, N. Y. 10005. Also available are commnts on **Warren Brothers, Olin Mathieson,** and **Fifth Avenue Coach.**

Aero Geo Astro Corporation—Analysis—Wachtel & Co., Inc., 729 15th Street, N. W., Washington, D. C. 20005.

Air Reduction Company Inc.—Analysis—Mitchum, Jones & Templeton, Incorporated, 650 South Spring Street, Los Angeles, Calif. 90014.

All American Life & Casualty—Analysis—Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago, Ill. 60603. Also available is an analysis of **R. C. Can Company.**

American Telephone & Telegraph Co. — Analysis — Shearson, Hammill & Co., 14 Wall Street, New York, N. Y. 10005. Also available is a memorandum on **Kansas Gas & Electric.**

Atlantic Refining Company—Analysis—Robinson & Co., Inc., 15th and Chestnut Streets, Philadelphia 2, Pa.

Borman Food Stores—Comment—Henry Gellerman, Dept. CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available are comments on **American Commercial Barge Line Co., Deere & Co., International Minerals & Chemical, Rochester Gas & Electric, White Motor** and **Interstate Department Stores.**

Brunswick Mining & Smelting—Memorandum—Gairdner & Company Limited, 320 Bay Street, Toronto 1, Ont., Canada.

Calumet & Hecla—Memorandum —Sincere and Company, 208 South La Salle Street, Chicago, Ill. 60604. Also available are memoranda on **Glidden** and **Olin Mathieson.**

Canadian Pacific — Memorandum —Leggat, Bell, Gouinlock Ltd., 275 St. James Street, West., Montreal 1, Que., Canada.

Carolina Pacific Plywood Inc.—Report—Peter Morgan & Co., 1 Chase Manhattan Plaza, New York, N. Y. 10005.

Cities Service Company — Comments—Oppenheimer, Newborg & Neu, 120 Broadway, New York, N. Y. 10005. Also available are comments on **Kelsey Hayes Company, National Distillers & Chemical Corp.** and **U. S. Steel Corp.**

Clark Equipment — Memorandum —Walston & Co., Inc., 74 Wall Street, New York, N. Y. 10005.

Consolidated Edison Co. of New York—Analysis—H. Hentz & Co., 72 Wall Street, New York, N. Y. 10005.

Cove Vitamin & Pharmaceutical—Report—Hill, Thompson & Co. Inc., 70 Wall Street, New York 5, New York.

Dana Corp.—Chart analysis—McDonnell & Co. Incorporated, 120 Broadway, New York, N. Y. 10005.

Dial Finance Company—Analysis —Hill Richards & Co. Incorporated, 621 South Spring Street, Los Angeles, Calif. 90014. Also available is analysis of **Frito Lay Inc.**

Dover Corp.—Analysis—J. R. Williston & Beane, Incorporated, 2 Broadway, New York, N. Y. 10004. Also available is a memorandum on **Arvin Industries.**

FMC Corporation — Survey — Evans & Co. Incorporated, 300 Park Avenue, New York, N. Y. 10022. Also available are surveys of **American Airlines, Youngstown Sheet & Tube, Armco Steel, Montgomery Ward, Singer Co., du Pont, Wells Fargo Bank** and **Quaker Oats.**

Florida Bancgrowth Inc.—Memorandum—Dempsey-Tegeler & Co., Inc., 1000 Locust Street, St. Louis, Mo. 63101.

Frontier Airlines Inc.—Report—R. L. Warren Company, 818 Olive Street, St. Louis, Mo. 63101. Also available is a report on **Holiday Inns.**

Gelman Instrument Co.—Analysis —F. J. Winckler Company, Penobscot Building, Detroit, Mich. 48226.

Gulf Life Insurance Company of Jacksonville, Fla.—Analysis—Equitable Securities Corporation, 322 Union Street, Nashville, Tenn. 37203. Also available are analyses of **Jefferson Standard Life Insurance Co., Lamar Life Insurance Company,** and **Life Insurance Company of Georgia.**

Gulf Oil—Analysis—Watling, Lerchen & Co., Ford Building, Detroit, Mich. 48226.

House of Vision Inc.—Analysis—Freehling & Co., 120 South La Salle Street, Chicago, Ill. 60603.

Imperial Oil—Memorandum—G. W. Nicholson & Company Limited, 67 Richmond Street, West, Toronto 7, Ont., Canada.

Interstate Fire and Casualty Co.—Analysis—Glore, Forgan & Co., 135 South La Salle Street, Chicago Ill. 60603.

Leaseway Transportation—Memorandum—Hayden, Stone & Co. Incorporated, 25 Broad Street, New York, N. Y. 10004. Also available are memoranda on **American Smelting, Inland Steel** and **Great Western Sugar.**

Long Island Lighting—Memorandum—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York, N. Y. 10004.

Marine Petroleum Trust—Analysis—Brown, Allen & Co., Inc., Texas Bank Building, Dallas, Texas 75201. Also available is an analysis of **Tidelands Royalty Trust.**

McQuay, Inc.—Analysis—Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis, Minn. 55401.

Microwave Electronics Corp.—Analysis — Hannaford & Talbot, 111 Sutter Street, San Francisco, Calif. 94104.

Montgomery Ward & Company—Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York, N. Y. 10005. Also available are comments on **Gardner Denver, Amphenol Borg Electronics, Arkansas Louisiana Gas, General Mills, American Potash & Chemical, Dresser Industries,** and **American Chain & Cable.**

Mortgage Guaranty Insurance Corporation —Analysis — Dittmar & Company Inc., 201 North St. Mary's Street, San Antonio, Texas 78205.

Olin Mathieson Chemical—Analysis—Fahnestock & Co., 65 Broadway, New York, N. Y. 10006. Also available is a survey of **Gardner-Denver.**

J. C. Penney—Memorandum—Dean Witter & Co., 14 Wall Street, New York, N. Y. 10005.

Revlon—Memorandum—J. W. Sparks & Co., 120 Broadway, New York, N. Y. 10005.

Seeburg — Memorandum — Bruns, Nordeman & Co., 115 Broadway, New York, N. Y. 10006.

Sharon Steel Corp.—Analysis—Schweickart & Co., 2 Broadway, New York, N. Y. 10004.

Sta-Rite Products Inc.—Report—Loewi & Co., Incorporated, 225 East Mason Street, Milwaukee, Wis. 53202.

Storer Broadcasting—Report—Harris, Upham & Co., 120 Broadway, New York, N. Y. 10005.

United States Freight Company—Analysis — Emanuel, Deetjen & Co., 120 Broadway, New York, N. Y. 10005.

Wolverine Shoe & Tanning—Memorandum—First of Michigan Corporation, Buhl Building, Detroit, Mich. 48226.

Gold Boom on Eve Of I. M. F. Meeting

By Paul Einzig

Foreign exchange market does not share dollar distrust evidenced in the gold bullion market according to Dr. Einzig. Examined are the "pro" and "cons" on changing parity price of gold, the reasons for present gold moves and the future fate of the gold buying pool—questions bound to be discussed at the forthcoming I.M.F. meeting.

LONDON, Eng. — Buying pressure in the gold market, which has been in evidence throughout the second half of August, brought the London dollar price of gold to over $35.11 on Aug. 29, the highest figure since the Cuba crisis. The accentuation of the boomlet on that day was due to technical causes connected with Labor Day in the United States on the following Monday. Normally all spot dealings in gold are for delivery in two days, and gold sold on Thursdays are for delivery not on Saturdays (owing to the important part played in the London gold market by Jewish firms, N. M. Rothschild & Son, Samuel Montagu & Co., and Mocatta & Goldschmid), but on the following Mondays. This time delivery was arranged for the following Tuesday, Sept. 2, which means five days instead of two. This makes short-term speculation through purchases of spot gold appear particularly attractive, even though the chances of any change in five days are remote. Anyway, this technical cause merely accentuated the existing trend which had developed mainly in anticipation of the impending annual meeting of the International Monetary Fund.

Year after year that meeting is awaited with gloomy or pleasurable anticipation — according to the case—of some major change such as devaluation or revaluation, adoption of floating exchanges or widening the spread between their support points. Even though President Kennedy quite recently rejected once more and with the utmost emphasis any idea of dollar devaluation, there is a widespread feeling in the gold market that in spite of this something might happen. This feeling was greatly strengthened by the disappointing balance of payments figures published since the President's statement.

Market Reaction Contrasted

Curiously enough distrust in the maintenance of the present official dollar price of gold is confined to the bullion market. There is very little evidence of it in the foreign exchange market where the dollar has been steady to firm during the days when the price of gold was being bid up. This anomaly can be explained by the widely-held assumption that, while President Kennedy has staked his prestige on his determined resistance to unilateral devaluation of the dollar, he might be willing to consider an all-round increase of gold parities by all member Governments of the International Monetary Fund.

This would mean that exchange rates would remain unaffected, so that anticipation of such a change does not cause any weakness of the dollar. On the other hand, it does cause a rise in the dollar price of gold. Unless the Washington Administration makes it quite plain that it is opposed to a rise in the dollar price of gold even as part of an international action of uniform devaluations, the speculative buying pressure on gold is likely to increase as the I. M. F. meeting draws nearer.

Evidently, the Central Bank's Gold Pool has changed its tactics in face of the present pressure. During recent months it sought to keep the price in the close vicinity of the official American selling price plus costs. But in recent days it allowed a "premium" to develop. Possibly in doing so it wishes to discourage speculative buying. If the price is pegged rigidly at a too low level it provides speculators with an irresistible inducement to operate on a large scale, since the risk involved is negligible. By allowing the price to creep up the Gold Pool increased the risk attached to speculation. It is safe to assume that but for this the demand for gold would have been even heavier.

There is no evidence of any heavy demand for Euro-dollar deposits. On previous occasions speculative buying of gold was usually accompanied by such demand, because speculators and hoarders financed their purchases with the aid of Euro-dollars. The absence of any borrowing for that purpose on the present occasion is interpreted in some quarters as indicating that this time speculative and hoarding operations are done by financially strong buyers.

The present movement in the market will presumalby lend additional strength to the demand, voiced recently in some Central Banking quarters, that the Gold Pool arrangement is a mistake and should be abandoned and that the price of gold should be allowed to find its level. Why, it is asked, should Central Banks go out of their way to assist in speculation and hoarding by placing at the disposal of speculators and hoarders unlimited amounts of gold at an artificially low price?

There is, however, another side to the picture. Few people have forgotten the unsettling effect of the sharp rise in the price of gold in the Autumn of 1960. A repitition of that experience might go a long way towards undermining confidence in the dollar. The subject is certain to be argued out at the I. M. F. Meeting. The possibility that the outcome will be a termination of the Gold Pool may well be responsible for the present demand for gold in anticipation of a rise in its unofficial price that would result from such a decision.

Last Autumn the price of gold remained relatively low in spite of the Cuba crisis, not only because of intervention by the Gold Pool but also because of selling by the Soviet Union. This year Russian gold is conspicuous by its absence. In all probability the Soviet Government abstains from selling gold partly because it has been borrowing Euro-dollars on a large scale for financing its import surplus, and partly because it hopes for an increase in the dollar price of gold.

If the I. M. F. meeting passes without any major change the gold market is expected to settle down once more to normal routine.

Foreign Banking And Financing Distinction Ended

The Board of Governors of the Federal Reserve System has adopted a revision, effective Sept. 1, 1963, of its Regulation K affecting "corporations engaged in foreign banking and financing under the Federal Reserve Act." The revision follows a comprehensive review of the existing rules, in effect since Jan. 15, 1957, that are applicable to so-called Edge Act and agreement corporations operating under Sections 25 and 25(a) of the Federal Reserve Act. Presently there are 30 Edge Act corporations (including four which have not opened for business) and five agreement corporations.

The primary objective of the revision was to enable Edge Act and agreement corporations to operate more effectively in financing international and foreign commerce. Another important objective was to shorten and simplify the regulation by deleting provisions which merely reiterated statutory requirements.

The revision eliminates the formal distinction between "banking" and "financing" corporations. Since Edge Act corporations were regarded under the former regulation as either "banking corporations" or "financing corporations," some may wish to combine these activities, as permitted by the revision, by amending their articles of association in accordance with the usual procedure. It is possible that some member banks having both types of corporations may want to merge them into a single corporation in view of the changes made in the revised regulation.

Whitman Secs. Branch

JONESBORO, Ark. — Whitman Securities Co. has opened a branch office at 108 West Washington under the management of J. Lawrence Jones.

Midland-Osler Securities Formed

TORONTO, Ont., Canada — Midland Securities Corpn. Limited, and Osler, Hammond & Nanton Limited, have announced the formation of Midland - Osler Securities Limited to underwrite and distribute Canadian Government, Provincial, municipal and corporation securities and to offer a complete stock brokerage service on all Canadian Stock Exchanges.

Officers of the new securities company are Douglas B. Weldon, Honorary Chairman; Gordon P. Osler, Chairman; E. M. Kennery, President; David B. Weldon, Executive Vice-President; J. T. Skelly, E. H. Gunn, R. G. McCulloch, C. W. McBride, and W. A. Stewart, Vice-Presidents. In addition to the officers, D. J. McDonald, T. W. Meredith, W. A. Dakin, Jr., W. R. Franks, and H. A. Leonard are directors of the firm.

The new organization, which extends across Canada, will have offices in London, Toronto, Montreal, Hamilton, Kitchener, Brantford, St. Thomas, Sault Ste. Marie, Sarnia, Winnipeg, Saskatoon, Regina, Edmonton, Calgary, Vancouver and Victoria. An affiliate will also be maintained in New York City.

The first office of Osler, Hammond & Nanton Limited was set up in Winnipeg in 1883 by Augustus N. Nanton. Mr. Nanton was an employee of the financial firm of Osler & Hammond in Toronto when he was selected to expand the firm's operations into Western Canada and he was made a partner of the new company. At first the activities of the Winnipeg firm were confined to the sale of land and to providing funds for mortgages on real estate, but the business gradually developed into a large, general financial institution.

Midland Securities Corpn. Limited was established in London, Ontario, in 1925 by Douglas B. Weldon. An affiliated stock brokerage firm, The Midland Co. Limited, was merged with the parent company in July 1963, in order to facilitate the merger with the investment securities division of Osler, Hammond & Nanton, Limited. (The operations of the insurance division and other departments of Osler, Hammond & Nanton Limited will not be affected by the merger.)

Three Join McDonnell Co.

WASHINGTON, D. C.—J. Newton Brewer, Jr., Edward M. Becker and Richard L. Bruce have joined the Washington office of McDonnell & Co., Incorporated, members of the New York Stock Exchange, Washington Building. Mr. Brewer has been elected a Vice-President of the firm. All were formerly officers of Rouse, Brewer, Becker & Bryant, Inc.

F. I. duPont Names Omaha Mgr.

OMAHA, Neb. — Henry B. Moss has been appointed Manager of the Omaha office of Francis I. duPont & Co., 305 South 16th St., it has been announced by Edmond duPont, Senior Partner of the nationwide investment firm. He succeeds David P. Greer, who is giving up his managerial duties but will remain an active member of the Omaha office.

Mr. Moss has been in the investment business for 17 years, the last 14 years in Omaha. He joined Francis duPont & Co. in 1959 and was named Assistant Manager in 1960.

Greenville Branch

GREENVILLE, Miss. — American Liberty Planning Corporation has opened a branch office in the Arcade Building under the direction of Ross Shelton.

Opens Hattiesburg Branch

HATTIESBURG, Miss.—American Liberty Planning Corporation has opened a branch office in the First Federal Building. H. W. McMillan is Manager.

Updating Our Domestic and World Economic Policies

By Dr. Walter W. Heller,* *Chairman, Council of Economic Advisers, Washington, D. C.*

Thoughtful attention should be accorded to the recent views of President Kennedy's economic adviser regarding domestic monetary and fiscal policies, and present international balance of payment and near future international liquidity problems and solutions. Dr. Heller explains Administration's "determined" effort, in cooperation with the Fed, to deal with the payments-deficit without sacrificing our world and domestic objectives; unequivocally warns the Fed that our deliberately "twisted" interest rate pattern may require "free reserve to rise somewhat above recent levels" to maintain credit level so that neither bank lending rates nor long-term yields will rise; censures free international corrective forces for being deflationary and slow-acting and, after praising present arrangements to protect the dollar, envisions need for new world international liquidity which would keep pace with trade and income instead of gold which he avers is "an inadequate and undependable source of reserve growth."

In assessing the wisdom of increasing the discount rate and taking associated measures to raise Treasury bill and other short-term open market interest rates, one must weigh very carefully the possible benefits to the balance of payments against the costs and risks to the domestic economy.

Walter W. Heller

The evidence concerning the sensitivity of short-term capital movements to differentials in interest rates between money centers is difficult to assemble and evaluate, for a number of reasons. (a) Capital flows respond to many factors other than interest differentials—for example, some flows are caused by speculative considerations related to possible changes in exchange rates, and some reflect the needs of trade financing and respond to changes in trade. (b) Since most currencies have been convertible only since 1958, we have only a very limited experience with capital flows under conditions of convertibility. (c) A substantial but unmeasurable portion of capital flows is buried in the "unrecorded transactions" component of the balance of payments.

A rise in short-term U. S. interest rates relative to those abroad would have some tendency to reduce the outflow of U. S. short-term funds to foreign money markets—perhaps even going so far as to cause a repatriation of some of these funds to the U. S. In addition, a rise in our short-term rates would tend to induce foreigners to invest more short-term funds in U. S. money market instruments. However, foreign investments in U. S. liquid assets are not included as a credit in the computation of our deficit but rather are treated as a means of financing the deficit. Consequently, the attraction of more foreign funds will not reduce our statistical deficit, but it will divert funds from the hands of central banks and official institutions, which alone have the privilege of demanding gold from the United States.

In some respects, the impact of short-term capital flows on our gold and foreign exchange reserves is more important than the effects on our official deficit. For example, outflows which increase the reserves of Canada and Japan, countries which hold increments to their reserves almost entirely in dollars rather than gold, increase our deficit but have little immediate effect on our official reserves. Moreover, dollar-denominated outflows to the Euro-dollar market do not directly affect the foreign exchange market, so that while they do enlarge our deficit, they do not cause any immediate drain on our reserves. To the extent that a rise in interest rates reduces these kinds of outflows, it cuts our statistical deficit but does not reduce the pressure on our official reserves. On the other hand, to the extent that a rise in U. S. short-term interest rates attract more foreign funds to invest in U. S. money market assets, it does not show up as a reduction in our deficit but it does strengthen the dollar in foreign exchange markets and lessens the strain on our reserves.

Thus, some short-term capital flows affect both our deficit and our reserves, some affect only the deficit, and some affect only reserves. These considerations greatly increase the complexity of evaluating the balance of payments effects of a rise in U. S. short-term interest rates.

In addition, the effects depend on the response of foreign short-term interest rates to changes in U. S. rates. However, unless the effects of our rate increase on the U.K. and Canadian balances of payment are larger than we expect, we have good reason to suppose that their rates—which are most relevant to flows of capital to and from the U. S.—will not be changed. On the other hand, if the rise in our interest rates significantly reduces the supply of funds in the Euro-dollar market, we can probably expect some compensating rise in Euro-dollar deposit rates.

It appears that sizable portions of the flows of short-term funds respond to differentials in interest rates after the cost of forward cover has been taken into account. A rise in U. S. interest rates would presumably narrow the covered differential between U. S. and foreign rates by a lesser amount than it would narrow the uncovered differential, because it would set in motion market forces which would cause at least a partially compensating adjustment in the cost of forward cover.[1]

The above complexities make difficult any estimation of the effects on our balance of payments deficit and on our official gold and foreign exchange reserves to be expected from a modest increase in our short-term interest rates. In view of the limited amount of data available and the complicated relationships involved, such formal statistical studies as have been made must be supplemented by the judgments of responsible persons whose daily contacts with the foreign exchange market give them special expertise for judging these matters. It appears that these persons generally judge the interest-sensitivity of short-term capital movements to be rather greater than is indicated by the available statistical studies.

Upward Short-Term Outflow Volume

The recorded short-term capital outflow from the U. S., as reflected in our balance of payments, amounted to over $600 million in 1962. In addition, there was a net debit of about $1 billion for unrecorded transactions, a significant portion of which presumably represented short-term flows. Because of large inflows in January, short-term flows and unrecorded transactions netted out to zero for the first quarter of 1963. Since January, however, there has been a steady outward movement of short-term capital.

Under favorable circumstances, a modest rise in U. S. short-term interest rates, including the ceiling rates on time deposits, unaccompanied by any general reduction in credit availability or any increases in long-term interest rates, is likely to reduce noticeably the short-term capital outflows (including those hidden in unrecorded transactions) that enter into the calculation of the balance of payments deficit. As noted above, not all of the reduction would accomplish an equal saving in our official reserves; but, on the other hand, the rise in our interest rates would induce some foreign investors to hold more U. S. assets, and this would reduce the pressure on our reserves even though it would not cut our statistical deficit. In addition, discussions with our associates in the OECD and in other international forums, indicate that the discount-rate increase may well have beneficial effects on foreign confidence in the dollar and on their willingness to accept other moves to meet our balance-of-payments problem.

Impact on the Domestic Economy

Thus, higher short-term interest rates should reduce the outflow of short-term capital. But can we be sure that higher short-term rates will not conflict with our objective of continued domestic expansion?

The record of the past two years demonstrates the possibility of maintaining upward pressure on short-term rates, with, at the same time, reasonable monetary ease and stable or even declining long-term rates. From 1961 the yield on 3-month Treasury bills increased about three-quarters of 1% up to the time of the most recent monetary policy developments. Yet the rise in the yield on long-term U. S. Government securities has been held to about 0.2%. More importantly, bank lending rates have remained constant, while the cost of long-term financing for corporations, State and local governments, and home-building have all declined. The yields on high-grade corporate bonds and State and local governmental securities have declined by 0.1 to 0.2%, while the yields on FHA-insured and conventional mortgages have fallen about one-half of 1%.

We also have considerable evidence that rates charged on consumer installment lending have been declining and that both consumer installment and mortgage lenders have liberalized terms other than interest rates.

Interest Rate "Twisted" by Four Factors

Four factors have contributed to this "twisting" of the interest rate structure within a general framework of relative monetary ease:

(1) The growing recognition that inflation has been stopped has been a fundamental factor making investors willing to hold long-term, fixed-interest claims at moderate yields.

(2) The Federal Reserve has made substantial purchases of securities of more than one-year maturity in the course of its open market operations. Since abandoning its "Bills usually" policy in February 1961, the Federal Reserve bought $2.6 billion of U. S. Government securities of over one-year maturity in 1961, $1.8 billion in 1962, and $742 million so far this year. Most of these purchases have been in the 1- to 5-year maturity range. The Federal Reserve also released $767 million of reserves in 1962 through a reduction of reserve requirements against time deposits from 5 to 4%.

(3) The Treasury Department has concentrated the great bulk of its cash financing in short-term maturities. Since December 1960, there has been an increase of $7 billion in Treasury bills outstanding.

(4) The upward revision in the maximum interest rates on bank savings and time deposits has increased the flow of funds into long-term debt instruments. Paradoxically, higher deposit rates have been a major factor in producing lower long-term interest rates. The result of higher deposit rates has been a large increase in the volume of funds flowing through institutions whose portfolio policies cause them to seek outlets in long-term debt instruments, particularly in State and local governmental securities and in mortgages.

The recent monetary policy action—the increase in the discount rate from 3 to 3½%—need not be inconsistent with the objectives that have guided monetary and debt management policy in the past two years.

Of course, concern over this action is understandable. In the past discount rate increases have traditionally been associated with attempts to restrain money and credit generally. However, as we interpret the increase in the discount rate, on the basis of joint study and discussion of this move with monetary officials, it is another step in implementing the objectives of putting moderate upward pressure on short-term interest rates for balance-of-payments reasons, while maintaining relative monetary ease. As the President said in his Balance-of-Payments Message: "I have been assured by both Treasury and Federal officials that they intend to do everything possible through debt management policy and open-market operations to avoid any reduction in domestic credit availability and any upward pressure on long-term interest rates while the economy operates below capacity without inflation." We believe that this can be done.

As long as the Federal Reserve provides sufficient steady growth of total bank reserves—so far as possible through open market purchases of intermediate and long-term U. S. Government securities—and the Treasury reinforces upward pressure on short-term rates to the extent necessary through an increasing emphasis on short-term financing, there is no reason for credit to become less available or for bank lending rates or yields on long-term instruments to rise. To permit an adequate growth in total reserves, it may well be necessary to allow free reserves to rise somewhat above recent levels.

The Interest Equalization Tax

We need to moderate the short-term outflows of capital which have contributed to our balance of payments deficit, and we believe that a modest rise in short-term interest rates will contribute to this end. But capital outflows in the form of portfolio investment by Americans, particularly in new foreign bond issues, are also large and growing. These issues are attracted to our markets not only by our relatively low long-term interest rates, but also by our unequaled investment facilities—and, of course, by the freedom of our markets from the controls which almost all other nations impose.

We believe that it is in the interests of these nations—as well as in our own—that the capital markets of other countries should be strengthened and broadened, and some movement in this direction is occurring. But, as already noted, progress in this field will inevitably be slow.

Many Europeans have urged us to raise our long-term interest rates if we wish to stem this capital export. This advice we categorically reject. In order to make a significant difference for the balance of payments, our long-term rates would have to rise significantly. But even a fractional rise in long-term rates could do serious damage to our own expansion.

The solution which the President has proposed is a temporary tax on U. S. purchases of foreign securities having maturities in excess of three years. The amount of the tax is graduated in such a way as to add roughly 1% to the cost of borrowing or raising equity capital in the United States. It is thus a logical companion measure to the higher discount rate and time deposit ceilings while raising the cost of short-term capital. To the extent that it restrains the outflow of long-term funds, it has the incidental benefit, of course, of increasing the availability of long-term funds to finance real investment in the U. S.

Ultimately, however, the solution to our problem of capital outflow—both direct and portfolio—lies elsewhere. It lies in a strong and vigorous expansion of our domestic economy which will provide a market here for the full

Continued on page 19

1 For example, a rise in U. S. rates relative to those in the U. K. would reduce the U. S demand for spot Sterling to invest in the U. K. market and would also reduce the supply of forward Sterling. Thus, the spot Sterling exchange rate would tend to fall and the forward rate to rise, thereby reducing the forward discount on Sterling. This decline in the cost of forward cover would in the course of time at least partially offset the effect of the narrowing of the interest rate differential, thus cutting down to some degree the benefits to the U. S. from the interest rate increases.

The Market . . . And You

BY WALLACE STREETE

The normal apprehension over the stock market when Labor Day time approaches was not only conspicuously absent this year, but the Dow industrial average, for one, was able to bracket the holiday with new high readings for the year and stand only a hair away from the all-time high.

The most comprehensive average around, the Standard & Poor's 500-stock composite average, as a matter of fact was already at a new, all-time peak after nudging through the level as trading resumed right after the holiday shutdown. S. & P.'s average has been ahead of the Dow Industrial rather consistently. It reached its highest reading in history on Dec. 12, 1961, while the Dow didn't top out until Dec. 15 of that year.

Then when there was overhead resistance blocking the Dow in its bid for a new 1963 high, the S. & P. index moved easily to a new high for the year before the Dow barometer was able to confirm the action.

What Top?

So there was onlly one item to be debated in Wall Street. And that was where the ultimate top will be registered by the industrial average. The guessing was pretty much aimed somewhere between 765 and 780 although, as some technicians were quick to point out, if all the stocks in the average retraced to their highs of the last half dozen years, a reading well above 900 would be shown.

Since the market seldom moves with such unanimity, there wasn't too much talk of readings on a plane that high, at least not in the immediate future. But ever since the market started its long, historic run in 1949, there have been a handful predicting readings around 1,000 "eventually," and they are sure to be in action again when the industrial average starts forging into uncharted territory.

Picking an exact reading on any run-up is obviously a risky chore since unusual moves by only a few of the components can alter the story radically. The goals generally were considerably higher when the average topped out in 1961 just shy of 735. In fact the 765-780 range prevalent today is roughly comparable with the estimates being made in 1961. But until yardsticks are developed to measure investor confidence and the insatiable appetites of the institutional buyers, any such figures are largely plucked out of thin air or based on suppositions.

A Historic First

What is plain is that the market has set a historic first in its ability to recover from a major break in so short a time. After the debacle of 1929, it wasn't until Nov. 23, 1954—a quarter century later—that the industrial average reached the comparable level of 381. And by then only 19 of the 30 stocks were the same, substitutions having made through the years. Dow Jones & Co. itself labeled the return to the previous peak a "statistical happenstance."

The some price discrepancy is apparent in the individual components. One market technician noted that there were five of the issues in the index that would have to rally 70 to 100% to reach the peak prices they had posted from 1957 on, including American Tobacco, Bethlehem Steel, Alcoa, Westinghouse and United Aircraft. Any sudden shift in the fortunes of either would be reflected on the average sharply since it is far harder to suggest successfully commitments in issues making new highs than in ones substantially below peaks they once commanded.

Good Times And the Motors

One of the pet market cliches that was revived is that good times, marketwise, are ahead when the motors are posting new highs since history has shown that they have done their best work previously in the early stages of a bull market. And with General Motors and Chrysler prominent at new highs, the time to revive the axiom was propitious even though the market itself did right well between 1955 and 1961 while the auto shares were dormant to all intents and purposes.

The other side of the generalization is that it is the steels that do their best work in the last stages of a bull market. Whatever it will take to revive interest in the steels, they certainly are not indicating that this market is in its last stages at the moment. But here again United States Steel topped out in 1959 without causing any concern in the markets of 1960 and 1961. That is also true of Bethlehem which is the second of the two steels in the average.

The only play centering on steel recently was in the shares of razor blade makers who have been switching to stainless steel to meet the phenomenal competition from a British maker.

Gillette versus Eversharp

Added to the picture was a late entry by Gillette in the market which was a development that upset Eversharp at least temporarily after it had been forging to all-time highs. There were divergent opinions about Eversharp and Gillette. Eversharp has had the jump on Gillette with a chance to improve its market penetration. And Eversharp is on the brink of reporting the substantial contribution to earnings its product has made possible. Moreover, it could show a downtrend in the heavy promotional expenses.

Gillette is at the point where it has to make heavy promotional expenditures, and the start-up expenses are yet to be reflected in its profit. So Gillette is being projected to lower per-share earnings this year than it reported last year. But Gillette over the years has been a formidable merchandiser and had gobbled up no less than 70% of the "normal" razor blade market. In any event, until the picture becomes more clear, evaluating either of the American blade producers as with predicting the market high, is largely a matter of guesswork.

An Outstanding Defense Issue

Defense issues haven't been in much protracted demand for a long time and the possibilities of disarmament recently have done little to enhance them. Grumman, however, stands out in this uncertain business for being a profitable and uninterrupted dividend paying operation for a third of a century.

Grumman is participating with General Dynamics in the TFX fighter-bomber contract and the official debate over the merits of that award has not been calculated to increase investor interest. Whatever benefit there will be in the TFX work, however, won't start to show up in the profit column for some time to come since even the prototype planes aren't slated to roll until 1965.

Meanwhile, Grumman is engaged in a variety of operations that range from space age work to corporate aircraft and includes aluminum truck bodies and pleasure boats. Its operations are expanding after a dip in 1961 and the key to a good showing is the company's ability to improve its profit margin which, particularly in its aerospace work, is low. It reported a good increase in per-share results for the first half of this year but a profit margin of less than 1.8%. Students of the company are projecting Grumman to a $3.50 per share showing for this year with a profit margin of 1.8% and that represents an improvement of one-fourth over last year's results. And a significant improvement in the margin could make the per-share results jump sharply.

[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.]

Real Estate Fund Conference

The National Association of Real Estate Investment Funds will hold their fall conference Oct. 14 at the Waldorf-Astoria Hotel. The conference will take up real estate market conditions and their relationship to investment.

David Clurman, special Assistant Attorney General, Real Estate Bureau for Syndication and Co-operatives, New York State, will speak on "Distinguishing the Real Estate Trust, the Corporation and the Syndicate."

M. Bernard Aidinoff, Sullivan & Cromwell, will discuss tax aspects of real estate trust acquisitions in exchange for stock.

Frederick H. Schroeder, Lee Higginson Corporation will discuss the outlook for public offerings of real estate trust securities.

William F. Purcell, Metropolitan Management Inc., New York, will discuss "Use of the Trust Form by Publicly Held Real Estate Corporations and Syndicates."

Jules Backman, Professor of Economics, New York University, will speak on "The Investment Real Estate Market and Its Relation to Cyclical Business Conditions."

Other speakers will be Larry Smith, Larry Smith & Co., New York; Henri Bourneuf, Real Estate Investment Trust of America, Boston; Abel E. Berland, Arthur Rubloff & Co., Chicago; George A. Kuhn, Jr., Klein & Kuhn, Indianapolis; John W. Baird, Baird & Warner, Chicago; Ralph B. Mayo, Denver Real Estate Investment Association; and Boyd T. Barnard, Jackson Cross Co., Philadelphia.

Record Oil Earnings Seen

United Business and Investment Service in its latest Report to businessmen and investors reports that first-half oil industry earnings scored an impressive jump of close to 20%. Together with evidence of continuing growth in demand, this has restored the group to institutional popularity. But despite their rise, oil stocks still represent good values.

The Boston-based Service points out that product prices, especially bellwether gasoline, firmed slightly during the first half of 1963 compared with disastrous 1962, but recent price wars on the West Coast and mid-continent have again upset the favorable trend. There are many factors however which may lead the current retail price weakness to be only a temporary situation.

With most of the industrially-developed Eastern Hemisphere based on a coal economy that is now changing over to oil, growth trends favor the international oils. Projections of a continuing growth in demand for oil of about 8% to 10% a year for these overseas markets are more than double that in the U. S.

The Boston-based Service points out that although oil stocks, and particularly the internationals, have been good performers, they are still more moderately priced relative to earnings than the average industrial. With restrictive new taxes likely to be avoided this year, basic growth factors still in effect, and several dividend increases in prospect, the Service believes that an optimistic attitude is warranted even though the year-to-year rate of profit gains wil slow down during the second half.

New Branch Office

FT. DODGE, Iowa—General Investment Sales Corporation has opened a branch office at 1617 Elmhurst under the direction of Joseph M. Huffman.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Prices and Values

In these days of widespread popularity for American Telephone & Telegraph, it is easy to forget that there were years when Wall Streeters engaged in a quarterly guessing game that asked whether this was the meeting at which the longtime $9 dividend would be reduced. And the recent buoyancy of Standard of Jersey prompts many of these same people to overlook the fact that this high-grade investment issue only a few years ago had no friends. Even mighty General Motors, a chronic money-maker and offering a fat yield, went through a long period of neglect.

As Oscar Wilde once waspishly observed: "There are people who know the price of everything and the value of nothing."

This is a fair assessment of millions of investors, not a few of whom are to be found each working day in Wall St. or LaSalle St. After all, it wasn't the man on Main St. who went short of Polaroid and International Business Machines when those issues were in the early stages of their long-term uptrend.

It is to the credit of fundmen that they understand values and are not afraid to act on the basis of their unique judgment. Those who don't are not likely to remain long as stewards of other people's money, a chore for which they are handsomely rewarded. In their ranks will be found the men who were buying railroad stocks not so long ago, a commitment dismissed by their neighbors as a kind of fiduciary senility.

Last month, Philadelphia-based Delaware Fund demonstrated that independence of judgment by its investment advisory group that goes a long way to explain why the mutual funds have prospered.

In early August, Delaware Fund disclosed it had "completed a common stock position" in J. P. Stevens, a diverse producer of natural fibers and synthetics. Most men in and out of the Financial District wouldn't touch a textile stock and, for investment purposes, the distant moon is closer to nearby Worth St.

But the men on the Delaware take issue with the view that the textile trade is "fragmented, technologically backward, plagued by over-capacity and subject to wide cyclical fluctuations." They envisage an industry where man-made fibers have become increasingly important and their handling demands research, new technology and new equipment, thus placing smaller under-capitalized companies at a severe disadvantage. They see rising labor costs forcing installation of expensive production equipment, which requires large volume. These forces already have led to consolidations, mergers and liquidations, say the Delaware people, so that by 1960 the 10 largest companies controlled 23% of output, compared with 8% in 1940.

If there is a lower man on Wall Street's totem pole than the Worth St. denizen, then it is the sugar fellow. Yet before August had faded, Delaware was at it again. This time, the word was passed, the men from across the river had "completed an equity position" in American Sugar Co. This largest of American refiners lost its Cuban operation following the Castroite revolution. Sugar shares had precious little appeal even before the Communists seized power in the islands.

But the fund's investment advisor, Delaware Management, says: "In investing, as in most other aspects of life, things are frequently not what they seem." Fund management, taking note of the Cuban expropriation, nevertheless is impressed by cash flow and net earnings from domestic operations.

Nothing in the foregoing is intended by this department to pass judgment on textiles or sugars, but merely to underscore the character, intelligence and industry of the fund fraternity. In an age of do-it-yourself, a good many people have learned that it is easier to make home repairs than to manage their nest egg. There is no easy home kit to individual investment management. Even if there were, it would still be a full-time job.

The investor who pays a substantial price for professional service is not unaware of the value either, else mutual funds would not have attained their present eminence.

The Funds Report

Boston Fund reports that on July 31, end of the second quarter of the fiscal year, net assets totaled $320,100,492, or $9.59 a share. A year earlier, assets were $279,791,096, or $8.63 a share. Three months earlier, assets were $321,255,139, equal to $9.64 a share.

Principal changes in the latest quarter were an increase in common holdings of Rochester Telephone and elimination of equity investments in Burroughs and National Tea.

* * *

Incorporated Income Fund reports that at July 31 net assets totaled $147,762,846, or $9.31 per share, compared with $120,595,435, equal to $8.90 a share, a year earlier and $145,643,352, or $9.39 a share, on Apr. 30, 1963.

* * *

William T. Gossett of Detroit has been elected a director of **The One William Street Fund.** He is a former Vice-President, director and general counsel of Ford Motor Co.

Gerald Kane With Bregman, Cummings

Gerald F. X. Kane has become associated with Bregman, Cummings & Co., 4 Albany Street, New York City, members of the New York Stock Exchange, as Manager of the unlisted trading department. Mr. Kane formerly conducted his own investment business in New York City, Gerald F. X. Kane & Co., which has been dissolved.

J. C. Bradford Office

GULFPORT, Miss. — J. C. Bradford & Co. has opened a branch office in the Markham Building under the direction of Samuel V. Morse.

Four Officers for Williston, Beane

Effective Sept. 16, James T. Beeson of Augusta, Arthur B. Simkins of Savannah, and Irvin T. Ragsdale of Atlanta will become Vice-Presidents of J. R. Williston & Beane, Incorporated, 115 Broadway, New York City, members of the New York Stock Exchange. On the same date John R. Kable will become Vice-President and Assistant Secretary of the firm. All were formerly officers of Clement A. Evans & Company, Inc. of Atlanta.

Henebry Named by Mitchell, Hutchins

CHICAGO, Ill.—John P. Henebry has been appointed director of Corporate Development by Mitchell, Hutchins & Co., Inc., 231 South La Salle Street, members of the New York and Midwest S. E.

Forms Victor Secs.

HEWLETT, N. Y.—Victor Schaffzin has formed Victor Securities Co. with offices at 322 Hewlett Parkway to engage in a securities business.

NSTA NOTES

NATIONAL SECURITY TRADERS ASSOCIATION

The National Security Traders Association has announced the final program for the 30th Annual Convention to be held at the Broadmore Hotel, Colorado Springs, Colo., Sept. 22-26.

SUNDAY, SEPT. 22, 1963

12:00 N.	Registration.
6:30 P.M.	Reception—Special Recognition to those attending their first Convention.
8:00 P.M.	Dinner.

MONDAY, SEPT. 23, 1963

10:00 A.M.	National Committee Meeting.
1:30 P.M.	Activities and Games on Broadmoor Lake.
4:00 P.M.	Ice Skating Party (Prizes will be awarded).
6:30 P.M.	Cocktail Party.
8:00 P.M.	Dinner. Speaker: Dr. Kenneth McFarland Sponsored by General Motors Corp. Subject: "Leadership that Leads"
10:00 P.M.	Monte Carlo Night.

TUESDAY, SEPT. 24, 1963

8:30 A.M.	Past Officers & Affiliate Presidents Breakfast.
10:00 A.M.	Ladies' Coffee Break.
10:30 A.M.	"What Every Woman Should Know About Estate Planning," Mr. William R. Alexander, Vice-President and Trust Officer, The First National Bank of Denver. William S. Hershberger, Assistant Trust Officer, First National Bank of Denver *(Gentlemen are Invited)*
12:30 P.M.	Luncheon. Speaker: George B. Wendt, Vice-President, First National Bank of Chicago, Chairman of the Municipal Securities Committee of the I.B.A.
2:30 P.M.	Tour of Cheyenne Mountain.
3:30 P.M.	*Horseback Ride in Foothills.
6:00 P.M.	Cocktails at Garden of the Gods Club.
8:00 P.M.	Dinner.

WEDNESDAY, SEPT. 25, 1963

9:00 A.M.	Men's Golf Tournament—18-Hole Course.
9:00 A.M.	Ladies' Golf Tournament—9-Hole Course. Tennis Tournament and Other Sports.
9:00 A.M.	*Fishing Trip.
2:00 P.M.	Air Force Academy Tour or Pikes Peak Tour.
3:00 P.M.	*Skeet Shooting.
6:00 P.M.	S.T.A.N.Y. Cocktail Party.
7:00 P.M.	Outdoor Steak Fry—Square Dance Lessons.

THURSDAY, SEPT. 26, 1963

10:00 A.M.	National Committee Meeting.
12:00 N.	Ladies Luncheon & Style Show.
2:00 P.M.	S.E.C. & O.T.C. Forum.
3:00 P.M.	Ladies' Bridge and Gin Rummy Tournament.
6:30 P.M.	Cocktail Party.
7:30 P.M.	Dinner.
9:00 P.M.	Awarding of Prizes and Presentation of New Officers.

* *Items at Participants Expense.*

Ladies are cordially invited to attend the National Committee Meetings on Monday and Thursday mornings and the S.E.C. and O. T. C. Forum, Thursday afternoon.

Reservations and information regarding transportation, etc. may be obtained from Edward H. Welch, Sincere and Company, Chicago, Ill., who is Chairman of the Convention Committee.

BANK AND INSURANCE STOCKS

This Week — Insurance Stocks

SIX MONTH UNDERWRITING RESULTS FOR FIRE AND CASUALTY WRITERS—

Recent semi-annual insurance company reports to stockholders indicate that first half underwriting results for the nation's fire and casualty insurance writers do not compare favorably with those of the first six months of 1962. In most cases the results for the second quarter of 1963 were seasonably better than the disastrous initial three months of the year, but generally were well off from the satisfactory second quarter of 1962. Virtually all the major companies were well in the red for the first six months of the year with the exception of the specialty writers.

On balance, the casualty insurance underwriters fared better than their brethren that are heavily committed to the property lines. The latter were hard hit by heavy fire, freeze and windstorm losses incurred during the extended period of excessively cold weather experienced in the early months of the year. Automobile insurance was still a losing proposition for most underwriters, but is showing definite signs of improvement.

Net premiums written rose an average of 7%, benefiting from higher rate structures and expanding coverages. The unsatisfactory underwriting experience was due entirely to the increase in the loss ratio as the expense component continued its steady decline of recent years. Aside from underwriting results, net investment income rose between 5% and 10% for most companies and adequately offset underwriting losses to permit total operating income to remain in the black. Policyholders' surplus rose approximately 5%, benefiting from the rise in stock market values through June 30.

Six Months Underwriting Results
(In Percentages)

	1963	1962
Aetna (Fire)	— 2.5	+ 1.3
Allstate Ins.	+ 3.5	+ 6.6
Boston Ins.	— 7.1	— 3.3
Continental Cas.	— 2.6	+ 0.9
Continental Ins.	— 4.2	— 7.2
Fidelity & Deposit	+18.6	+16.1
Fireman's Fund	— 4.3	— 1.1
Glens Falls	— 4.8	— 5.6
Gov't Employees	+ 8.5	+ 6.7
Great American	— 8.9	— 0.1
Home Ins.	— 5.6	— 2.5
Ins. Co. of N. A.	— 5.8	+ 0.6
Maryland Cas.	— 3.9	+ 3.0
New Hampshire In.	— 6.2	+ 0.8
Ohio Casualty	+ 0.3	— 1.2
Peerless Ins.	—10.1	+ 2.7
Phoenix Ins.	— 8.5	— 1.7
St. Paul F. & M.	— 4.4	— 1.0
Western C. & S.	— 0.8	+ 1.9
Travelers Ind.	— 1.2	+ 3.1
U. S. F. & G.	+ 1.1	— 2.7

* * *

CONTINENTAL CASUALTY ACQUISITION

The Continental Casualty Company has announced plans to acquire the American Casualty Company of Reading, Pa., through an exchange of stock valued in excess of $40 million. The latter company, which is controlled by the Accident & Casualty Insurance Company of Winterthur, Switzerland, has premium volume of slightly under $50 million with country-wide operations. Health and accident coverages make up a large portion of each company's volume.

The acquisition follows the continuing trend of important insurance company combinations which has occurred on practically a weekly basis in recent years. The trend, which includes property, casualty, and life insurance, will undoubtedly continue into the indefinite future in the desire to obtain all-line insurance underwriting facilities and the savings inherent through the economies and automation permissible in volume operations.

* * *

LIFE INSURANCE SALES

Sales of life insurance in the United States in July rose 11% to $7.0 million from the like month of 1962, according to the Life Insurance Agency Management Association. The July increase was the highest monthly gain recorded in the first seven months of the year.

For the first seven months of 1963, total sales amounted to $48.2 million, up 6.9% from $45.1 million for the identical period of 1962. The rate of gain over last year is steadily gaining momentum as the increases of 1.5% for the first quarter and 10.6% for the second quarter indicate. The seven month figures show a gain of 8.1% to $39.2 million for individual policies and 1.7% to $9.0 million for group coverages.

Now Oser & Co.

MINEOLA, N. Y.—The firm name of Regency Estate Planning Co., Inc., 72 Third Avenue, has been changed to Oser and Co., Inc.

Why So Many Fledgling Insurance Companies?

The life insurance industry has aroused heightened investment interest in the past year as evidenced by two recently published succinct books on the subject. One on "Life Insurance Stocks" is authored by Arthur Milton (Citadel Press, N. Y. C., 1963) and the other on "Life Insurance Stocks for Lifetime Gains," by the "Chronicle" columnist, Dr. Ira U. Cobleigh (Cobleigh & Gordon, N. Y. C., 1963). What prompts so many new companies to enter this well established industry is explained by Mr. Milton A. Schiff, President of the Madison Life Insurance Company, one of New York's most recently licensed companies. In 1962, there were 94 new companies formed and 48 as of June 30, this year. Mr. Schiff's comments published below typify the reasons why fledgling companies pursue the life insurance premium dollar without trepidation of the big company's competition and head start — encouraging signs of our competitive vitality even in a regulated industry.

New life insurance companies have a greater opportunity for growth than has ever before existed in this industry if, of course, they are properly managed and operated with integrity.

The explosive rate of our population growth, the rising standard of living, and the new uses that are constantly being found for life insurance have created a demand for coverage without parallel in this great industry. These facts, according to Mr. Milton A. Schiff, President of the Madison Life Insurance Company, create opportunity for old as well as new companies, for large as well as small companies, and future success will depend on management skills rather than the deceptive hope that it can be achieved by merely riding the tide.

The development of the professional relationship that now exists between policyholders and their agents, has removed the handicaps that had formerly confronted new or small life insurance companies. Today, the consumer does not look for a brand name Company, he seeks a competent underwriter (Agent) who can advise and assist him in his personal estate planning, his business requirements, his welfare and pension programs. The life insurance company that acts as the vehicle for the fulfillment of his objectives is usually only of minor importance in his consideration. In listing these reasons, and others immediately following, Mr. Schiff finds they explain the rise of numerous small companies.

This willingness to place unquestioned reliance on small and new companies attests to the well deserved reputation of the life insurance industry. It represents complete public confidence in the institution of life insurance. It also represents a great tribute to the regulatory bodies of the various states in safe-guarding the interests of the policyowners.

The answer to success in the past and favorable expectations in the future lies in the product and service to the agency forces of the Company.

Many new companies have very carefully and deliberately designed their portfolio to be competitive in rate and modern in concept and, more important are willing to design policies for special needs.

The story of many new life insurance companies which have been formed in recent years was commented on by the Institute of Life Insurance in the 1962 Edition of the Life Insurance *Fact Book* in the following quote:

"Life insurance is one of the fastest growing businesses in the nation, and the number of life insurance companies has been growing too. Small, local companies, serving thousands of policyholders in their own areas. areas, compete successfully with the biggest companies serving millions of policyholders throughout the country. In fact the smaller companies have on the whole been growing faster than the big companies.'

Institute Reports on Number of New Life Insurance Companies

Giving substance to Mr. Schiff's observations above on the reasons for the emergence of new life insurance companies, the Institute of Life Insurance reported recently that the number of life insurance companies in the United States has reached the 1,503 mark.

Of that number, the Institute's Survey shows, there was a net increase of 31 companies over the 1,472 doing business at mid-year 1962. This figure is net figure adjusted for mergers, absorptions, etc. The gross number of new legal reserve life companies formed came to 83 in the year 1961, 94 in 1962, and 48 alone in the first six months of this year.

Only about 1% of the life companies do business in all 50 states. At least two life insurance companies are chartered in each state, with more than half the states having 15 or more companies. Texas, Arizona and Louisiana lead in numbers of home-based companies, but New York, New Jersey and Connecticut companies had the largest amounts of life insurance in force.

Life company home offices are located in 361 different cities, led by Dallas with home offices of 141 companies.

The Institute reports that, since the early 1950s, the greatest numbers of new companies have been established in the south and southwest, where population has been growing at a fast pace.

Smaller companies, specializing in the life insurance needs of the families in their regions, are competing successfully and in fact have been growing faster than many larger companies, according to the Institute.

Stock Companies Dominate in Number But Not in Insurance Volume

Stock companies account for 1,347 or 90% of the total number of companies, while 156 or 10% are mutual companies. Being older and larger for the most part, the mutual companies account for about 60% of the life insurance in force among all U. S. companies.

There were 22 life companies in their second century of operation on June 30. There were 87 companies with over $1 billion of life insurance in force.

Bache & Co. Offers Inv. Lectures in Conn.

Nearby Connecticut investors and securities traders are invited by the New York Stock Exchange firm of Bache & Co. to attend one of four 2-lecture sessions in September on the fundamentals, techniques and timing of investments.

The first group of studies will be given at the Norwalk High School, 125 East Avenue, on Tuesdays, Sept. 3 and 10, followed by a second group at the same place on Tuesdays, Sept. 17 and 24.

Two groups of two lectures each will be given at the Rippowam High School, 375 High Ridge Road (Route 137), Stamford. The first will be on Wednesday's Sept. 4 and 11, and the second on Mondays, Sept. 16 and 23.

All classes start at 8 o'clock in the evening.

Bache & Co. maintains its head office at 40 Wall St., New York.

With Edwards & Hanly

SHORTHILLS, N. J. — William Tucker has joined the firm of Edwards and Hanly, members of the New York Stock Exchange, as an account executive in their Short Hills, N. J. branch office, 515 Millburn Avenue.

Mr. Tucker was the Manager of the South Orange office of Richard E. Kohn & Co., also a member firm.

New Edwards Branch

AMARILLO, Texas — A. G. Edwards & Sons have opened a branch office in the Vaughn Bldg. under the management of Walter S. Mount, Jr.

The State of TRADE and INDUSTRY

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

Business continues at a satisfactory pace through the summer doldrums and vacation shutdowns, so say Purchasing Executives in their latest monthly report. Labor strife, actual and potential, in railroads, lumber, and other industries continues to affect the general economy.

The optimistic note sounded in the remarks of the Business Survey Committeemen of the National Association of Purchasing Agents last month was borne out in this month's improvement in the new order figures; 35%, up from 32%, note new order improvement, while only 14%, down from 21%, note a worsened new order situation. Production continues at last month's pace, with the lack of deterioration encouraging.

	Better	Same	Worse
New Orders			
August	35	51	14
July	32	47	21
Production			
August	29	52	19
July	31	48	21

The May and June reports noted that the then current steel talks represented a "big if" in the business picture. The no-strike settlement and extension of the 1964 expiration date will continue to affect the general situation for the next several months. Added to this is the lessening of international tension brought on by the A-Bomb Test Ban Treaty. This too may have an affect on business. Last December, we asked our members to compare the second half of 1963 with the first half of 1963. At that time, 52% said the second half looked better; 35%, same; and 13%, worse. The Purchasing Agents asked the same question in May, and received the exact same answer. They asked the same question now, and it is interesting to note that now only 43% say better, while 46% say same; and 11%, worse.

Purchased Materials Inventories

Last month's report observed that inventory accumulation had ground to a halt and that August figures would bear careful analysis. The anticipated liquidation has appeared. Only 17% report higher levels; this is down from 27% so noting last month. Lower levels are reported by 26%, up from 22% last month. It is interesting to note that the period of time between the announcement of the steel contract settlement and the crossover of those reporting higher and lower was one month shorter this year than in 1962. Furthermore, at settlement time in 1962, 44% were reporting inventories up. When liquidation showed up in June, 21% were still reporting on the "up" side. This year at settlement time, only 27% were reporting higher and this has slipped to the current 17%, as inventory reduction takes over. Runaway liquidation as known before has not as yet appeared.

Encouraging Short Run Indications

The buying policy of Purchasing Executives remains generally unchanged, particularly when you consider the random fluctuation normal in this indicator. Nevertheless, some lengthening is noticeable in production materials commitments as members moved from the 90-day to the 6-month to one-year category. Some shortening of forward commitments is noted in the MRO supplies section as members moved from the 30-day to the hand-to-mouth category. Capital equipment commitments remain virtually unchanged from July. The lengthening of production materials commitments, noted above, seems to bear out the confidence held by Purchasing Executives for, at least, the immediate future.

General Commodity Price Stability

The upward pressures on prices noted in last month's report continue in August. Those reporting higher tags rose from 19% to 22%, while lower prices were paid by 7%, up from 5% so noting last month. A large 71% report "no change."

The 22% reporting prices "up" becomes more significant when one notes that, except for May, 1963, just following the steel price hike when 38% reported prices "up," 23% is the largest number to report higher tags in over three years, and that has occurred only twice. This indicator continues to reflect general price stability. In spite of the lackluster summer doldrums, competition is in the market place, and attempts to increase prices are selective and are being stubbornly resisted.

Specific Commodity Changes

Nonferrous metals, wood, paper, and rubber are featured in specific commodities on the up side, with stainless steel and sugar leading the down side. On balance, the up's have it. Aluminum appears in the up column for the fifth straight month; and stainless steel, in the down column for the fourth time this year.

Cadmium has been in the short supply column every month in 1963 and plywood, appearing for the second straight month, reflects the West Coast labor trouble.

On the *up* side are: Aluminum, lead, zinc, silver, plywood, corrugated, tires, and cartons.

On the *down* side are: Polyethylene, sugar, and stainless steel.

In *short* supply: Cadmium and plywood.

Bank Clearings 9.1% Above 1962 Week's Volume

Bank clearings in the latest statement forged ahead of 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, Aug. 31 clearings for all cities of the United States for which it is possible to obtain weekly clearings were 9.1% above those of the corresponding week last year.

Our preliminary totals were $30,335,735,151 against $27,808,417,649 for the same week in 1962.

Our comparative summary for some of the principal money centers follows:

Week End. Aug. 31—	1963 (000s omitted)	1962 (000s omitted)	%
New York	$16,890,437	$15,518,832	+ 8.8
Chicago	1,274,901	1,202,234	+ 6.1
Philadelphia	1,114,000	1,020,000	+ 9.2
Boston	800,020	763,655	+ 4.8
Kansas City	495,069	480,979	+ 2.9

Steel Output Edges 0.2% From Prior Week Marks Second Upturn in Past 13 Weeks and Is 5.5% Above Year-Ago And Cumulative 1963 Output Is 12.0% Above 1962 Period

According to data compiled by the American Iron and Steel Institute, production for the week ended Aug. 31 was 1,765,000 tons (*94.7%) as against 1,761,000 tons (*94.5%) in the Aug. 24 ending week.

This slim week-to-week upward change in output was the second net gain in the past 13 weeks, since the 1.6% weekly gain as of July 13-week. Last week's output was 5.3% percentage points below the 1957-59 base period's average weekly output and was the lowest production since October 20, 1962 (1,739,000 tons)—ignoring the Dec. 29, 1962 holiday week's tonnage. The latest week's output was 5.5% above that for the year-ago week.

The year's weekly high was 2,626,000 net tons achieved May 25-ending week unequalled in the past two years and last equalled in mid-March, 1960.

For the 15th week in a row this year, the cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 76,116,000 net tons (*116.4%) which is 12.0% above the Jan. 1-Sept. 1, 1962 production of 67,978,000 net tons.

In the comparison with last week's cumulative index total of 117.4, this week's tally faltered at 116.7 (1957-59=100).

August's output was about 7.8 million tons as against 8.7 million in July, and 7.1 million in August, 1962.

District—	*Index of Ingot Production for Week Ending Aug. 31	Aug. 24
North East Coast	91	91
Buffalo	74	72
Pittsburgh	90	91
Youngstown	79	73
Cleveland	108	101
Detroit	147	139
Chicago	94	95
Cincinnati	103	104
St. Louis	75	74
Southern	107	108
Western	94	106
Total industry	94.7	94.5

*Index of production based on average weekly production for 1957-59.

Steelmakers' Capital Spending to Total $1.1 Billion in 1963

U. S. steel industry outlays for plant and equipment this year will top $1.1 billion, 17% ahead of 1962, *Steel* magazine predicted.

A survey by the metalworking magazine reveals that 34 companies (they produce 94% of the country's steel) are spending $1,018,533,000 this year vs. $870,812,459 last year. *Steel* estimated expenditures of the rest of the industry would push the total up to $1.1 billion, largest since 1960's $1,521,000,000.

Some companies are spending two to three times as much this year as they did in 1962. Wheeling Steel Corp. is spending six times as much on the biggest program in its history. Pittsburgh Steel Co. is tripling its expenditures. Other companies are spending less—in this group, several firms (including Colorado Fuel & Iron Corp. and Alan Wood Steel Co.) completed major programs last year or the year before.

Expansion is not the main aim of the industry's capital spending. Principal objectives are cost cutting and product quality improvement. Much of the spending is for equipment to supplant old and obsolete facilities.

A few companies are boosting capacity for some products to get greater participation in the market place. In far more instances, expansion, particularly of finishing facilities, is an unavoidable byproduct of steps to participate in markets—particularly in the Midwest. Some examples:

Bethlehem Steel Co. is establishing a rolling mill at Burns Harbor, Ind., to utilize semi-minished steel produced at other Bethlehem plants.

U. S. Steel Corp., which has giant production facilities in the Chicago area, is installing a cold rolled sheet mill at Gary, Ind., that will boost the company's output of this product for the Midwestern market by about 50%.

Inland Steel Co., which operates solely in the Midwest, will spend around $110 million this year for plant and equipment compared with $41,977,912 last year.

Steel predicted that the burr of competition, the rapid development of new technology, and the advantages from liberalized depreciation and the investment tax credit will likely accelerate expenditures in the next two or three years.

Steelmakers are looking for a post Labor Day pickup in orders that will enable them to boost their shipments substantially, *Steel* reported.

The upswing has already started. Major mills have seen demand improve steadily, if not spectacularly, for almost a month. They're booking tonnage 25 to 30% above the pace of late July when demand hit bottom.

An upturn in sheet buying suggests two possibilities: (1) Consumer stocks may be smaller than steelmakers thought they were. (2) Consumption may be higher than anticipated.

If the current operating pace is maintained the rest of the year, 1963 output will reach 106 million ingot tons. Chances are the total will be higher.

Steel's price composite on No 1 heavy melting grade of scrap, a steelmaking raw material, rose 33 cents to $27 a gross ton last week.

Iron Age Predicts a 10% Upturn In October

Steel shipments in October should show a 10% gain over September, the *Iron Age* predicted this week.

The national metalworking weekly said this is based on automakers taking normal, or nearly normal, tonnages and a general upswing of buying as general steel users come into the market in greater strength.

Although there are conflicting crosscurrents and some uncertainty, the upturn in the steel market is under way. Just how fast and how far it will go is the big question.

Iron Age singled out one factor that clouds the day-to-day picture—the slowdown in ordering just before the Labor Day holiday. Although automakers had indicated they would be placing big orders for October delivery, the orders had not been placed. Other major steel users were also dragging their heels.

But this was not unexpected, *Iron Age* pointed out. Steel buyers had all along indicated they would not be really active until after Labor Day. Further, appliance and farm equipment makers are in a seasonal lull in summer's waning days.

What happens in September, October, and later depends on the general group of steel users and to what extent they follow automakers into the market.

Iron Age said the expected buy by the auto industry is still on the vague side. Estimates range from virtually no improvement in orders through September to a substantial climb of 20 to 25%.

But regardless of the wide range of predictions, automakers have scheduled record or near record production for the early months of the 1964 model run. Production like this has to bring in new orders as even substantial stocks of steel are eaten up.

New Auto Models 7.4% Above Year-Ago

With changeovers to 1964 models near complete, the nation's auto industry this week moved well out ahead of the production pace it set a year ago in all-time record production of 1963 models.

Ward's Automotive Reports said today that more than 75,000 new models have been produced in August, a gain of about 32,000 cars over the 1962 "startup" on '63 models.

The statistical agency fixed the industry's program this week at 37,721 assemblies, rising 65.9% from 22,732 cars made last week and 7.4% above 35,115 units in the corresponding period a year ago.

Chrysler Corp. maintained its lead over the industry, boosting factory output to near its normal yield in the '63 model period; Ford Motor Co., recalling thousands of workers from forced layoffs, last week planned a 10,000-unit spurt over token production of the prior week.

Studebaker Corp., in its third weeks of '64 assembly, had nearly reached a full "buildup"; American Motors Corp., operating at about 60% of its average '63 pace last week went to two shifts. It did, however, encounter some production problems at its Milwaukee body plant which impeded assembly work at Kenosha. It began some new hiring at Milwaukee to attend this "bottleneck."

General Motors Corp.'s 23 assembly complexes are not slated to start regular '64 operations until this week, although all of its lines last week were reported in readiness.

Truck output, too, according to *Ward's*, was headed for an increase last week. Slated were 22,911 "builds" vs. 19,496 counted last week and 14,168 made in the same week of a year ago.

The gain in truck output was headed up by Chevrolet, which began output of its '64s almost three weeks ahead of passenger car making in its rush toward a record year in that area. The division has already built about 16,000 of the new truck models.

Freight Car Loadings and Tonnage Gain Over Year-Ago Period

Loading of revenue freight in the week ended Aug. 24, totaled 594,740 cars, the Association of American Railroads announced. This was an increase of 18,083 cars or 3.1% above the preceding week.

The loadings represented an increase of 11,781 cars or 2.0% above the corresponding week in 1962, and an increase of 2,475 cars or four-tenths of 1% above the corresponding week in 1961.

Ton-miles generated by car-loadings in the week ended Aug. 24, 1963, are estimated at approximately 12.6 billion, an increase of 6.1% over the corresponding week of 1962 and 10.2% over 1961.

There were 15,273 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Aug. 17, 1963 (which were included in that week's over-all total). This was an increase of 1,723 cars or 12.7% above the corresponding week of 1962 and 3,743 cars or 32.5% above the 1961 week.

Cumulative piggyback loadings for the first 33 weeks of 1963 totaled 495,099 cars for an increase of 58,458 cars or 13.4% above the corresponding period of 1962, and 134,132 cars or 37.2% above the corresponding period in 1961. There were 61 class I U. S. railroad systems originating this type traffic in this year's week compared with 60 one year ago and 58 in the corresponding week in 1961.

Rails' Net Income for First Half Betters Past Three Years'

Estimated net income of class I railroads for the first six months of 1963 amounted to $270 million, according to reports filed by the carriers with the Association of American Railroads and made public today.

Net income for the first six months of 1963 was greater than it was for the corresponding periods of each of the past three years. It was 12% less than the first-half net income in 1959, and 33% less than in 1956.

Of the nation's 102 class I railroads, 28 failed to earn enough to cover their fixed charges in the first six months of 1963. Of these, 18 were in the Eastern District, seven in the Southern Region and three in the Western District.

The railroads' rate of return on net investment for the 12 months ended June 30, 1963, averaged 3.13%. Rate of return is calculated on net railway operating income, before the deduction of interest and other fixed charges, and is based on value of road and equipment, including materials inventories and cash, less accrued depreciation.

Truck Tonnage 2.2% Above Year-Ago

Intercity truck tonnage in the week ended Aug. 24 was 2.2% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced today. This continues a series of increases which has now lasted over two months. Truck tonnage was 0.4% above the volume for the previous week of this year.

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 Production Gains 1.2% Over 1962 Week

Lumber production in the country totaled 232,196,000 board feet in the week ended Aug. 24, according to reports received from regional lumber associations.

Compared with 1962 levels production advanced 1.2%, shipments rose 3.1% and new orders fell 4.5%.

Following are the figures in thousands of board feet for the weeks indicated.

	Aug. 24 1963	Aug. 17 1963	Aug. 25 1962
Production	232,196	227,618	229,409
Shipments	23[illegible],116	224,127	231,786
New orders	224,317	220,344	235,016

Electric Output Shows 6.4% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 31, was estimated at 18,181,000,000 kwh. according to the Edison Electric Institute. Output was 99,000,000 kwh. more than the previous week's total of 18,082,000 kwh. and 1,093,000,000 kwh. above the total output of 17,088,000,000 kwh. in the corresponding 1962 week or a year-to-year gain of 6.4%.

Failures Slip Lower in Pre-Holiday Week

Continuing to edge downward, commercial and industrial failures dipped to 247 in the week ended Aug. 29 from 275 in the preceding week, reported Dun & Bradstreet, Inc. While appreciably fewer casualties occurred than in the similar weeks of 1962 and 1961 when tolls stood at 282 and 321 respectively, they still exceeded by 8% the prewar level of 229 in 1939.

Large-sized failures with liabilities of $100,000 or more, contrary to the week's overall slide, increased to 49 from 39 a week earlier and 41 last year. Among casualties involving losses under $100,000, there was a steep decline to 198 from 236 in the prior week and 241 a year ago.

The toll among retailers fell to 107 from 122 and among service businesses plunged to 16 from 31. Manufacturing failures at 47 as against 50, and wholesaling, at 18 as against 22, changed only slightly from the preceding week, while a contrasting increase lifted the construction toll to 59 from 50. Year-to-year comparisons show a decline in trade and service casualties from the similar week of 1962, but a rise in both manufacturing and construction.

In six of the nine major geographic regions, failures ran lower than last week. A susbtantial portion of the decline, however, stemmed from the Pacific States, off to 63 from 81 from the Mountain States, down to 12 from 23, and the Middle Atlantic, off to 58 from 70. On the contrasting side of the picture, business tolls rose in the South Atlantic and South Central Regions. In five areas, failures held about even with 1962 levels; in the other four areas, decreases from a year ago were registered.

Canadian failures climbed to 42 from 28 in the preceding week but did not reach the 52 occurring in the similar week last year.

Wholesale Commodity Price Index Slips Below Last Week, Month and Year

Easing lower throughout last week, the wholesale commodity price level slipped to 264.33 on Friday, reported Dun & Bradstreet, Inc. Wholesale demand for hogs failed to pick up, causing their prices to drop. Quotations for wheat fell three days out of four and corn, oats, lambs and rubber also declined. The only commodity which made a net week-to-week increase was sugar. Here, the domestic prices reflected the world market where apprehension is growing about tightening of supplies and the doubtful outlook for the European beet sugar crop.

The Daily Wholesale Commodity Index fell to 264.33 on Friday, Aug. 30, down from 264.89 on Monday and 265.86 last month. The index remained sharply below the 272.26 of a year ago as it has for some time.

Wholesale Food Price Index Steady at Ten-Week Low

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., remained even with last week's $5.90, which was a ten-week low. The index fell 3.4% below the $6.11, the 1962 peak, which it reached in the corresponding week a year ago.

Six food prices declined at wholesale, the most noticeable being hogs, hams and bellies followed by lesser easing in cheese, raisins and steers. Minor gains were chalked up in eight foods — namely flour, wheat, corn, sugar, milk, cottonseed oil, cocoa and eggs.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meat 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.

Back-to-School Purchases Gain Momentum

Buying of back-to-school clothing gained full momentum in the week ended Wednesday, Aug. 28, propelling total retail volume considerably ahead of the year-ago pace for the corresponding week. Autumn-like weather also encouraged interest in men's and women's fall apparel, while semi-annual sales kept furniture and appliances forging ahead. Demand for autos, despite seasonal slowing, still topped last year's levels by a solid margin.

The total dollar volume of retail trade in the week ended in the Wednesday statement week ranged from 5 to 9% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: Mountain —1 to +3; Pacific 0 to +4; West South Central +1 to +5; West North Central and East South Central +3 to +7; New England +4 to +8; Middle and South Atlantic +6 to +10; East North Central +8 to +12.

Nationwide Department Store Sales Rise 9% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 9% for the Aug. 24 ending week compared with the like period in 1962. The week's gain over the year-ago week marked the 14th encouraging weekly uptrend in a row.

In the four-week period ended Aug. 24, 1963, sales gained 4% over last year's level for the comparable period for the country's 12 leading department store districts.

So far this year (Jan. 1 to Aug. 24), the 12 department store districts' retail dollar volume increased 7% (adjusted) over that rung up for corresponding period a year ago.

According to the Federal Reserve System, department store sales in New York City for the week ended Aug. 24, gained 3% over the comparable year-ago week's figure. New York City's department store sales were up 9% for the four week period ending Aug. 24.

A *flash figure* for New York City's sales for the Aug. 31-ending sales week revealed a plus 1% increase. In every week since June 1, there has been a gain for the N. Y. C. department stores notwithstanding the N. Y. City sales tax hike from 3% to 4% commencing last June 1. No one can surmise, however, how much higher it might have been in the absence of the sales tax rise. The four-week N. Y. C. flash figure was plus 1% over a year ago.

A broader set of data encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce, put the Aug. 24-ending week's total sales 5% above a year ago. The year-to-year contrast for the latest four-week period showed a gain of 5%. Unlike the department store statistics, the Department of Commerce's over-all retail sales data are *not* adjusted for seasonal variations. On an *unadjusted* basis, department store sales gained 6% over the year-ago week.

First Nebraska Office

OMAHA, Neb. — First Nebraska Securities Inc. has opened a branch office in the Omaha National Bank Building, under the management of Fred S. Kuethe.

NY I. B. A. Group Annual Dinner

The Annual Dinner of the New York Group of the Investment Bankers Association of America will be held Oct. 2 at the Waldorf-Astoria Hotel. Speakers will be Amyas Ames, Kidder, Peabody & Co., New York City, President of the Investment Bankers Association of America, and Leo D. Welch, Chairman of the Board of the Communications Satellite Corporation, Washington, D. C.

Amyas Ames Leo D. Welch

Phila. Mgr. for Blyth & Co. Inc.

PHILADELPHIA, Pa.—Lawrence A. Quinlivan, Jr., has been named manager of the Philadelphia office of Blyth & Co., Inc., 2 Penn Center Plaza. Mr. Quinlivan has been with the firm for many years.

DIVIDEND NOTICES

NATIONAL STEEL Corporation

NATIONAL STEEL

135th Consecutive Dividend

The Board of Directors at a meeting on Aug. 21, 1963, declared a quarterly dividend of 40 cents per share on the capital stock outstanding. The dividend will be payable Sept. 13, 1963, to stockholders of record, Aug. 30, 1963.

PAUL E. SHROADS
Senior Vice President

THE COLORADO FUEL AND IRON CORPORATION

Dividend Notice

The Board of Directors of The Colorado Fuel and Iron Corporation on Wednesday, August 28th, declared the regular quarterly dividend of 62½ cents per share on the series A $50 par value preferred stock and 68¾ cents per share on the series B $50 par value preferred stock.

These dividends are payable September 30th to holders of record at the close of business on September 9th.

The Board of Directors took no action with respect to the common stock for this quarter.

C. Kirk, Secretary
The Colorado Fuel and Iron Corporation

CERRO

Cash Dividend No. 173

The Board of Directors on September 3, 1963, declared a cash dividend of 27½¢ per share on the Common Stock of the Corporation, payable on September 27, 1963 to stockholders of record on September 13, 1963.

MICHAEL D. DAVID
Secretary

CERRO CORPORATION
300 Park Avenue
New York 22, N. Y.

DIVIDEND NOTICE

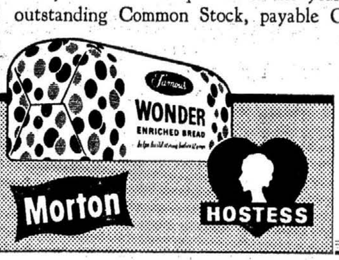
CONTINENTAL BAKING COMPANY

Preferred Dividend No. 99

The Board of Directors has declared this day a quarterly dividend of $1.37½ per share on the outstanding $5.50 Dividend Preferred Stock, payable October 1, 1963, to stockholders of record at the close of business September 13, 1963.

Common Dividend No. 74

The Board of Directors has declared this day a regular quarterly dividend, for the third quarter of the year 1963, of 55¢ per share on the outstanding Common Stock, payable October 1, 1963, to holders of record of such stock at the close of business September 13, 1963.



The stock transfer books will not be closed.

M. C. WOODWARD, JR.
TREASURER

September 4, 1963

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

The American Revolution of 1963, so called, has now had its manifestation in Washington and it is doubtful that a crowd of 200,000 people could have been more orderly anywhere. This is not unusual in view of the precautions taken. Washington was practically abandoned. Downtown parking was prohibited entirely. Businesses were closed; relatively few white people appeared on the downtown streets at all. There were, as a matter of fact, only three minor police incidents. Before the night was over, all but 100 of the marchers had turned toward their homes. It is a fact that the precautions taken called for order. National Guardsmen patrolled the streets and 7,000 Marines were held in reserve. Unquestionably, it was the better type of Negro who participated in the march.

The march had a lasting effect on the commentators and the newspapers are still giving it publicity and referring to it as a historical event.

In Congress there is talk of putting civil rights ahead of the tax bill. In this event there will be no tax bill at this session. As of today, it appears the rights bill will come up in the Senate — after it has passed the House—before the tax-cut bill, although earlier in the year the tax bill was President Kennedy's chief legislative request of the Congress. It is the hope of the Senate's Democratic leadership that before the civil rights and the tax bills are received from the House the nuclear test ban treaty, the foreign aid bill and some half dozen appropriation bills will have been put through the Senate. Since Chairman Harry F. Byrd of the Senate Finance Committee is planning extensive hearings on the tax bill, running perhaps two months, there will be plenty of demand for action on a civil rights measure. As both House bills are expected to reach the Senate around October 1st, the leadership is expected to give the nod to the rights bill. The mass demonstration of the civil righters in Washington last Wednesday may have the effect of speeding the legislation — even though there has yet been no visible change of mind by the Senators who will vote on the bill.

The demands made by the demonstrators, to become effective "now" will not be fully met in 1963, though some of them may. One of these demands was the integration of all public schools this year. Another was for the enactment of a Federal law setting $2 an hour as the minimum wage. A third, a "fair employment practices act" which bars discrimination by Federal, State and municipal governments, by employers, by contractors, employment agencies and trade unions. They demanded, also, access to all public accommodations; the right to vote (presumably without reference to any educational test or poll tax); the withholding of Federal funds from States where discrimination is practiced; a massive Federal works and training program to put all unemployed workers, black and white, back to work, and unsegregated decent housing. And they demanded there should be no filibuster" or compromise to prevent the enactment of legislation to carry out the program outlined.

The President's program in the administration bill now before House and Senate committees takes care of most of these debands, but not all. It includes a "public accommodations" section which, indeed, promises to be the most controversial of all its provisions. It may have to be eliminated, or compromised, if the civil rights bill is to get through at all. Yet it is one of the main demands made by the Negroes.

The big question is whether a civil rights bill, containing this public accommodations section, giving Negroes access to all privately-owned hotels, motels, stores, theatres, etc., obtains a necessary two-thirds vote to end a filibuster by Southern Democratic Senators and final action. It is said that this could not be had today; that a number of Senators would have to change their stand. And it is still questionable that any bill will be able to survive a Southern filibuster at this session of Congress. But the chances of success are brighter today, particularly if President Kennedy actually goes to work on some of the Senators via the Federal patronage (jobs) route.

The Case Against Proposed "Interest Equalization Tax"

Continued from page 7

ment of the short-term effect of the proposed tax is to analyze transactions in foreign securities in 1962. It is, of course, by no means clear how effective the proposed tax would be in reducing the amount of Americans' purchases of foreign securities. But assuming that it is, how much effect would such reduction have on the balance of payments deficit?

During 1962 new issues of foreign securities, both debt and equity, sold to Americans (that is, net of $221 million of these issues underwritten here but sold abroad) totaled $1,076 million. Of this amount $84 million consisted of securities of international institutions exempted under the proposed bill, and $102 million were securities of Latin American countries which are also excluded leaving a net balance of new securities which would have been subject to the proposed tax of $890 million. Canada, the largest seller of new issues, accounted for $457 million, Japan for $101 million and Western Europe for $195 million. The joint Canadian-United States release of July 21, 1963 expressed the hope of both governments that it would be possible to have in practice an unlimited exemption for Canadian new issues from the proposed tax. It may very well be that the Canadian exemption will initially be somewhat less than its 1962 total of $457 million. But for the reasons previously developed it seems unlikely that any reduction in Canadian, or for that matter Japanese, securities sales to Americans will reduce the deficit significantly because of the anticipated offsetting reduction of American exports to these countries. This leaves, in essence, only new issues of European securities as a place where decreased sales might favorably affect the deficit. But even if the entire $195 million of sales of new European issues were eliminated without any offset, and this is quite improbable, the net effect of the proposed tax on the balance of payments deficit in 1962 terms cannot be of major significance even for the short-term insofar as new foreign issues are concerned.

So far as outstanding foreign issues are concerned, sales to U. S. persons in 1962 amounted to only $55 million more than sales of outstanding foreign securities by Americans to foreigners. If this figure is adjusted to exclude sales of outstanding issues of international institutions and of Latin American countries which would be exempted under the Act, there was actually in 1962 a net surplus in the American balance of payments of $56 million arising from transactions in outstanding foreign securities.

We believe the proposed tax will at best contribute to a slight temporary reduction in our balance of payments deficit by reducing the accumulation of long-term assets.

(2) *The proposed Act is not addressed to the fundamental causes of the balance of payments deficit.*

Government grants and capital outflows in 1962 amounted to $4.3 billion, of which $1.1 billion involved "dollar payments to foreign countries and international institutions." Based on what has been published on these programs for the year 1961, it would appear that virtually all of this latter dollar outflow arises from the operations of the Agency for International Development (AID). AID has made significant progress in tying its assistance to the purchase of goods from the United States, but there is still room for further progress, quite apart from what can be done to have our allies, especially those which are reserve-accumulating countries, assume a larger share of foreign economic assistance programs. It is estimated that something over 50% of AID expenditures are currently being spent on U.S. goods, and it is our understanding that an 80% target has been set.

Similarly, substantial dollar outflows arise out of the overseas military expenditures of the United States. These outflows are reported as having reached $3,028,000,000 in 1962 and to have been offset by only $660,000,000 of what official statistics term "military transactions" by the U. S. with other countries. Clearly, the amount of such expenditures, their distribution in various countries, and the extent to which they can be offset by military purchases in the U. S. by foreign countries, are matters that involve the highest questions of diplomacy and military strategy. But it should be clear that unless the balance of payments leakage that is involved in these expenditures is reduced, and reduced substantially, there is little hope of correcting our balance of payments deficit by restrictions on normal private financial transactions.

The reduction of our balance of payments deficit also requires that the competitive strength of the U. S. in foreign markets be increased, and the attractiveness of investment in the United States by foreigners be enhanced by reduction in personal and corporate income taxes and other appropriate measures. We recognize that these are complex questions and that the economic adjustments which they imply are not easily accomplished—involving as they do such matters as the relationship of annual cost increases to productivity, improvements in U. S. industry and the full range of questions having to do with U. S. monetary, credit and debt management policy, the level and structure of our interest rates, and the rate of U. S. economic growth. To reduce significantly our balance of payments deficit we must get at the real bases of the dollar outflow: (a) We must make greater progress in relating economic assistance to expenditures of dollars in the United States; (b) We must lose no opportunity constructively to reduce the dollar drain from military expenditures abroad; (c) We must improve our cost position in relation to our competitors abroad; and (d) We must increase the attractiveness of foreign direct and portfolio investment in the United States.

Finally, without wishing in any way to understate our balance of payments problem, it should be noted that the United States is by no means without resources for meeting the dollar drains to which it is subject. These have been described very well in the August, 1963 *Monthly Review of the Federal Reserve Bank of New York*. They consist, as the *Review* summarized them, of (a) official holdings of gold and foreign exchange; (b) formal "swaps" of currency or similar bilateral arrangements; (c) the issuance of special certificates and bonds denominated in the currency of the creditor country; and (d) access to the IMF.

These resources provide defenses that permit a deficit country to deal with substantial pressures without imposing new restrictions, and to apply the basic corrections that are needed to bring international payments into reasonable balance. Defenses of this type are not an excuse for failing to apply the conventional balance-of-payments disciplines. They provide time for these disciplines to be applied and to have their effect.

Moreover, if any more drastic temporary measures were required, we would question whether interference with asset-creating portfolio investment abroad is warranted when no significant steps have been taken to reduce non-asset producing private expenditures, such as American tourists' expenditures in foreign countries (which amounted to nearly $2\frac{1}{2}$ billion in 1962).

(3) *The tax is a new protective tariff on capital transactions and is inconsistent with our long-stand policy of freedom for capital movements.*

While the proposed legislation is entitled the "Interest Equalization Tax Act of 1963," the Treasury has made it clear that the proposed tax is not a revenue measure.

Nor is it an "interest equalization" measure. The interest rates prevailing in the capital markets of the world vary widely. In certain countries, such as the Netherlands and Switzerland, long-term rates are comparable to, if not lower than in the United States, while in others such as West Germany and Japan, they tend to be considerably higher. In no meaningful sense can it be said that the proposed tax will bring about an equalization of the interest rates prevailing in the United States with those in other capital markets. The fact that the proposed tax also applies to shares of stock and other non-interest bearing securities is a further indication that the purpose and effect of the Act is not that indicated by its title.

The proposed tax would be more accurately described not as a tax at all but rather as a new protective tariff to limit the importation of foreign securities or, viewed from the opposite point of view, as a duty on exports of private capital for portfolio investment abroad. So viewed, the so-called "tax" represents a new barrier to the free international movement of capital and a retreat from the policy, followed in the post-war years by Democratic and Republican administrations alike, or maintaining and advocating the free flow of capital across national borders.

(4) *The United States capital market, and foreign economies dependent upon it, may be seriously damaged.*

The position of the United States as the only free capital market in which the amount and terms on which an issuer can sell its securities are limited only by the market place is a precious national asset which should not be dissipated without convincing reasons of national interest. Because of this position, the United States has in effect become the banker for the free world and has attracted a large volume not only of domestic United States capital but also of foreign capital. In the international competition with socialism, the importance to capitalism of such a free international capital market to which private enterprise might turn for private financing cannot be overestimated.

The proposed tax will undermine the United States' unique position as the world's principal international capital market not only directly by imposing a tariff on new foreign issues offered here but also indirectly by discouraging foreign investors from purchasing foreign securities offered in the United States market because of the obstacle imposed by the proposed tax on the marketability of such securities in the United States market. One of the greatest inducements to foreign purchases and retention of dollar bonds of foreign issuers has been the broad and open market for such bonds in the United States.

As they stand, our capital markets are open to anyone. They are free markets, in which changes in the volume of business done and in the terms on which business is done are determined predominantly by decisions taken privately, competitively and independently. This is not to say that the government or governmental operations do not presently affect our capital markets, for they do. But under a tax of the sort proposed in H.R. 8000, government would enter the capital market and influence its functioning in a new and far reaching way. From that time on, our capital market would have to be judged and forecast by people doing business in it on a basis of what government is likely to do, as well as on the basis of what the impersonal forces of a competitive market are likely to do. For example, consider what would happen in our capital markets as we approached the date at which a temporary tax such as that proposed in H.R. 8000 were, as is suggested in the proposed legislation, to be removed. Or consider the effect on the market if rumors were to develop of a change in the tax rate, or of the extension to other countries of the kind of exemption already proposed for Canadian new issues. What we would have in such cases, and what we have to a certain extent already as a result of the proposal of the tax, would be a market dominated by government action or by rumors of government action.

In the light of the dependence which a number of foreign countries with economies such as those of Canada and Japan have placed on the private United States capital market in meeting their financial requirements, the temporary demoralization of the securities markets in these countries when the proposed tax was announced is clearly understandable.

It is perhaps relevant at this point to recollect the encouragement which in years past both the United States Government and international institutions, such as the International Bank, have given to the financing through the U. S. capital market of the capital requirements of foreign issuers.

(5) *The proposed tax may create fears of further restrictions.*

The United States today is the leading financial power of the world. We all want it to remain so. Part of the responsibility and obligation of being the leading financial power of the world—of being the banker to the world and of having the key currency which is widely recognized as a standard of value and widely used in world trade and finance—is to keep our currency strong and free from restrictions on its use. We must not, through one device or another, impair the value of the dollar as the key currency of the world or create fears that further restrictions may be imposed. In its editorial of July 19, 1963, The *New York Times* stated that while the proposed tax—

"Is not to be equated with direct controls, which many foreign governments still maintain, it does amount to an indirect restriction. In foreign circles, it may well be regarded as the harbinger of exchange controls."

Any diminution of confidence in the dollar may influence foreigners to sell in the United States a significant portion of their present holdings of securities of United States issuers (estimated at the end of 1961 to amount to $27 billion including $14.5 billion of U. S. Government obligations) with the resulting adverse impact on our balance of payments.

Foreign confidence in the dollar may be further weakened by the dual price system which will result from the tax on purchases by United States persons of outstanding securities, particularly equity securities. Since purchases by United States persons of outstanding foreign securities held by other United States persons will be exempt from the tax, such securities may be expected to sell in the United States market at premiums (varying with the available supply of a particular issue of foreign securities in United States hands and the United States demand) over the prices for the same securities in their principal foreign markets. A number of American-held foreign securities are already selling at premiums.

(6) *The proposed tax is discriminatory.*

The proposed tax is broadly discriminatory since it selects only one aspect of private expenditure abroad, namely, private portfolio investment, for restriction through a special tariff while leaving unaffected private expenditures abroad for tourism, direct foreign investment and commercial bank loans made in the ordinary course of the bank's commercial banking business.

As indicated above, portfolio investment, unlike tourism, is an asset-building expenditure which enhances, as do direct investment and commercial bank loans, the international asset position and the long-term balance of payments position of the United States.

Moreover, many of the transactions that fall within the direct investment and commercial bank exemptions in the proposed Act are in purpose and economic effect entirely equivalent to investment in portfolio securities. Indeed, one of the consequences of the Act may well be an increase in bank loans and direct investments in lieu of portfolio investment. This may very well have an adverse effect on the United States balance of payments since a substantial portion of any public offering of foreign dollar securities can be expected to be purchased by foreign dollar accounts.

(7) *The proposed tax is administratively complex.*

It will be applicable not merely at the time of the original issuance of securities but to subsequent non-exempt transactions throughout the life of the tax. Compliance and enforcement procedures will prove burdensome (particularly in the case of trading in outstanding foreign securities) both for the security dealers of the nation and ultimately for the Treasury itself.

The requirement that certificates of American ownership be employed in connection with qualification for the exemption for prior American ownership and that transactions even in foreign securities qualifying for this exemption be reported in quarterly tax returns will impose a heavy administrative burden.

The discount from the U. S. market price for U. S.-held foreign securities at which U. S. persons could purchase the same securities abroad through foreign intermediaries without payment of the tax unless they report the transaction may impose a heavy strain on the self-reporting requirements.

Policing compliance, particularly where bearer securities are involved, may be exceptionally difficult.

In summary, for the reasons stated above, the IBA believes that the proposed Interest Equalization Tax Act should not be enacted. Any probable short-term beneficial effects fall far short of justifying the adverse consequences. It is most injurious to the United States international capital market, a national asset to be fostered rather than injured. It imposes hardships on our friends abroad that over the long-term can only be detrimental to us as well.

Our long-term balance of payments position and outlook is strong. It would be better to deal with our present problem by improving our international competitive position, encouraging increased foreign investment in the United States, reducing our non-asset-creating expenditures abroad and even by temporary drawings on the International Monetary Fund or use of our reserves rather than to endanger the free flow of funds or our position as the world's banker and trustee of the key currency of the world. Once confidence in us and in the freedom of our capital market is impaired, it will be difficult to rebuild it.

*From a statement submitted by Mr. Overby to the House Ways and Means Committee, Aug. 21, 1963.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

"Mr. Sales Manager, Are You Listening?"

The other morning I drove a friend of mine downtown to his office. We are close neighbors and once in a while we share a ride together. This investment salesman is with another firm and he has been in the security business for many years. I am always pleased to exchange ideas with experienced men because I sometimes can learn from them. When two salesmen get together they usually talk shop—and I am going to let my friend write this week's column for me. Possibly a few of the nuggets he dropped (while I was busy dodging speedway lane crossers) have stuck in my memory so that I can pass them on to you.

Sales Meetings

One of the points he emphasized was the lack of "give and take" that often mars the effectiveness of many sales meetings. He said to me, "Dutton, when you and I talk for a while we pass ideas along to each other. Possibly some of them aren't worth much, but every once in a while I talk with another salesman and I learn something. But when it comes to sales meetings, I've been attending them for years. Just last week we had a one hour session. Our office manager got up and as usual he gave us a monologue that never seemed to end. Sure, some of the information he passed along was vital and important, but after a while most of us became restless. I always try to make notes of the important facts, but by and large, our sales meetings are pretty dry affairs."

Then he continued, "Why don't we have at least one meeting a month that we can use to pass selling ideas along to each other? We have men in our organization who have been selling for years. They know how to bring in new accounts, pacify customers that get upset, keep the back office employees happy, use the telephone, obtain information, manage portfolios; and just the other day one of the "old-timers" told me how he used "puts and calls" to open certain new accounts. My firm has been dealing in them for years but I never bothered to learn anything about them. Now I think I've been missing a good bet for certain accounts. We also have some men who know the bond market and understand tax exempt bonds very well. They have built a good business for themselves in these securities, yet we have other men who have never learned how to "crack a basis book". What a wonderful opportunity we have to learn from one another if we only had the chance to talk among ourselves, ask questions, bring up problems, and then try to help each other solve them."

This was his first suggestion—just then a late model sport car swerved in front of our lane as we proceeded to dodge our way through the heavy morning traffic, and possibly this caused him to change the subject.

Better Office Equipment, More Clerical Assistance

You may rightfully assume that salesmen of every breed are natural born fault finders . . . just like the foot soldiers of the infantry. Possibly a man couldn't be a good salesman unless he was a congenital belly-acher. But if this salesman's boss happens to scan this column he might find something here that does make some sense. The salesman for that boss works for one of the largest, best known member firms of the New York Stock Exchange. His desk is jammed into a space which is so crowded he has absolutely no privacy. He said the other day a very wealthy client called to see him, and he was actually ashamed that he almost had to sit him on top of his desk in order to find a place to put him. I've seen his office, and others like it, so I know he has a real problem.

But even more important, he continued, "Why is it that so many people in management think that all you have to do to make an office pay is to fill it with desks and people. Why don't they wake up to reality? They should look at the figures. In our office we have over 20 men, yet six of us do over 70% of the business. Many of the others take up space, use the clerical help for unimportant and unproductive work, and small piddling orders. While those of us who are the real producers have to wait and beg to get important work accomplished by the back office and by the secretaries. Sure, some trainees make good, but I've seen as many of them go and come in our office, during the past few years, as they have in the "peace corps." Then to add to the problem we have a constant turnover of clerical help, and many of them are incompetent clock watchers who think they are doing you a favor when they type out a letter."

He was warmed up good by this time, "Here I am, a twenty thousand a year man—some years more, some less. I've been a steady producer for many years. If my office would fire half the borderline desk fillers we have taking up valuable space, then give us an office where we have some privacy, and some competent secretarial help, or a private secretary, the pay for the secretarial support could come from just one or two extra trades a week. But what do I have to do now when I want a secretary . . . I am it! I do the work of a $75 a week clerk, waste my valuable time that is worth hundreds of dollars a week to my firm, and thousands to my customers, doing clerical work. I have to read every letter after it is written because the errors are so frequent I am afraid to send it out without checking it. I am bogged down with record keeping, taking in securities, making requests for transfers and deliveries, checking credit balances, and even running errands like some school kid, when I should be devoting my time to selling, contacting, planning, managing portfolios, talking with clients, and doing business that means dollars and cents in the till."

By this time I reached our parking garage. He went his way, and I went to my nice, comfortable, air-conditioned, spacious office, where I can relax and wait for the telephone to ring, while I leisurely pick up the phone, and quietly reply, "Good morning, Mrs. Goldenrocks. How are you today? Why that's fine, sure I'll enter your order for ten thousand shares of Steel and five thousand General Motors . . . it's a pleasure . . . call again anytime you have another little order to place with us. We are always glad to serve our small accounts as efficiently as the large ones."

And I think of my good friend George . . . who works in that menagerie, with one foot in the waste basket, the telephone in one hand, and keeps his bottle of blue and green pills handy . . . just think what he could do with air conditioning, a private office, and a beautiful, efficient, and willing secretary.

Dawson-Smith With Tucker, Anthony

S. Edward Dawson-Smith has become associated with Tucker, Anthony & R. L. Day, 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Mr. Dawson-Smith was formerly with Spear, Leeds & Kellogg. Prior thereto he was with Walston & Co., Inc. and the New York office of Cruttenden, Podesta & Miller. He was formerly a officer of the Security Traders Association of New York.

S. E. Dawson-Smith

King V.-P. of Laird & Co.

WILMINGTON, Del.—Richard V. King has been elected vice-president of Laird & Company, Corporation, Wilmington Trust Building, members of the New York Stock Exchanges and other leading exchanges.

NEWS ABOUT BANKS AND BANKERS

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

Stuart T. Saunders, has been elected a Director of the **Chase Manhattan Bank, New York,** it was announced Sept. 4.

* * *

Barclays Bank, D. C. O., New York, announced that, effective Sept. 3, their new York office located at 120 Broadway will be conducted as a full branch. The change from agency status will permit the undertaking of all classes of banking business including the acceptance of deposits.

Since 1890 representation has been maintained in New York, originally by **The Colonial Bank,** which subsequently merged into the Barclays Group.

* * *

Willfred Wottrich, Board Chairman of the **Lincoln Savings Bank in Brooklyn, N. Y.,** died Aug. 31 at the age of 66.

* * *

The Central State Bank, Brooklyn, N. Y., received approval of Certificate of Amendment of Certificate of Incorporation providing for a change in the number and par value of previously authorized shares and for an increase in capital stock from $445,710 consisting of 89,142 shares of the par value of $5 each, to $623,992.50 consisting of 249,597 shares of the par value of $2.50 each.

* * *

The proposal to consolidate the **Long Branch Trust Company, Long Branch, N. J.,** with **The Monmouth County National Bank, Red Bank, Red Bank, N. J.,** will be submitted to both banks' stockholders at separate special meetings on Sept. 11.

The proposed consolidation, already approved by the banks' board of directors, would be effected through an exchange of stock. Under the proposal, which is subject to the approval of the Comptroller of the Currency, Long Branch Trust Company stockholders would receive 255 shares of Monmouth County National Bank stock for each share held.

The Monmouth County National Bank on June 28 reported deposits of $100,081,000. Its capitalization was: Capital $2,300,000; surplus $3,200,000; undivided profits $1,283,000; and reserves $2,300,000.

The Long Branch Trust Company on June 28 reported deposits of $18,081,000. Its capitalization was: Capital $200,000; surplus $700,000; undivided profits $281,000 and reserves $557,000.

* * *

Willard Perry, Executive Vice-President of **Commonwealth Bank and Trust Company, Pittsburgh, Pa.,** died Aug. 30.

Mr. Perry, 66, observed his 50th anniversary with the bank on March 15. Appointed Executive Vice-President on Jan. 23, 1942, Mr. Perry started as a stenographer and messenger in March, 1913, and had worked in almost every position in the bank. He was elected to the Commonwealth Board of Directors in 1950.

* * *

The Industrial Valley Bank & Trust Company, Philadelphia, Pa., will open its Penn Towers Office at 1801 Pennsylvania Boulevard in Center City, Philadelphia, on Sept. 9.

* * *

The Comptroller of the Currency James J. Saxon on Aug. 30 approved the conversion of **The Peoples State Bank Company, Archbold, Ohio,** into a National Banking Association. The bank will be operated by its present management under the title **First National Bank of Archbold.**

The capital structure for the converted bank remains the same, $403,972.40.

* * *

Comptroller of the Currency James J. Saxon announced on Aug. 27 preliminary approval of an application for the organization of a National Bank in Oklahoma City, Oklahoma.

Initial capitalization of the new bank will amount to $600,000, and it will be operated under the title **Southwestern National Bank of Oklahoma City.**

At the same time, the Comptroller announced disapproval of the application of another group for a new National Bank charter at Oklahoma City, Okla. The application was filed May 28, 1963, by James F. Davis, correspondent for the organizers.

* * *

The Comptroller of the Currency on Aug. 27 announced preliminary approval to organize a new National Bank in San Antonio, Texas.

Initial capitalization of the new bank will amount to $600,000, and it will be operated under the title **Lackland National Bank of San Antonio.**

* * *

Paul B. Wineman has been appointed Assistant Vice-President at the Head Office of **The Bank of California, N. A., San Francisco, Calif.,** it was announced today by President Charles de Bretteville. He will be attached to the Loan Supervision Section. Before joining The Bank of California, he was second Vice-President at **The Northern Trust Company, Chicago, Ill.**

* * *

The Bank of America, San Francisco, Calif., Sept. 4, named a Senior Corporate Finance Executive to head the notrhern California activities of its newly established Leasing Division.

He is Vice-President Neil C. O. Brogger, who has had charge of the bank's Corporate Finance Department at the San Francisco head office for the past 18 years.

* * *

The **Canadian Imperial Bank of Commerce, Toronto, Canada,** announced that Reed O. Hunt, has been elected a Director.

F. D. Cabour Joins Oppenheimer & Co.

Francis D. Cabour has become associated with Oppenheimer & Co., 5 Hanover Square, New York City, members of the New York Stock Exchange, in the institutional research department. He was formerly research manager for Istel, Lepercq & Co.

Nixon to Chair Industrial Award

Former Vice-President Richard M. Nixon will preside at a meeting of the heads of 12 leading business and professional organizations at the Waldorf-Astoria Hotel in New York on Sept. 19 to select the 1963 recipient of the Industrialist of the Year award, presented annually by the Society of Industrial Realtors.

The award board headed by Mr. Nixon will choose the 1963 winner from more than a score of outstanding industrial executives who have been nominated by members of the Society, a professional affiliate of the National Association of Real Estate Boards. The Society's 904 members throughout North America specialize in industrial real estate.

Previous winners of the award include Alfred P. Sloan, Jr., of General Motors Corp.; Benjamin F. Fairless of the United States Steel Corp.; Thomas J. Watson of International Business Machines Corp.; William Allen of Boeing Airplane Co.; Thomas B. McCabe of Scott Paper Co.; Stanley C. Allyn of the National Cash Register Co.; and William A. Patterson of United Air Lines.

Inv. Clubs Ass'n Annual Conv.

The National Association of Investment Clubs will hold their annual Convention Oct. 17, 18 and 19 at the Statler Hilton Hotel, New York City.

Among the speakers will be Edwin D. Etherington, President of the American Stock Exchange; Archangelo J. Catapano of Merrill Lynch, Pierce, Fenner & Smith Incorporated, who will speak on recent developments of importance to the investor in the electronics, aircraft manufacturing and aerospace industries; George A. Nicholson, Jr., Smith, Hague & Co., Detroit; and Sidney B. Lurie, Josephthal & Co., New York, who will speak on "The Stock Market Today — and Tomorrow."

Further information may be obtained from the Convention Registration Department, National Association of Investment Clubs, 1300 Washington Boulevard Bldg., Detroit, Mich. 48226.

Joins Paine, Webber

PHILADELPHIA, Pa. — Paine, Webber, Jackson & Curtis, members of the New York Stock Exchange and other leading exchanges, announce that Harry J. Kirby, Jr., is now associated with their Philadelphia office, 1400 South Penn Square, as a registered representative in their Institutional Department.

Prior to joining Paine, Webber, Jackson & Curtis, Mr. Kirby was associated with the Philadelphia office of Blyth & Co., Inc., and has been active in the investment securities business for the past 12 years.

Opens N.Y.C. Office

Diamond Doorley Douglas & Co., Inc. have opened a branch office at 115 Broadway, New York City, under the management of Frank M. Curry.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Northern Illinois Gas Company

Northern Illinois Gas, which was "spun off" from Commonwealth Edison in 1953, has enjoyed very rapid growth with an increase in annual revenues from $62 million in 1954 to $175 million recently. The company serves a population of 3,240,000 in Northern Illinois, excluding Chicago which is served by Peoples Gas. A new subsidiary, Allied Gas, serves 11 communities in the same area. The many suburban communities near Chicago have enjoyed rapid population growth, the increase since 1950 being 74% or over three times that of the U. S.

A small production and exploration company, NI-Gas Supply, participates with other companies in exploration and development; at the end of 1962 it had helped to drill 74 gas wells which were connected to the pipelines of suppliers. Its share of reserves in completed wells in which it participated was estimated at 46 billion of gas and 1.2 million barrels of oil, both figures being about double those of 1961.

Northern Illinois Gas revenues are about 61% residential with heating; residential without heating, 6%; commercial and firm industrial, 11% each; and industrial interruptible and miscellaneous, 11%. The heating saturation of residential customers is 70%. The company buys its gas from several midwest pipelines—Peoples Gas, Midwestern Gas Transmission and Northern Natural Gas. Total daily gas supply at the end of last year was 715 million cf and another 25 million cf is on order from Midwestern for the next heating season.

Underground storage has been an important factor in the company's highly successful sales record. It has an allocation of 31% in Peoples Gas Herscher Dome; it also owns its own Troy Grove project and is beginning to use another at Ancona. A proposed reservoir near Crescent City will be developed as soon as legal difficulties are finally cleared up. On the coldest day last winter Troy Grove furnished 25% and Herscher 19% of the total gas distributed.

Nineteen-sixty-two was a very successful year for the company, with revenues up 13%, per share earnings 41% higher and an increase in the dividend rate from $1.40 to $1.52 (and now $1.68). At the end of the year the company was serving 343 communities, an increase of 26 during the year (including Allied Gas territory). Some 350 industrial customers were added, with the company's area development program continuing on expanded scale.

The number of gas heating customers increased over 54,000 (to 548,000) during the year. Earnings enjoyed the benefit of 15c due to cold weather but the record cold weather in January this year should give a similar fillip to 1963 earnings. This year's earnings will be reduced 9c by an increase in the depreciation rate to 2.9% from 2.5%.

The rapid gain in earnings has continued in 1963 to date. For the 12 months ended July 31 per share earnings of $2.99 have just been reported vs. $2.73 in the previous 12 months and $2.65 for calendar 1962. How much of this gain was due to the frigid weather in January is not clear, but the increase was effected despite higher depreciation charges and a rate reduction equivalent to 7c a share for calendar 1963. Another rate cut of about $1 million a year, primarily for heating customers, was scheduled to become effective July 1. It appears unlikely that earnings for calendar 1963 will exceed $3 and might be slightly lower, even with normal weather. However, considering the fact that earnings have increased (in every year but one) from 95c in 1954 to the present level around $3 seems a remarkable achievement.

Long term prospects also seem promising, although the important effects of weather conditions must be kept in mind. The annual growth in the number of customers should continue around 30-35,000 per annum and there is still room for an increase in saturation of househeating. Despite vigorous competition for residential heating, the company is securing 99% of space heating, 95% of water heating and 80% of the range business in new single family homes (and only slightly less in the rapidly growing new apartment house market).

The use of gas in industry is broadening and the company expects to obtain substantial new sales from gas-burning air conditioners and on-site electric generating heating and cooling plants using gas. The company is one of the leaders in developing the gas turbine for these purposes and has equipped its new headquarters in Glen Ellyn with turbines which light, heat and cool the building. Its new general office building, also recently completed, will contain the first completely automatic, multiple-module total gas energy system in the U. S.

The company's rapid growth has entailed a heavy construction program amounting to $48 million this year. The coming 5-year construction program will involve about $200 million for which $90 million in new money will be required. A $20 million mortgage bond issue was issued in July and no further public financing will be required this year. The equity ratio as of March 31, 1963, was 52% but is probably somewhat lower now.

The company's accounting methods are conservative, with tax savings from rapid depreciation normalized and the 3% investment tax credit substantially normalized. The company is currently earning a high rate of return on net plant, but rate reductions are being initiated, and some of the return reflects abnormally cold weather conditions.

The stock has been selling recently on the Midwest Stock Exchange around 61. Paying a current dividend rate of $1.68, the yield is 2.8%. The price-earnings ratio based on the earnings of $2.99 for the June year is 20.4.

Updating Our Domestic and World Economic Policies

Continued from page 10

volume of long-term savings that our rich economy can generate. Thus, once again, we see the President's tax program as one of the most important measures we can take to protect our payments balance.

Other Elements of Balanced of Payments Program

The Home Committee on Banking and Currency, is familiar with the other measures included in the President's balance-of-payments program, and there is no need for us to discuss them at length.

Export expansion. The Department of Commerce has underway a vigorous program of export promotion. In addition, improved financing and insurance are now available to American exporters. Increased exports not only will improve our balance of payments but will contribute directly to the strength of demand in the domestic economy.

Federal expenditures abroad. By January, 1965, Federal overseas dollar expenditures will be reduced by approximately $1 billion from the level of 1962. More than $300 million of this reduction will occur in the overseas dollar outlays under our defense program and an additional $200 million in payments for strategic materials acquired from foreign sources. A substantial further amount will come from additional tying of AID expenditures to U. S. procurement, and reduced overseas costs of other Federal programs. These reductions will be accomplished without weakening the effectiveness of our programs.

Investment by foreign savers in the securities of private U. S. firms. The President has directed the government to cooperate with the private financial community in developing new means for encouraging foreign investment in the United States. This effort will be increasingly effective as the expansion of our economy is accelerated. As investment becomes more attractive in this country we can expect a reversal in the recent trend which has found foreign investors reducing their investments in this country.

IMF stand-by arrangement. The above measures are designed to **reduce** the deficit in our balance of payments. In addition an important new measure has been taken to aid in **financing** that deficit. Under its rules, the IMF is now unable to continue to assist in the financing of the U. S. deficit by accepting dollars in repayment of the indebtedness of other nations. Under the new stand-by arrangement, the United States will be enabled to draw foreign currencies from the fund in exchange for dollars and sell the currencies to nations which hold dollars and wish to pay off indebtedness to the Fund.

In addition to the immediate help which this gives to the United States, this action represents an important step in strengthening the Fund's role in international financial affairs. Until now there has been a tendency to regard the exercise of drawing rights as a "crisis" measure. But there is no dollar crisis today nor is one in prospect. Use of the Fund at this time by the United States underlines our belief that its facilities should be employed as a normal element in the financing of payments deficits. Foreign financial circles have reacted favorably to this innovation.

The policy measures recently taken and proposed represent a determined effort to deal with our balance of payments problem. But the Administration has not taken the blind alley of crisis measures which would sacrifice our world-wide economic and political objectives for balance-of-payments reasons. To weaken our overseas defenses, to splash our aid program, to increase import restrictions, to negate hard-won progress toward currency convertibility by imposing direct exchange controls — such measures might temporarily reduce our payments deficits, though they would hardly increase world-wide confidence in the dollar and in us. The price we would pay for such measures would far exceed their worth.

Long-Run Evolution of the International Monetary System

In the last 2½ years, much has been done to render the international monetary system less vulnerable to crises and to provide facilities for dealing with speculative attacks on national currencies. Central banks of the leading industrial countries have cooperated with the U. S. Treasury and Federal Reserve System in the development of currency "swap" arrangements and techniques for intervention in forward exchange markets, in the pooling arrangement for dealing with speculation in the London gold market, and in generally improved coordination. Through these devices, it has been possible to deal with the speculative outbursts which occurred in connection with the revaluation of the mark and the guilder in March, 1961, the Berlin crisis in the Summer and Fall of 1961, the Canadian exchange crisis in mid-1962, and the Cuban crisis in October, 1962. Through the negotiation of the special resources arrangement in the IMF, an additional pool of up to $6 billion of convertible currencies has been made available for use in time of emergency.

These are notable accomplishments, and efforts to extend their scope are continuing and will continue. By contributing to the stability of the international monetary system, they have helped to make it possible for the U. S. to finance a continuing balance of payments deficit without resort to extreme and costly restrictive actions, giving us time to bring to bear constructive measures which will reduce unemployment, increase productivity, and accelerate economic growth—measures which, when fully in effect, promise a constructive and lasting solution to our balance of payments problem.

But while the techniques of central bank cooperation that have been worked out in the past two and one-half years have been constructive, we feel—and our feelings are shared by many officials in Europe — that further changes in the international monetary system will be needed in the future if the system is to be able to meet the needs of an expanding and prosperous world economy and a steadily growing volume of international trade in the years ahead. Despite the improvements that have been introduced, the present system tends to impose deflationary pressures on countries which are in deficit. Such pressures are appropriate when a balance of payments deficit results from inflation. But for major countries of the modern world—and the present U. S. situation is such a case—deficits may also frequently arise from structural changes over which they have little control. In such cases, deflationary measures are not the appropriate nor necessarily an effective way to eliminate a deficit and the United States has deliberately avoided such measures. Balance of payments imbalances do set in motion basic corrective forces working through price and income changes in both surplus and deficit countries. But in the modern world characterized by domestic policies aimed at the maintenance of high employment and reasonable price stability in all countries, these forces necessarily work slowly.

Since the basic corrective forces are slow-acting and since the function of official reserves is to finance the inevitable deficits that continue while the discipline of these corrective forces is making itself felt, it follows that large reserves are required. Moreover, since the potential payments imbalances will increase in size as world income and trade grow, reserves must expand steadily. In recent years, the growth of reserves has resulted primarily from gold production, from increased foreign holdings of dollars generated by U. S. payments deficits, and from *ad hoc* adjustments in the resources of the IMF. To leave the generation of reserves entirely to gold production and to the deficits of reserve currency countries is to rely upon chance factors which bear little relation to need. Gold production is an inadequate and undependable source of reserve growth, and the increments to foreign holdings of dollars will stop when we succeed in eliminating our deficit. Under past procedures, a U. S. surplus would actually shrink world reserves.

It seems clear that all countries would benefit from monetary arrangements which provide greater assurance that the growth of world reserves will keep pace with income and trade but not grow so rapidly as to exert an inflationary influence. We also need to insure that existing reserves are readily available for use when needed. In the latter connection, the U. S. stand-by arrangement with the IMF is a significant step forward, since it will help to establish the principle that the resources of the IMF can be drawn upon as a matter of course when a country is in deficit without implying the existence of a balance-of-payments crisis.

Apart from the question of a more systematic provision for adapting the growth of reserves to the world's needs, it would be desirable to share with other industrial countries the pressures and burdens that now tend to be concentrated on the reserve currency countries—the United States and the United Kingdom. Progress has been made in developing means to eliminate the disruptive tendencies that now may result from shifts of reserves between one country and another, between one reserve currency and another, or between reserve currencies and gold, but still further protection is desirable. And we need to clarify further the responsibilities that devolve upon surplus as well as upon deficit countries.

Many proposals have been advanced for improving the international monetary system to meet some or all of these needs. A number of these proposals would operate through the IMF, increasing the scope and flexibility of its operations. U. S. officials have not yet arrived at a judgment concerning the merits of specific proposals. But we are studying them carefully, both within our own government and in joint deliberations with other interested countries. Moreover, we remain fully open to any new proposals and initiatives advanced by other countries.

The development of an improved international monetary system is important to the long-run expansion of the world economy. The elimination of the current U. S. balance of payments deficit will not mean the end of world balance of payments problems. Other countries will have deficits when we get into surplus, and we ourselves can expect the periodic recurrence of deficits.

Strengthening the international monetary system, however, is a process that will inevitably take time. Agreement will have to be reached among the participating countries on the particulars of the improvements to be adopted, and there will be many technical details to be settled. Moreover, it cannot be looked upon as a solution to our immediate problem, or as a substitute for a determined attack on our balance of payments deficit—although a more effective payments system if it were now in operation might help the U. S. in its present situation. We must, therefore, continue to take prudent and responsible action to deal with our deficit.

Finally, it is important to recognize that, in a world of convertible currencies and increasing capital mobility, it has become more difficult to adapt national monetary policies primarily to domestic objectives. Therefore, every effort should be made to increase the flexibility of national fiscal policies. If both fiscal and monetary policies can be adjusted quickly, it becomes easier to adapt simultaneously to domestic and balance - of - payments requirements. For example, if the tax cut proposed by the President were already in effect, there would be a stronger case for an increase in our interest rates as a means of dealing with our balance-of-payments deficit. The need to take monetary action at the present time to meet urgent balance-of-payments problems intensifies the need for vigorous tax action to meet the persistent problems of domestic unemployment and underutilization. In the final analysis, a full-employment and full-utilization economy offers us the soundest basis for mastering our balance-of-payments problems in a way fully consistent with leadership in the free world.

*Full text of Parts III-VI inclusive of Statement by Dr. Heller before the House Committee on Banking and Currency, Washington, D. C.

Now Charters & Co.

MIAMI, Fla.—The firm name of Kempf, Charters & Co., Inc., du Pont Plaza Center, has been changed to Charters & Co. of Miami, Inc.

Montalette With Reynolds & Co.

Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have announced that Pierre E. Montalette is now associated with them as director of research planning.

Phila. Secs. Ass'n To Hear at Lunch

PHILADELPHIA, Pa. — W. H. Bateman, President of the Symington Wayne Corp., will be guest speaker at a luncheon meeting of The Philadelphia Securities Association to be held on Wednesday, Sept. 11, 1963, at The Barclay Hotel.

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

Slade, Others Join Nemrava & Co.

DENVER, Colo. — Russell Slade, James W. Bates, Allen F. Davis and Lloyd J. Harty, Jr., have become associated with Nemrava & Co., Denver Club Building. Mr. Slade, who has been in the investment business for a number of years, has recently been with Capital Investment Corp. and Amos C. Sudler & Co. Mr. Davis and Mr. Harty were formerly with Amos C. Sudler & Co. Mr. Bates was with Schmidt, Sharp, McCabe & Co.

White & Co. Opens

PORTLAND, Ore.—White & Co., has been formed with offices at 3817 Southeast Belmont, to engage in a securities business. Officers are Donald L. White, president, and Raymond D. White, vice-president and secretary. Both were formerly with Francis I. du Pont & Co.

Bache Lecture Series

Investors and traders in the metropolitan area are invited by the New York Stock Exchange firm of Bache & Co. to attend two lectures on "a triple check approach to the market."

Designed to show how knowledge of fundamentals, techniques and timing may improve investmetn success the lectures will be given on Monday and Thursday evenings, Sept. 9 and 12, respectively, in the firm's air-conditioned branch office at 724 Fifth Avenue at 7:30 p.m. each night.

Requests for reservations may be made at this Bache & Co. office, of which Joseph Klein is Manager.

Named Director

PHILADELPHIA, Pa. — Patrick J. McGinnis, president of H. A. McGinnis Co., food brokers, announce the election of Joseph S. Rambo to the company's board of directors.

Mr. Rambo is a vice-president of the investment securities firm of Janney, Battles & E. W. Clark, Inc.

Appointed Manager

WHITE PLAINS, N. Y.—Bache & Co., members of the New York Stock Exchange, on Sept. 4 announced that Edwin D. Pollaine has been appointed Manager of the firm's White Plains office, 222 Mamaroneck Avenue.

Mr. Pollaine, who was an associate manager of the office, for the last year was formerly associated with Bache's headquarters at 36 Wall Street for 12 years.

As We See It

Continued from page 1

precise meaning of which no one has ever undertaken to determine. It has become sacrosanct; it is not to be questioned or even examined too closely. Certainly few have undertaken to inquire into what it implies and as to how it operates. One can find little evidence in actual practice to suggest that this right does not include acquiescence in the notion of compulsory union membership (where organized labor is in a position to require it), and what has become known as "peaceful picketing" but which must, of course, be regarded in any event as the exercise of force or the equivalent thereof to prevent employers from operating during periods of strikes. Not only do wage earners ordinarily not dare to "cross" a picket line to enter the employ of the struck concern but in most instances do not find it advisable to enter the grounds for the purpose of supplying the concern with essential materials or of removing goods for delivery to customers.

In the course of these procedures the pickets regularly do many things that would be outrageously unlawful if done by any one else—and not infrequently definitely unlawful even when done by the pickets. The courts, meanwhile have consistently strained the meaning of ordinary words beyond recognition in order to find some of the acts by pickets to be within the law. The pickets and their unions have, moreover, been exempted, or virtually exempted, from all of the restrictions placed on others by the anti-trust laws. Many if not most of the unions, moreover, are now nationally organized or nationally cooperative, so that they can bring unbearable pressure upon employers who must be careful not to act in conjunction with others who are competitive with them in order to gain something like equal status with the union.

Much Is Included

All this must be included in the "right" of collective bargaining" if the term is to connote in actual practice what organized labor wants and does, and what is tolerated, to say the least, by government and the general public. This situation is the product in some part doubtless of past abuses by large and powerful employers, but in all its extreme development is definitely a product of a trend of popular thought led by the so-called liberal elements which run from the mere soft-hearted and ill-informed all through the gamut to the anything but sentimental communist of the day. The "hard question," the President might well have said, is not the preservation of all this nonsense or, for that matter even how to prevent a railroad strike, but how to place the wage earner on an equal footing with the rest of us.

Neither the specific action requested by the President nor the action taken by Congress for a moment even concerned themselves with this underlying problem. Whatever may be said on the subject by any of the so-called special pleaders for the "down - trodden" working man, everyone who has cut his eye teeth knows well enough that the railroads have been obliged since time out of mind to pay out millions of dollars every year to men who either perform useless work or at most only part-time work. Every one also knows well enough that this is one of the reasons that many of the railroad companies in this country are now so near the end of their rope that they simply can not indefinitely continue this waste. Of course, union officials are well aware of these facts, too, but for them there is always the hope that the Federal Government will either take the roads over and meet operating deficits out of the public purse or else subsidize the roads so that they can continue to pay their employees, or many of them, for work they do not do.

No Solution at All

It is evident enough that the "solution," if such it is to be called, now provided by Congress does not and in its very nature can not do more than postpone the day when either the railroads are told that they must continue to pay out vast sums to idle or partly idle employes or else that the employees are commanded to accept willy-nilly an unwelcome arbitration award until such time as strikes are again quite lawful. It may be, as many are saying, that there is under existing conditions not very much more that Congress or the President could have done or could do to terminate the otherwise threatening impasse in the railroad industry. If indeed such is the case the obvious basic need is for change in the conditions which tend to tie the hands of government as well as all others in dealing with the unions. What we have in mind are those laws which permit full monopoly by labor and practices which excuse the unions from observance of many ordinary common law requirements—although, of course this latter is usually more a matter of law enforcement than of change in the laws themselves.

Now, of course, it is useless to rail at public officials and legislators for not doing things which do not appear to meet with wide public approval. There are, of course, a few strong men in Congress and elsewhere in government who can and do try to lead the public rather than merely to please the voter, but the fact is that by and large the road to public office usually leads through pleasing the rank and file of the voters. This leaves the onus on the shoulders of us all.

Clearing Up Confusion re Cash Flow and Other Terms

Continued from page 1

full of quicksands for the financially unwary, and a foot or two in the actuarial profession's concepts and procedures is mighty important. When it comes to extending credit and establishing collection policies, the financial officer needs to have a couple more feet for those areas.

When it comes to taxes, to fiscal and monetary policies which may rescue or wreck a country and its business firms, I sometimes, almost despairingly, feel that my financial officer centipede might just as well give up growing additional feet and start growing hands to throw up. However, that mood fades as realization rises that if those whose job is to administer the common denominator of all business transactions fail to provide leadership in preserving the integrity and productive and usefulness of our money, then leadership from those less well equipped by their occupations to do so is not a rational prospect.

Perhaps I have said enough to indicate the breadth of understanding I think it well for the financial officer to cultivate and the corresponding breadth of opportunity and obligation that goes with it. Perhaps another way of saying much the same thing is to point out that he whose business it is to deal in the common denominator of all business is sure to find that the numerators with which he becomes involved are both numerous and important. In the remainder of my paper I am going to try to outline some of the situations where confusion needs to be dissipated by clarification where the data compiled by accountants and used by financial officers are too often misused or abused by others. They are of proper and especial concern to financial officers but beyond that, they are of vital importance to all citizens.

Profit Facts and Fancies

We might just as well start with the confusing array of ideas about profits. The confusion the misapprehensions, the misrepresentations, the emotions, the controversies that enshroud the subject of profits are almost without end. It is indeed hard to know where to begin. Even such a seemingly simple thing as what is to be regarded as a profit or a loss is not a matter of unanimous agreement. The accounting profession has one definition of profits, the economic profession a different one. The taxing authority has still another definition for its purposes. The financial officer's interest spans all three of them. Each concept may be appropriate for its own special purposes. Most people, however, do not know there are several concepts and different measurements of profits and so can be led astray when a measurement inappropriate to the particular issue is inadvertently or deliberately employed.

Consider, for example, that there may be some non-business groups who feel that their self-interests might better be served if corporate profits could be made to look very large. They would not use the economist's concept of profit, for that concept does not begin to count incoming dollars as profits until not only all the accountant's costs have been covered, but an amount equal to interest on the investment has also first been secured. They might not even accept the accountant's calculation of income or profit. Instead they might hold up to display an item called "profits before taxes" which is an approximately double-size figure vis a vis accounting profits. Certainly no one bearing responsibility for the results of a business enterprise could consider it a legitimate measurement of profits. In fact the term tends to confuse the manner in which a certain cost—the income tax—is computed with the fact that, regardless of how it is computed, once it is determined, it becomes a cost like any other one that must be met before any profit under any accepted definition can be shown. I imagine, nevertheless, that we might all be surprised to learn how many people have gained a quite exaggerated notion of the true extent of stockholders' profits in America due, at least in part, to the careless or sometimes intentional publicizing by those groups of data which, if not technically false, are at least loaded with semantic deception. As a quizzical test on the extent to which anyone may have been taken in, he might jot down sometime what part of gross national product he thinks is represented by corporate dividends; then he can look up the actual figure and see how close he came to the facts. Most people will be surprised to learn that the figure is less than 3%. This can emphasize a need for publicly establishing factual accuracy about recorded profits.

Cash Flow

But no one needs to stop at that point for a new wrinkle seems to be becoming the vogue to minimize the perilous profit squeeze situation in which American enterprise has been gripped. I refer to so-called "cash flow," which is beginning to appear in government publications and in testimony of government officials before Congressional committees. A suspicious person—and I sometimes wonder if I am not unduly that from time to time—might opine that those who for whatever queer reasons wish to perpetuate profit-squeezing, despite a rising public alarm about its adverse consequences, may think they could soothe that alarm by pointing to a dandy, bigger-than-ever cash flow that corporate America now "enjoys." This would be another instance where a technical measurement of a money amount designed for one purpose is misappropriated for a different and unwarranted purpose.

I am indeed surprised that cash flow should be considered by anyone as an illuminating measure of corporate health or well-being. It is a measurement originally devised, I believe, by security analysts. It has no hard and fast definition. Mostly it is regarded as being the sum of profits and of depreciation cost—about which latter I will have a word to say in a moment. For the security analyst the sum of profits plus depreciation may provide a measure of management discretion to choose between paying dividends, paying off debt or spending money to replace depreciated facilities. But as a measure of corporate success it is just as fallacious to add these two items as it is to add back taxes to profits.

The misuse of this type of measurement may be partly attributable to the vocabulary quirks in which the financial fraternity indulges when speaking of depreciation as a source of funds. If those supposed to know of what they speak say that depreciation is a source of funds, then those less well-informed can say, "The bigger the source, the better!" So perhaps we had "better mind our language," as mothers used to admonish. The fact is, of course, that the only continuing source of cash that any firm has out of which to cover all its costs is its sales receipts from customers. Among those costs are the prepaid expenditures for facilities. It takes a long time to get them covered. Depreciation is the record of their cost slowly being covered. To hold that big depreciation cost in the guise of big cash flow is good for a company is the same as saying that the bigger its costs the better off it is. And that is plain nonsense! Here, then, is another area in which clarification of public understanding is necessary for establishment of prudent public policy.

Undistributed Profit

Still dealing with differences between professional and popular concepts of profits, one should note the once quite prevalent and still too widespread belief that so-called "undistributed profit" or "retained earnings" is a stagnant pool of purchasing power—a pile of cash siphoned off from the economy — that ought to be put back to work through taxation or its transfer to others in the form of higher wages, dividends or purchases. The fact is, of course, that undistributed profit is a tag that accountants put on part of the money that has come into and, by reinvesment or debt repayment, passed through and out of the firm for the most part. More than that, reinvested income, as this item is increasingly called, is he only valid measure of a firm's savings margin. It represents the most essential "seed corn" for progress that exists in industrial America. This is because only as a firm has prospects of profit adequate to pay dividends with something left over for reinvestment has it any reason for or can it, out of its own resources, engage in new job-creating productive investment or attract funds from others to enable it to do so. Profit-squeezing and progress-stopping are thus one and the same thing in our economy. For it to be undertaken intentionally — perhaps as a stepping stone towards more and more government control—could be sufficiently tragic; but for it to be unintentionally effected through ignorance of profit facts and functions would indeed by truly pitiable. Financial officers, I would judge, may well have especial responsibilities in promoting clear understanding of the concepts and consequences of profits.

Inflation

In doing so they, like everybody else, will have to face the disconcerting facts of inflation and taxation and how they affect profit measurements and prospects. Nobody doubts any more that this nation has experienced a great inflation, by any definition, since the mid-1930s. Nor, with an irredeemable paper currency, looming Federal deficits and continuing fiat wage cost inflation, is there certainty that the inflation has run its full course. The dollar buys far less of labor, of materials, of plant and equipment, of government and of living than it used to do.

Similarly, no one doubts any more that the dollar total of annual depreciation charges on a plant bought many years ago will not provide enough buying power to equal that originally expended for it. More dollars than that must be found if the company is just to stay even—if it is to be able to replace the plant when it is worn out. Those "more dollars" have to be earned as profit dollars —there is nowhere else to get them. The new burden on profits is thus to make good the inflation-wrought deficiency in depreciation amounts. There is thus less profit available to perform the normal functions of profits than there seems to be; and this is something to be remembered by every one in appraising the profit facts of our economy.

The Great Tax Dilemma

That brings me to taxes. The plain fact is that we are in a terrific dilemma with respect to taxation in our land. There is no readily apparent escape from its horns within what many regard as the present limits of American fortitude in halting welfare spending. Let me spell it out briefly: It is now generally recognized that over the years we have established a type and degree of taxation that seriouslly interferes with the effective operation of our economy. It is a type of taxation which was described by Karl Marx as making despotic inroads on property rights and so intended to overthrow our form of society. The tax features are steep progressive income taxation, punishing profits taxation and capital eroding estate and capital gains taxation. These simultaneously impair both the incentive and the ability to create new private wealth, while steadily eroding existing private wealth. Our recognition of this truth is often, perhaps usually, in the observation that our tax structure impedes our economic growth. The case for reform in the type of and reduction in the rates of taxation is thus clear—and by reform I do not mean so-called loophole closing to reduce further the incentives to the more productive. I mean rather the substituting of equitable for present taxation. This, then, is one horn of the dilemma.

The other horn arises out of the fact that, without expenditure reduction, tax reduction means augmenting existing dangerous deficits that can, by the evidence of history, ultimately result in currency debauchery. That would also be bad for there is no surer way to overturn the existing order of society than to debauch the currency. Both horns of the dilemma are sharp and strong. One is destructive taxation; the other is destructive deficits.

Escaping the Tax Dilemma

There are, of course, ways for a resolute people to escape the tax-deficit dilemma. One of them is, for example, to avoid or minimize the deficits, not so much by reducing taxes, but by gradually substituting more nearly proportional taxation for the present steep progressive taxation. This would greatly release incentives compared to the present system. Thus progressive taxation, with rates on individual incomes running up to 90% or more, confronts any one capable of more than average productivity with the prospect that additional income resulting from added effort or investment on his part will be taxed away at much more than average rates. So his incentive to do so is undermined. Can you, for example, imagine any possibility of negotiating a union wage contract which called for less than straight-time pay for overtime work? Yet this is exactly the situation created by progressive taxation.

There is no such thing as incentive taxation—no one is inspired to earn income for the sake of paying it out in taxes. There is, however, a great difference in the degree to which different kinds of taxes act as disincentives. We have the worst kind in that respect. If we substituted for it a less bad type then the same total tax load now carried might be levied in alternate ways that could have far less growth-deterring consequences than now prevail. Increases in production, employment and tax bases might accordingly be expected; deficits might thus be narrowed and the expenditure reduction needed to avoid them entirely thus minimized.

Another way to escape from the dilemma is for the nation to somehow find the courage to insist that there must be expenditure reductions. This is obvious arithmetic. It may not be practical politics. It is, however, about the only position that those with insight into these matters can take. For otherwise the deficits will certainly occur; they will be dangerous; and the extenuating rationalization that they are not really harmful but may even serve a more than compensating "prime the pump" purpose is a quite unsupportable proposition.

Thus elementary monetary arithmetic tells us — particularly those aware of the accounting profession's double-entry, credit-debit principles—that government cannot give out dollars to increase public purchasing without taking them from the governed in some fashion. The taking and the giving offset each other. The arithmetic is not changed if the taking through taxes is reduced and that through borrowing equivalently increased. The net effect remains zero.

Debt Monetization

There remains, then, only the possibility that the dollars to cover deficits are not to be secured directly from the public but are, instead, to be printed or newly created by the debt monetization process that is the modern equivalent of the money printing press. This is the inflationary financing of deficits. Very few economists openly advocate this, but it may be that some of those who plump for deficits believe that continuing inflation is not evil.

There can be and, I suppose, there is a good deal of argument about whether there is such a thing as just the right amount of inflationary deficiteering from the economic points of view. To me the basic arithmetic involved is not changed—it is only obscured and perhaps a bit delayed. But beyond that, the controlling consideration to me is not any controversial economic consequence; it is the basic immorality of the process. I note that throughout history when governments resort to inflationary printing - press techniques of financing, either overtly or indirectly, it generally ends up as the sinful any systematic fleecing of all creditors—and many of them are the "little folk" in our land: the savings depositors, the life insurance and savings bond holders, the pension and other fixed income receivers. This reinforces my belief that there is no proper place in American fiscal policy for deliberate resort to inflationary means of financing peacetime deficits.

Undoubtedly there may be other ways of escaping from the dilemma. However, the most practical one and one which is also feasible would be a combination of tax reduction and expenditure reduction. A tax reduction that would release individual incentives would require heavier reduction in the higher income bracket rates. And reduction in government expenditures could be in many areas, and especially in those subsidized operations conducted in competition with private enterprise.

In concluding these brief observations I would like to emphasize again that money — the medium of exchange — is the common denominator of our economy. Through its income flows, as wages and profits, the basic incentives are expressed. Through its transfers, specialized production and diversified consumption are bridged. It is in terms of it that all business costs and other calculations must be expressed. The preservation of its integrity is essential. Without it the economy as we know it would perish, as also would individual liberty and our form of government. There matters should therefore command the concern and require the insight of all. I cannot better express it than by quoting the words in a recent speech of Senator Harry Byrd, whom I regard as a great statesman and patriot. He said, "It is up to all of us who believe in our system of government to fight for the kind of progress we know to be sound; the kind of progress that is built on the faith in the future that only a nation blessed with our fundamental freedoms can have."

*An address by Mr. Tyson before the Eastern Area Conference of the Financial Executives Institute, Spring Lake, New Jersey.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The investment of funds in fixed income bearing obligations is still sizable even though the buyers of these securities are now looking at other mediums for the use of this money. It is indicated that time and savings deposits in commercial and savings banks are attracting a growing amount of the money which has been termed long-term funds. There is some question now in the minds of long-term investors about the future trend of long-term interest rates because of the recent rise in the discount rate and the higher rates on time and savings deposits. This appears to be creating a bit of caution among some capital issue buyers because it is believed that short-term rates will influence long-term rates over a period.

Impact on Other Investment Media

The money and capital markets are now in what is being termed a 4% interest rate area. This means that the commercial banks and the savings banks can pay 4% on time and savings deposits in order to obtain funds that are used for loaning and other purposes all of which play a very important part in the scheme of things known as earnings and profits. It is not to the bank's advantage to get these deposits unless they are able to make money on them.

However, it is the overall effect that this recent increase in the rate which the banks will pay on savings deposits will have on the money and capital markets that is being considered in more ways than one by the financial district. It is evident that a 4% rate on savings deposits in savings and commercial banks is going to attract a considerable amount of funds which could be put to work in other investment media, none the least of which are Government bonds.

It is believed in some quarters that the savings bond program of the Government will be among the first to feel the effects of the higher interest rates that are being paid on time deposits by the commercial and savings banks unless the Treasury does something to meet this competition. In not a few places in the financial area the opinion is held that the Government should have raised its savings bond rate to 4% a long time ago.

Equity Money Lured

It is evident from reports that some of the money which has been in the equity market, or could have been in that market, is now being deposited in the commercial and savings banks because of the higher rate being paid on time deposits. It is evident that the income now available from savings deposits is in many cases much more substantial than the dividend returns obtainable in common stocks.

As long as there is no revival of the inflation fear, there will most likely be more funds seeking investment in savings deposits in the commercial and savings banks.

Treasury Must Be Competitive

These higher rates that are being paid on time deposits by the savings and commercial banks probably means that the Federal Reserve Board and the Federal Home Loan Bank Board will not be able to persuade the Congress to grant them stand-by authority to put a ceiling on rates which may be paid by member institutions on these two systems.

It is also indicated that profits are being taken in selected Treasury issues out to the 1970/1972 area, with the proceeds being spread around as savings deposits in several commercial and savings banks.

In addition, it is believed that the Treasury will have to make its new money and refunding obligations more attractive. However, a Government issue with an attractive rate of return and the right maturity (priced) to meet competition will always be a sell-out.

Button V.-P. of Inv. Mgmt. Co.

ELIZABETH, N. J. — Edward N. Button has been elected a Vice-President of Investors Management Company, of Westminster at Parker, investment advisor to four mutual funds.

Edward N. Button

The funds whose investments are supervised by Investors Management Company are Fundamental Invesors, Diversified Investment Fund, Diversified Growth Stock Fund and Westminster Fund.

Mr. Button joined the investment advisory organization in 1961 as an Assistant Vice-President. Previous to his association with Investors Management Company has was a general partner of Andresen & Co., New York City. Before his affiliation with Andresen, Mr. Button was associated with Manufacturers Life Insurance Co., Toronto, Canada, as a portfolio manager and security analyst. He is a member of the New York Society of Security Analysts.

Joins Splaine & Frederick

MILWAUKEE, Wis. — Roland Zainer has joined the staff of Splaine & Frederick, Inc., 800 North Marshall Street. He was formerly with Wisconsin-Continental Inc.

What Kind of a Business Cycle in the Years Ahead?

Continued from page 3

business dip in 1927.[2] What is more significant, we have now gone 25 years—since 1938—without running into a really sharp business contraction—of the order of 1921 or 1938 — and, of course, without the catastrophe of a prolonged severe depression like those of the 1870s, 1890s, or 1930s. In this connection, it may be interesting to remind ourselves just how frequently or infrequently serious depressions have occurred during the last century. The record is as follows (i.e., intervals uninterrupted by a serious depression):

1857-1873, or 16 years
1879-1882, or 3 years
1885-1893, or 8 years
1897-1907, or 10 years
1908-1920, or 12 years
1921-1929, or 8 years
1933-1937, or 4 years

Striking Postwar Serious Depression-Free Performance

Against this record, the past quarter century free of serious depression stands out strikingly. The longest previous period free of serious depression in the past century and more wa the 16-year interval ending in 1873.

But we have continued to have minor contractions, and these mild postwar recessions are remarkably similar to the prewar variety. Apparently, the kind of dynamic mechanism which creates these minor cycles is still very much with us. Let us look at some of the features of this mechanism as revealed in the postwar record.[3]

In general, postwar cycles have had more of an upward tilt than prewar minor cycles. That is, on the average expansions have tended to be longer, and contractions briefer, than before. But we still get significant declines in industrial production, particularly of durables, during cyclical contraction.

Durable Goods Inventory Swings

As I have already remarked, postwar cycles have been marked particularly by wide swings in inventory investment. This was also true of prewar minor cycles. A bit of a paradox is involved here. Underlying trends have clearly been working in the direction of better inventory management, lower inventory-sales ratios, and more accurate information on which management can base its short-period production and purchasing plans. All this, one should think, would make for less wide swings in inventory investment. A partial offset is the increased importance of durable goods, in which inventory swings are particularly wide.[4]

One change in the cyclical behavior of inventory investment since the prewar period does seem to be evident. In the postwar period, inventory investment has pretty regularly begun to decline before the peak in general business is reached. This noticeable lead did not exist before the war. Presumably, this change does reflect to some degree the improvements in inventory management and in managerial information to which I have already referred.

Construction Helps Long-Term Investment Trend

Let us turn now to long-term private investment—in construction and machinery and equipment. There has been a change in the way residential building behaves in minor cycles since the 1930's, and this change has been in a stabilizing direction. House building has tended to taper off early in cyclical upswings—thus tending to moderate the expansion in aggregate demand—and it has tended to turn up well before the low point in general business. (1961 was an exception in this respect.) Such leads existed before the war, also, but they were less marked.

So far, also, nonresidential building has been less sensitive to minor swings in business than before the war. Commercial and industrial building was more sensitive to the mild business recessions of the 1920's than has been the case since World War II. This, of course, reflects the strength of the postwar building boom. But it also suggests a note of caution in looking into the future. Our present difficulties in maintaining a satisfactory level of aggregate demand and employment would be very much exacerbated if there should be a significant decline in the volume of construction. In the past, long building booms **have** eventually ended, although not usually in the sort of complete collapse that characterized the 1930's. This is a matter to which I shall briefly return at the end of this paper.

Let us now turn to the cyclical behavior of business expenditures on machinery and equipment. These expenditures seem to be about as sensitive to minor cyclical swings as they were before the war. Recall, for example, the rather sharp drop in spending on producers' durables in 1957-58. To cite our most recent recession, that of 1960-61, expenditures on producers' durables (in constant prices) declined almost 15% from the second quarter of 1960 to the first quarter of 1961—and the level from which the decline began was anything but satisfactory, being significantly under the level reached in 1956-57.

Wages and Prices Differ From Prewar Behavior

Let me merely list—since this paper is short—some of the other ways in which our postwar cycles resemble or differ from prewar minor swings. Incomes have been relatively stable in postwar recessions, but this was also true of the minor dip in the 20's. Consumers' spending has been a very strong stabilizing force in postwar recessions, but this was again true in prewar minor contractions. Where we do get significant contrasts is in the area of wages and prices. Since the war, wages have not declined during periods of rising unemployment in recessions, although, of course, the upward trend has been retarded during such periods. Prices, also, have become much more resistant to cyclical declines. There are also some differences worth noting on the monetary side. Short-term interest rates have shown greater relative sensitivity in postwar cycles than in prewar minor swings. In general, there is evidence that the monetary authorities have exercised a more sensitive control over the money supply during postwar than during prewar cycles. One illustration of this is the marked way in which commercial banks have had to reduce their holdings of securities during postwar expansions in order to meet the rising demand for loans.

This list of similarities and differences between prewar and postwar behavior could be extended almost indefinitely. But I hope I have said enough to make my main point. During the almost 20 years since World War II ended, we have continued to experience minor business cycles which, while different in various details, bear a strong resemblance to those which the United States underwent for many decades before 1939.

III

We continue, then, to have minor cyclical fluctuations. Do we also have to worry that eventually we shall be hit by something worse—at least a severe decline like that of 1937-38, if not a catastrophe like that of the early '30s? There is fairly widespread agreement that here the situation has changed profoundly for the better. Significant changes have occurred which markedly reduce the propensity of the American economy to plunge into a really severe contraction from time to time. These changes have been frequently commented on but are perhaps worth repeating here.[5]

Changes Forestalling Serious Declines

(1) Banking and financial reforms have greatly strengthened the banking system, reduced the extent of financial speculation, and otherwise improved financial practices. We should also include here improvements in the conduct of monetary policy, so that we can count on the Federal Reserve System to follow an active program of monetary ease if a business recession should develop.

(2) We all know of the increased importance of the "automatic stabilizers," which help to hold up disposable income and consumption when the GNP declines. These stabilizers include social security payments (particularly unemployment compensation), corporate and personal income taxes, undistributed corporate profits, and, to some extent, subsidy payments to farmers. This audience will be interested to hear that, in the postwar recessions, the most important of these stabilizers have had their source in the volatility of corporate profits, combined with the stability of dividend payments. As a result, the decline of undistributed profits and corporate income taxes has made a major contribution to holding up disposable income in postwar recessions.

(3) Government spending is a much larger fraction of GNP than before the war, and private investment is a smaller fraction. Thus, as long as government spending is maintained, a given percentage change in private investment represents a smaller fraction of GNP than was once the case, and the destabilizing influence of changes in investment is further weakened by the effect of the automatic stabilizers.

(4) The structure of employment has been changing in a stabilizing direction. Government, the service trades, and white-collar jobs generally are not subject to the wide cyclical swings in employment characteristic of manufacturing, mining, construction, and freight transportation; and it is these relatively stable kinds of employment that have shown the most rapid increases in recent decades.

(5) The government's commitment to maintain a high level of employment, which was given concrete expression in the Employment Act of 1946, has undoubtedly influenced business and consumer expectations in a way that is favorable to stability.

(6) Business seems to be managing its investment planning more wisely, and, in general, better business planning has probably made some contribution to greater stability.

(7) For a variety of reasons, prices and costs seem to be less variable over the cycle than was once the case. Businessmen do not defer expenditures in recessions or try to liquidate inventories simply because they expect prices to fall rapidly. At the same time, the steady upward pressure on wages may help to support workers' incomes during business contractions.

Volatile Capital Spending Less Important Relatively

It is the volatility of private investment that is chiefly responsible for the cyclical instability which a private enterprise economy experiences. We have not completely stabilized private investment, but it has declined somewhat in relative importance; it probably is less subject to catastrophic collapse than in the past; and the structural changes that I have listed make it easier for the economy to absorb at least moderate swings in investment than was the case before the war.

IV

This brings me to my final point and to the present situation in the United States. Economic growth in the United States since say, 1957, has been unsatisfactorily slow (2.9% per year compared to 3.8% during 1947-57), and the level of unemployment has been persistently and distressingly high. This and other evidence suggests that, for a half dozen years or more, we have been in the downward phase of a long swing in economic growth. We have been experiencing these long swings in growth for as far back as we can trace the data. These swings in growth are not regular and by no means periodic, but they tend to fall in a range of 10 to 20 years. They bear some relation to the long building cycle. Their downward phases—periods of slow growth — have tended to be associated with serious depressions.[6]

My own interpretation is that during the last half dozen years we have been living through the downward phase of one of these long swings in growth. But we have built enough stability into the economy so that no serious depression has resulted. We may or may not continue to be so lucky. I am confident that we can continue to do this well—or better — with wise management. My chief concern is that the present building boom not meet an untimely end before the new upsurge in family formation in the late '60s—and that we not become so preoccupied with the fear of inflation and of budgetary and balance-of-payments deficits that we deliberately force ourselves, through deflationary policies, into prolonged stagnation or something worse.

*An address by Dr. Gordon before the 47th Annual Meeting of the National Industrial Conference Board, New York City.

2 Thus the Federal Reserve Index of Industrial Production declined less than 8% in the 1926-27 recession.

3 A good part of the remainder of this section is based on material in my *Business Fluctuations* (rev. ed., 1961), chap. 10.

4 The most thorough study of postwar inventory behavior is T. M. Stanback, Jr., *Postwar Cycles in Manufacturers' Inventories* (National Bureau of Economic Research, 1962).

5 Cf. my *Business Fluctuations*, pp. 215-17.

6 These long swings are today generally referred to as "Kuznets" cycles. For a recent detailed analysis of these swings, see Moses Abramovitz' testimony in Joint Economic Committee hearings on *Employment, Growth, and Price Levels*, Part 2 (1959), pp. 411-66. See also the papers on long swings presented at the meeting of the American Economic Association in December, 1962, published in the May, 1963 *Papers and Proceedings* issue of the *American Economic Review*.

Purchase Offer for Tung-Sol Electric

Purolator Products, Inc., has announced that it is inviting tenders for 200,000 common shares of Tung-Sol Electric Inc., at $22 per share. Any brokerage commissions and transfer taxes applicable to the sale will be paid by Purolator. The latter firm will purchase all shares of Tung-Sol Electric tendered up to 200,000 shares. Payment will be made for all shares purchased promptly after acceptance of the shares in accordance with the tender offer.

The tender offer will expire at 5 p.m. Eastern Daylight Saving Time on Sept. 26, 1963.

If more than 200,000 shares are tendered prior to 5 p.m. Eastern Daylight Saving Time on Sept. 14, Purolator may purchase all or part thereof on a pro rata basis, but in no event less than 200,000 shares. After Sept. 14, 1963 and before expiration of the offer, Purolator will accept such shares in the order of receipt by the Depositary until it shall have purchased 200,000 shares under the tender offer, unless it elects to purchase a larger amount.

Purolator will pay to any member firm of the New York Stock Exchange and to any member of the National Association of Securities Dealers, Inc. whose name appears on the Transmittal Letter accompanying a tender a fee of 43½ cents per share for each share tendered and purchased under the offer.

Bankers Trust Co., 16 Wall Street, New York, has been named as Depository for the tendered shares.

Dillon, Read & Co. Inc., 46 William Street, New York, is acting as manager in soliciting tenders under the offer.

Fulton, Reid Opens Indianapolis Branch

INDIANAPOLIS, Ind. — Fulton, Reid & Co., Inc., members of the Midwest Stock Exchange, have opened a branch office in the Merchants National Bank Building under the management of William E. Chambers. Mr. Chambers was formerly with City Securities Corporation.

American Liberty Branch

BILOXI, Miss.—American Liberty Planning Corporation has opened a branch office at 27 Oakwood Drive under the management of Roy C. King.

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)	Aug. 31	1,765,000	1,761,000	1,782,000	1,672,000
Index of production based on average weekly production for 1957-1959	Aug. 31	94.7	94.5	95.7	89.8
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Aug. 31	0.575	0.575	0.58	0.57
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 23	7,666,760	7,661,110	7,648,860	7,274,010
Crude runs to stills—daily average (bbls.)	Aug. 23	8,732,000	8,634,000	8,736,000	8,346,000
Gasoline output (bbls.)	Aug. 23	31,367,000	31,617,000	30,815,000	30,179,000
Kerosene output (bbls.)	Aug. 23	2,617,000	2,709,000	3,006,000	2,661,000
Distillate fuel oil output (bbls.)	Aug. 23	14,246,000	14,097,000	13,227,000	13,140,000
Residual fuel oil output (bbls.)	Aug. 23	4,966,000	5,314,000	4,598,000	5,710,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Aug. 23	184,232,000	*186,179,000	189,551,000	159,461,000
Kerosene (bbls.) at	Aug. 23	34,690,000	34,837,000	34,173,000	32,303,000
Distillate fuel oil (bbls.) at	Aug. 23	156,179,000	151,514,000	138,955,000	142,078,000
Residual fuel oil (bbls.) at	Aug. 23	51,900,000	51,849,000	50,419,000	28,817,000
Unfinished oils (bbls.) at	Aug. 23	87,843,000	88,512,000	89,524,000	70,302,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 24	594,740	576,657	600,850	582,959
Revenue freight received from connections (no. of cars)	Aug. 24	494,365	476,010	501,904	490,322
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 24	9,550,000	9,385,000	9,445,000	8,587,000
Pennsylvania anthracite (tons)	Aug. 24	475,000	459,000	404,000	268,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Aug. 29	$432,900	$583,300	$701,500	$217,200
Private	Aug. 29	261,900	400,400	455,000	142,200
Public	Aug. 29	171,000	182,900	246,500	75,000
State and Municipal	Aug. 29	165,100	105,300	234,900	72,500
Federal	Aug. 29	5,900	77,600	11,600	2,500
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Aug. 24	117	113	98	107
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 31	18,181,000	18,082,000	18,607,000	17,088,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 29	247	275	238	282
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 26	6.279c	6.279c	6.279c	6.196c
Pig iron (per gross ton)	Aug. 26	$63.11	$63.11	$66.33	$66.44
Scrap steel (per gross ton)	Aug. 26	$27.17	$27.17	$25.83	$27.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 30	30.600c	30.600c	30.600c	30.600c
Export refinery at	Aug. 30	28.375c	28.425c	28.400c	28.500c
Lead (New York) at	Aug. 30	11.500c	11.500c	11.250c	9.500c
Lead (St. Louis) at	Aug. 30	11.300c	11.300c	11.050c	9.300c
‡Zinc (delivered at)	Aug. 30	13.000c	13.000c	12.500c	12.000c
Zinc (East St. Louis) at	Aug. 30	12.500c	12.500c	12.000c	11.500c
Aluminum (primary pig, 99.5%) at	Aug. 30	22.500c	22.500c	22.508c	24.000c
Straits tin (New York) at	Aug. 30	115.000c	114.750c	113.750c	108.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sep. 3	88.86	89.09	89.34	88.71
Average corporate	Sep. 3	88.67	88.81	88.81	87.18
Aaa	Sep. 3	91.62	91.77	91.77	91.19
Aa	Sep. 3	90.20	90.20	90.20	89.23
A	Sep. 3	89.09	89.09	89.09	86.91
Baa	Sep. 3	84.30	84.43	84.43	81.66
Railroad Group	Sep. 3	86.91	87.05	86.91	83.53
Public Utilities Group	Sep. 3	89.78	89.78	89.92	88.81
Industrials Group	Sep. 3	89.51	89.51	89.51	89.23
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sep. 3	3.98	3.94	3.89	3.86
Average corporate	Sep. 3	4.51	4.50	4.50	4.62
Aaa	Sep. 3	4.30	4.29	4.29	4.33
Aa	Sep. 3	4.40	4.40	4.40	4.47
A	Sep. 3	4.48	4.48	4.48	4.64
Baa	Sep. 3	4.84	4.83	4.83	5.05
Railroad Group	Sep. 3	4.64	4.63	4.64	4.90
Public Utilities Group	Sep. 3	4.43	4.43	4.42	4.50
Industrials Group	Sep. 3	4.45	4.45	4.45	4.47
MOODY'S COMMODITY INDEX	Sep. 3	358.2	357.8	364.2	365.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 24	381,243	371,221	382,870	342,959
Production (tons)	Aug. 24	376,429	378,185	368,518	363,121
Percentage of activity	Aug. 24	98	98	97	97
Unfilled orders (tons) at end of period	Aug. 24	600,015	597,036	572,414	472,925
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Aug. 30	99.31	98.98	98.03	97.30
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 9	2,455,240	2,217,360	2,426,330	1,928,050
Short sales	Aug. 9	541,170	534,010	567,680	453,480
Other sales	Aug. 9	1,911,590	1,738,520	1,894,380	1,431,250
Total sales	Aug. 9	2,452,760	2,272,530	2,462,060	1,884,730
Other transactions initiated off the floor—					
Total purchases	Aug. 9	515,320	422,020	446,190	289,510
Short sales	Aug. 9	66,800	61,900	83,700	71,700
Other sales	Aug. 9	369,990	397,270	410,440	253,850
Total sales	Aug. 9	436,790	459,170	494,140	325,550
Other transactions initiated on the floor—					
Total purchases	Aug. 9	927,620	878,540	907,535	661,995
Short sales	Aug. 9	216,910	205,060	176,920	127,740
Other sales	Aug. 9	820,846	708,860	937,724	594,645
Total sales	Aug. 9	1,037,756	913,920	1,114,644	722,385
Total round-lot transactions for account of members—	Aug. 9	3,898,180	3,517,920	3,775,055	2,879,555
Total purchases					
Short sales	Aug. 9	824,880	800,970	828,300	652,920
Other sales	Aug. 9	3,102,426	2,844,650	3,242,544	2,279,745
Total sales	Aug. 9	3,927,306	3,645,620	4,070,844	2,932,665
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	Aug. 9	1,319,083	1,260,039	1,352,211	1,135,669
Dollar value	Aug. 9	$67,751,959	$69,972,634	$70,143,574	$50,323,120
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Aug. 9	1,513,402	1,376,772	1,583,611	1,146,633
Customers' short sales	Aug. 9	15,443	19,043	18,915	29,902
Customers' other sales	Aug. 9	1,497,959	1,357,729	1,564,696	1,116,731
Dollar value	Aug. 9	$73,493,843	$69,426,086	$76,568,649	$52,781,054
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 9	532,340	471,900	584,260	379,370
Short sales	Aug. 9	------	------	------	------
Other sales	Aug. 9	532,340	471,900	584,260	379,370
Round-lot purchases by dealers—Number of shares	Aug. 9	354,620	347,180	337,870	328,050
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	Aug. 9	1,088,020	1,055,750	1,045,820	1,054,040
Other sales	Aug. 9	17,986,790	15,892,550	17,966,890	13,463,390
Total sales	Aug. 9	19,074,810	16,948,300	19,012,710	14,517,430
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Aug. 27	100.4	100.4	100.3	100.6
Farm products	Aug. 27	96.2	96.1	96.8	97.6
Processed foods	Aug. 27	101.6	101.7	101.4	101.9
Meats	Aug. 27	95.3	95.4	94.3	100.0
All commodities other than farm and foods	Aug. 27	100.7	100.7	100.6	100.7

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

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES)—			
Production of primary aluminum in the U. S. (in short tons)—Month of June	192,491	192,868	179,122
Stocks of aluminum (short tons) end of June	83,307	88,195	132,602
COTTON GINNING (DEPT. OF COMMERCE):			
As of August 15, running bales	607,375	------	705,094
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed, month of July	690,272	659,941	689,951
In consuming establishments as of Aug. 3	1,214,944	1,349,040	1,522,413
In public storage as of Aug. 3	9,684,685	10,064,349	6,118,949
Linters—Consumed month of July	105,536	112,132	85,413
Stocks, Aug. 3	533,574	617,104	576,078
Cotton spindles active as of Aug. 3	15,692,000	15,767,000	16,773,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of July:			
Cotton Seed—			
Received at mills (tons)	70,200	24,100	96,800
Crushed (tons)	152,800	175,900	183,400
Stocks (tons) July 31	220,700	303,300	280,500
Cake and Meal—			
Stocks (tons) July 31	187,300	210,800	133,900
Produced (tons)	71,300	86,600	85,200
Shipped (tons)	92,400	187,300	107,000
Hulls—			
Stocks (tons) July 31	33,800	41,200	83,800
Produced (tons)	37,100	46,500	52,300
Shipped (tons)	44,500	61,800	68,200
Linters—			
Stocks (bales) July 31	130,900	175,500	95,600
Stocks (bales) July 31	130,900	170,500	95,600
Shipped (bales)	77,600	93,300	58,800
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Aug. 3	19,306,000	19,305,000	19,489,000
Spinning spindles active on Aug. 3	15,692,000	15,767,000	16,773,000
Active spindle hours (000's omitted) Aug. 3	8,162,000	7,833,000	8,621,000
Active spindle hours for spindles in place August 3	326.5	391.6	344.8
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1957-59 Average=100—Month of July:			
Sales (average daily) unadjusted	94	116	86
Sales (average seasonally adjusted)	123	120	113
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1957-59 Average=100—Month of July:			
Seasonally adjusted	127	*126	119
Unadjusted	121	*128	114
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of July (000,000 omitted):			
Ordinary	$5,193	$5,191	$4,634
Industrial	557	588	549
Group	1,217	1,192	1,090
Total	$6,967	$6,971	$6,273
METAL PRICES (E. & M. J. QUOTATIONS)—			
August:			
Copper—			
Domestic refinery (per pound)	30.600c	30.600c	30.600c
Export refinery (per pound)	28.409c	28.397c	28.564c
††London, prompt (per long ton)	£234.125	£234.136	£234.125
††Three months, London (per long ton)	£234.798	£235.082	£230.705
Lead—			
Common, New York (per pound)	11.354c	11.068c	9.500c
Common, East St. Louis (per pound)	11.154c	10.868c	9.300c
††London, prompt (per long ton)	£67.060	£65.122	£51.048
††Three months, London (per long ton)	£66.851	£64.668	£51.682
Zinc—			
East St. Louis (per pound)	12.500c	12.025c	11.500c
§§Prime Western, delivered (per pound)	13.000c	12.525c	12.000c
††London, prompt (per long ton)	£76.363	£74.340	£64.582
††London, three months (per long ton)	£75.914	£73.943	£65.497
Silver and Sterling Exchange—			
Silver, New York (per ounce)	128.782c	128.991c	108.304c
Silver, London (per ounce)	111.077d	111.038d	91.801d
Sterling Exchange (check)	$2.79959	$2.80078	$2.80382
Tin, New York Straits	114.892c	115.426c	108.511c
Gold (per ounce U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$182.455	$182.000	$192.000
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)	$77.682	$77.000	$82.000
Cadmium (per pound) delivered ton lots	$2.35000	$2.35000	$1.75000
(Per pound) small lots	$2.40000	$2.40000	$1.80000
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	22.500c
**Nickel	79.000c	79.000c	79.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—			
First Quarter:			
Net railway operating income	$125,393,559	$295,390,933	$117,045,152
Other income	74,197,290	107,022,963	71,044,720
Total income	199,590,849	402,413,896	188,089,872
Miscellaneous deductions from income	16,159,695	25,595,717	15,440,323
Income available for fixed charges	183,431,154	376,818,179	172,649,549
Total fixed charges	91,520,873	91,824,842	91,888,513
Income after fixed charges	91,910,281	284,993,337	80,761,036
Other deductions	10,371,517	10,365,896	10,269,651
Net income	81,538,764	274,627,441	70,491,385
Depreciation (way & structure & equipment)	165,484,328	171,942,239	160,756,358
Federal income taxes	34,025,026	Cr38,117,169	63,596,367
Dividend appropriations:			
On common stock	77,626,469	114,840,659	76,773,730
On preferred stock	11,811,413	6,609,373	11,824,915
Ratio of income to fixed charges	2.00	4.10	1.88
TIN—CONSUMPTION OF PRIMARY AND SECONDARY TIN IN THE UNITED STATES BUREAU OF MINES—Month of June (in long tons):			
Stocks in beginning of period	26,960	27,780	32,055
Receipts	7,380	6,730	6,950
Supply	34,340	34,510	39,005
Stocks at end of period	27,125	26,960	32,140
Total processed	7,215	7,550	6,865
Intercompany scrap transactions	230	130	155
Consumed in manufacturing	6,985	7,420	6,710
Primary	5,035	5,290	4,735
Secondary	1,950	2,130	1,975

*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.

Adkins-Phelps Co.
Aug. 7, 1963 ("Reg. A") 50,000 common. **Price**—$6. **Business** — Wholesale distribution of agricultural products. **Proceeds**—For working capital. **Office**—403 Magnolia St., North Little Rock, Ark. **Underwriter** — Trulock & Co., Inc., Pine Bluff, Ark.

Aileen, Inc. (9/10)
Aug. 9, 1963 filed 200,000 common, of which 100,000 will be sold by company and 100,000 by stockholders. **Price**—By amendment (max. $25). **Business**—Design, manufacture and distribution of popular priced sports and casual wear coordinates for women and girls. **Proceeds**—For plant expansion. **Office**—29 West 38th St., New York. **Underwriter**—Goodbody & Co., New York.

Airway Hotels, Inc.
April 1, 1963 filed 200,000 common. **Price**—$5. **Business**—Company owns and operates a chain of motor hotels, apartment buildings and a shopping center. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Office** — 901 Fuhrmann Blvd., Buffalo, N. Y. **Underwriter**—None.

Allegheny Ventura Corp.
July 12, 1963 filed 37,231 outstanding common shares to be offered for subscription by stockholders of Allegheny Airlines, Inc., parent, on basis of one Ventura share for each 25 Allegheny shares held. **Price**—By amendment (max. $10). **Business**—Car rental. **Proceeds**—Allegheny will receive the proceeds and loan them to Ventura. **Address**—Washington National Airport, Washington, D. C. **Underwriter**—None.

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 Vitrified Products Co.
Aug. 6, 1963 filed 79,137 common to be offered for subscription by stockholders on the basis of one share for each three shares held. **Price**—$19. **Business**—Manufacture of various clay and concrete products. **Proceeds**—For debt repayment, plant improvement, inventories and accounts receivable. **Office**—700 National City Bank Bldg., Cleveland. **Underwriter**—None.

Atlantis International Corp.
April 30, 1963 filed 100,000 common. **Price**—$4. **Business**—A real estate development company. **Proceeds**—For debt repayment, property improvement, and working capital. **Office**—700 Park Ave., Plainfield, N. J. **Underwriter**—S. Schramm & Co., Inc., New York.

• Atlas Finance Co., Inc. (9/9-13)
July 29, 1963 filed 37,500 shares of 6% cumulative convertible preferred. **Price**—By amendment (max. $20). **Business**—Consumer and dealer financing. **Proceeds**—For working capital and debt repayment. **Office**—262 Spring St., N. W., Atlanta, Ga. **Underwriters**—Marshall Co., Milwaukee, and McCormick & Co., Chicago.

Atlas Management Co.
March 28, 1963 filed $1,500,000 of 6% conv. subord. debentures due 1978. **Price**—At par. **Business**—A holding company for two insurance subsidiaries. **Proceeds**—For loan repayment, investment, and advances to subsidiaries. **Office**—112 California Ave., Reno, Nev. **Underwriter**—None.

Bay State Exchange Fund, Inc.
May 29, 1963 filed 10,000 $1 par capital shares to be offered in exchange for certain acceptable securities on the basis of one share for each $25 of deposited securities. Exchange is believed by counsel for the Fund to be tax-free for Federal income tax purposes. **Business**—A closed-end investment company seeking long-term growth of capital and income. **Proceeds** — For investment. **Office**—35 Congress St., Boston. **Underwriter**—Kidder, Peabody & Co., New York. **Note**—The exchange will not be consummated unless $25,000,000 of securities are deposited and accepted. This means that the Fund expects to issue a minimum of 1,000,000 capital shares. **Offering**—Indefinite.

Bede Aircraft, Inc.
July 16, 1963 filed 600,000 common. **Price**—By amendment (max. $3). **Business**—Company is engaged in the design and development of several airplanes, including a light sports plane. **Proceeds** — For debt repayment, product development, working capital and other corporate purposes. **Office** — 350 South Fountain Ave., Springfield, Ohio. **Underwriter**—Consolidated Securities Corp., Pompano Beach, Fla. **Offering**—Indefinite.

Beneficial Standard Life Insurance Co. of N. Y.
June 28, 1963 filed 200,000 common. **Price**—By amendment (max. $4). **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—122 East 42nd St., New York. **Underwriter**—None.

Bradford Speed Packaging & Development Corp. (9/23-27)
July 22, 1963 filed 819,024 common to be offered to stockholders of Atlas General Industries, Inc., parent, on the basis of one Bradford share for each two Atlas shares held. **Price**—About $9.44 per share. **Business**—Company holds a 40% stock interest in Maryland Logging Corp., which conducts logging operations in Liberia and will acquire from Atlas, Kliklok Automated Packaging Division, engaged in the manufacture and leasing of packaging machinery. Bradford also owns 69,509 shares (9.59%) of Foster Wheeler Corp. **Proceeds**—For selling stockholder, Atlas General. **Office**—62 William St., New York. **Underwriter** — Burnham & Co., New York.

Brantly Helicopter Corp.
July 23, 1963 filed 588,780 common to be offered for subscription by stockholders on the basis of three new shares for each share held. **Price**—50 cents. **Business**—Production of a light two-place helicopter. **Proceeds**—For debt repayment, product development, working capital and other corporate purposes. **Office**—1129 Club House Road, Gladwyne, Pa. **Underwriter**—None.

Bridges Investment Fund, Inc. (10/1-4)
July 25, 1963 filed 200,000 capital shares. **Price**—Net asset value (max. $10). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—8401 W. Dodge Rd., Omaha. **Underwriter**—None.

C. I. T. Financial Corp. (9/11)
Aug. 23, 1963 filed $100,000,000 of debentures due Sept. 1, 1984. **Price**—By amendment. **Business**—Company and its subsidiaries are engaged in the financing of retail instalment sales of goods, making of consumer loans; leasing of automobiles and equipment; factoring; writing of life, health and accident insurance; and manufacture of x-ray and related equipment. **Proceeds**—For reduction of short-term borrowings, and working capital. **Office**—650 Madison Ave., New York. **Underwriters**—Dillon, Read & Co. Inc., and Kuhn, Loeb & Co., Inc., New York.

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**—Indefinite.

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.

• Chemair Corp. (10/1-4)
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. **Note**—This company formerly was named Chemair Electronics Corp.

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.

Citadel Life Insurance Co. of New York
March 26, 1963 filed 40,000 capital shares to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $26). **Business**—Writing of life, accident, health and disability insurance, and annuities. **Proceeds**—For expansion. **Office**—444 Madison Ave., N. Y. **Underwriter**—Alex. Brown & Sons, Baltimore. **Offering**—Indefinite.

Coleridge Press Inc.
June 19, 1963 ("Reg. A") 50,000 common. **Price** — $5. **Business** — General book publishing. **Proceeds** — For working capital and purchase of equipment. **Office**—60 East 42nd St., New York. **Underwriter**—Hannibal Securities, Inc., New York.

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.

Common Market Fund, Inc.
March 7, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8.5%. **Business**—A new mutual fund specializing in securities of foreign and American companies operating in the European Common Market. **Proceeds**—For investment. **Office**—9465 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Kennedy, Cabot & Co. (same address). **Offering**—Indefinite.

Community Health Associations, Inc.
April 12, 1963 filed 150,000 common, of which 100,000 are to be offered by company and 50,000 by Harry E. Wilson, President. **Price**—$15. **Business**—Sale of hospital and surgical insurance contracts. **Proceeds**—For investment, sales promotion, and other corporate purposes. **Office**—4000 Aurora Ave., Seattle, Wash. **Underwriter**—None.

Computer Sciences Corp. (9/18)
Aug. 6, 1963 filed 200,000 common, of which 175,000 shares are to be offered by the company and 25,000 shares by stockholders. **Price** — By amendment (max. $13). **Business** — Company provides various computer services to industry, government agencies and scientific institutions. **Proceeds**—For working capital and other corporate purposes. **Office**—650 N. Sepulveda Blvd., El Segundo, Calif. **Underwriter**—White, Weld & Co., Inc., New York.

Continental Reserve Corp.
May 13, 1963 filed 45,000 class B common. **Price** — $40. **Business** — Company plans to acquire, organize, and manage life, accident and health insurance concerns. **Proceeds** — For investment in subsidiaries. **Office**—114 East 40th St., New York. **Underwriter**—None.

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.

• Denny's Restaurants, Inc. (10/1-4)
Aug. 26, 1963 filed 167,000 common, of which 111,110 are to be offered by company and 55,890 by certain stockholders. **Price**—By amendment (max. $10). **Business**—Operation of 71 Denny's restaurants located in the western United States. **Proceeds**—For general corporate purposes. **Office** — 7051 Monroe Ave., Buena Park, Calif. **Underwriter**—Dempsey-Tegeler & Co., Inc., St. Louis.

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, one unit 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.

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 issued a stop order suspending this registration statement.

Dominguez Water Corp. (9/17)
Aug. 5, 1963 filed 70,000 common. **Price**—By amendment (max. $8). **Business**—A public utility engaged in supplying water in a service area located within Los Angeles County. **Proceeds**—For selling stockholder, Dominguez Estate Co., parent. **Office**—21718 South Alameda St., Long Beach, Calif. **Underwriter** — Eastman Dillon, Union Securities & Co., Los Angeles.

Dorchester Gas Producing Co. (9/10)
July 25, 1963 filed $3,500,000 of subordinated convertible debentures due Aug. 1, 1975. **Price** — By amendment. **Business**—Production of natural gas and its various byproducts. **Proceeds**—For debt repayment and working capital. **Office**—1501 Taylor St., Amarillo, Tex. **Underwriters**—A. C. Allyn & Co., Chicago; Allen & Co., New York; Metropolitan Dallas Corp., Dallas.

Dri-Zit Corp.
May 29, 1963 ("Reg. A") 115,056 common. **Price**—$2.50. **Business**—Manufacturer of dri-zit (a home product used to absorb odors and moisture); a cleaner for oven and barbeque grills; and a diaper garment for infants. **Proceeds** — For expansion, inventory and debt repayment. **Office** — 2 Ryland St., Reno, Nev. **Underwriter** — First Nevada Securities Corp., Reno, Nev.

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.

Eberstadt Income Fund, Inc.
May 31, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking current income. **Proceeds**—For investment. **Office**—65 Broadway, New York. **Distributor**—F. Eberstadt & Co., Managers & Distributors, Inc., New York.

Electro-Optical Systems, Inc.
June 11, 1963 filed 403,000 common, of which 140,000 are to be offered by company and 263,000 shares by stockholders. **Price**—By amendment (max. $10). **Business**—Design and manufacture of optical systems for the Defense Department and for private industry. **Proceeds**—For debt repayment and working capital. **Office**—300 N. Halstead St., Pasadena, Calif. **Underwriters** — White, Weld & Co., Inc., and Kidder, Peabody & Co., Inc., N. Y. **Note**—This statement may be withdrawn. Xerox Corp., has agreed to purchase the company's assets.

● **Electronic Associates, Inc. (9/10)**
Aug. 1, 1963 filed 100,000 capital shares. **Price** — By amendment (max. $70). **Business**—A diversified computer and instrument manufacturer. **Proceeds**—For loan repayment, equipment, working capital and other corporate purposes. **Address**—Long Branch, N. J. **Underwriter**—W. C. Langley & Co., New York.

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. **Offering**—Postponed.

Equity Fundng 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**—To be named. **Offering**—Indefinite.

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.

Federal Services Finance Corp.
July 1, 1963 filed 64,000 common to be offered for subscription by stockholders. **Price**—By amendment (max. $20). **Business**—A holding company whose subsidiaries are engaged in the sales finance business and the writing of marine and credit life insurance. **Proceeds**—For redemption of outstanding second preferred stock, working capital, and other corporate purposes. **Office**—1701 Pennsylvania Ave., N. W., Washington, D. C. **Underwriter**—Mackall & Coe, Washington, D. C.

First American Israel Mutual Fund
Aug. 15, 1962 filed 2,750,000 shares of beneficial interest. **Price**—$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**—Indefinitely Postponed.

First Western Financial Corp. (9/24)
Aug. 15, 1963 filed 600,000 common, of which 150,000 will be sold by company and 450,000 by stockholders. **Price**—By amendment (max. $25). **Business**—A holding company for First Western Savings & Loan Association and Nevada Bank of Commerce. Company also operates insurance and real estate agencies. **Proceeds**—For expansion. **Office**—112 Las Vegas Blvd., South, Las Vegas, Nev. **Underwriter**—A. C. Allyn & Co., New York.

Florida Jai Alai, Inc.
June 28, 1962 filed 300,000 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**—Consolidated Securities Corp., Pompano Beach, Fla. **Offering**—Indefinite.

● **Foote, Cone & Belding, Inc. (9/10)**
Aug. 16, 1963 filed 500,000 common. **Price**—By amendment (max. $17). **Business** — Company is the seventh largest American advertising agency in terms of 1962 total volume. **Proceeds**—For selling stockholders. **Office**—200 Park Ave., New York. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc.

French Market Shopping Center, Inc. (9/6)
June 24, 1963 ("Reg. A") $300,000 of 6% subordinated debentures due Aug. 1, 1978, and 30,000 common to be offered in units of one $500 debenture and 50 common. **Price**—$500 per unit. **Business**—Operation of a discount type department store in the Greater Kansas City area. **Proceeds**—For working capital, and other corporate purposes. **Address** — 95th & Metcalf Sts., Overland Park, Kansas. **Underwriter** — Midland Securities Co., Inc., Kansas City, Mo.

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**—Postponed.

● **General Stone & Materials Corp. (10/1)**
Aug. 26, 1963 filed 130,000 common, of which 120,000 are to be offered by company and 10,000 by a stockholder. **Price**—By amendment (max. $8). **Business**—Company is engaged in the sale of terrazzo and quartz aggregate, marble, granite and related items and in the production of certain marble and quartz aggregates. **Proceeds**—For debt repayment, working capital, equip-

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NEW ISSUE CALENDAR

September 5 (Thursday)
International Book Distributors, Inc.____Common
(Roman & Johnson) $266,000
Iowa Public Service Co.________________Bonds
(Bids 11 a.m. EDST) $12,000,000
Southern Ry. Co.____________Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,420,000

September 6 (Friday)
French Market Shopping Center, Inc._______Units
(Midland Securities Co., Inc.) $300,000

September 9 (Monday)
Atlas Finance Co., Inc.________________Preferred
(Marshall Co. and McCormick & Co.) 37,500 shares
Hawthorn-Mellody, Inc. ________________Common
(Hemphill, Noyes & Co.) 497,500 shares
Norfolk & Western RR._________Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,900,000
Nuveen Tax-Exempt Bond Fund, Series 5____Units
(John Nuveen & Co.) $15,000,000
Piedmont Natural Gas Co., Inc. ___________Common
(Offering to stockholders—underwritten by White, Weld & Co. Inc.) 139,940 shares

September 10 (Tuesday)
Aileen, Inc. _____________________________Common
(Goodbody & Co.) 200,000 shares
Dorchester Gas Producing Co.____________Debentures
(A. C. Allyn & Co.; Allen & Co.; Metropolitan Dallas Corp.) $3,500,000
Electronic Associates, Inc.___________Capital Shares
(W. C. Langley & Co.) 100,000 shares
Foote, Cone & Belding, Inc. ______________Common
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 500,000 shares

September 11 (Wednesday)
C. I. T. Financial Corp.________________Debentures
(Dillon, Read & Co. Inc., and Kuhn, Loeb & Co., Inc.) $100,000,000
Handleman Co. ___________________________Common
(E. F. Hutton & Co., Inc., and Baker, Simonds & Co., Inc.) 330,000 shares
N. Y., Chicago & St. Louis RR.___Equip. Tr. Ctfs.
(Bids 12 noon EDST) $6,540,000
Tektronix, Inc. ___________________________Common
(Lehman Brothers) 540,000 shares

September 16 (Monday)
Juniper Spur Ranch, Inc.__________________Common
(V. E. Anderson & Co.) $300,000
Lewis Business Forms, Inc.______________Debentures
(Reynolds & Co., Inc. and Saunders, Stiver & Co.) $1,250,000
National Fence Manufacturing Co., Inc.___Common
(Netherlands Securities Co., Inc.) $875,000
Resort Corp. of Missouri ____________________Units
(R. L. Warren Co.) $1,000,000
Summit National Holding Co.______________Common
(Fulton, Reid & Co., Inc.) $1,800,000

September 17 (Tuesday)
Atlantic Coast Line RR.______________________Bonds
(Bids 12 noon EDST) $20,000,000
Dominguez Water Corp.____________________Common
(Eastman Dillon, Union Securities & Co.) 70,000 shares

September 18 (Wednesday)
Computer Sciences Corp.___________________Common
(White, Weld & Co., Inc.) 200,000 shares
Northern States Power Co. (Minn.)__________Bonds
(Bids 11 a.m. EDST) $15,000,000

September 19 (Thursday)
Dow Chemical Co.________________________Debentures
(Smith, Barney & Co. Inc.) $100,000,000

September 23 (Monday)
Bradford Speed Packaging & Development Corp. ____________________________________Common
(Offering to stockholders of Atlas General Industries, Inc.—underwritten by Burnham & Co.) 819,024 shares
Heck's, Inc. _____________________________Common
(Charles Plohn & Co.) $450,000
Life Insurance Co. of Florida______________Common
(Pierce, Wulbern, Murphey, Inc.) 400,000 shares
Monarch Marking System Co.__________Debentures
(McDonald & Co.) $2,500,000
Morton (B. C.) Realty Trust_____________Ben. Int.
(B. C. Morton Funds Underwriters Co., Inc.) $10,000,000
Teaching Machines, Inc.____________________Common
(S. D. Fuller & Co.) $750,000

September 24 (Tuesday)
First Western Financial Corp. ______________Common
(A. C. Allyn & Co.) 600,000 shares
Recording Industries Corp.__________________Common
(Tennessee Securities Inc.) $1,485,000

September 25 (Wednesday)
Hawaiian Telephone Co.____________________Common
(Offering to stockholders—no underwriting) 534,000 shares
Rogers Brothers Co.________________________Common
(Dean Witter & Co.) 105,458 shares

October 1 (Tuesday)
Bridges Investment Fund, Inc.______Capital Shares
(No underwriting) 200,000 shares
Chemair Corp. _______________________________Units
(Price Investing Co.) $180,000
Chicago Burlington & Quincy RR.___Equip. Tr. Ctfs.
(Bids 12 noon CDST) $5,000,000
Denny's Restaurants, Inc.___________________Common
(Dempsey-Tegeler & Co., Inc.) 167,000 shares
General Stone & Materials Corp._____________Common
(J. C. Wheat & Co.) 130,000 shares
Jersey Central Power & Light Co.____________Bonds
(Bids 11 a.m. EDST) $18,525,000
Natural Gas & Oil Producing Co.____________Common
(Peter Morgan & Co.) $900,000

October 3 (Thursday)
Wisconsin Public Service Corp.________________Bonds
(Bids 10 a.m. CDST) $15,000,000

October 7 (Monday)
American-Israel World's Fair Corp.______Debens.
(H. S. Caplin & Co.) $500,000
Republic National Life Insur. Co.____Capital Shares
(First Boston Corp. and Sanders & Co.) 200,000 shares

October 14 (Monday)
Old Florida Rum Co.___________________________Units
(Offering to stockholders—underwritten by Pierce, Wulbern, Murphey, Inc. and Consolidated Securities Corp.) 338,755 units

October 15 (Tuesday)
Jersey Central Power & Light Co.______Debentures
(Bids 11 a.m. EDST) $9,000,000

October 16 (Wednesday)
Nevada Power Co._____________________________Bonds
(Bids to be received) $11,000,000

October 21 (Monday)
Gulf States Utilities Co.__________________Preferred
(Bids to be received) 100,000 shares

October 22 (Tuesday)
Public Service Electric & Gas Co.______Debentures
(Bids 11 a.m. EDST) $40,000,000

October 23 (Wednesday)
Otter Tail Power Co.___________________________Bonds
(Bids to be received) $7,000,000

October 29 (Tuesday)
Brockton Edison Co.______________________Preferred
(Bids to be received) 60,000 shares
Brockton Edison Co._________________________Bonds
(Bids to be received) $5,000,000
Southern Ry. Co.______________Equip. Trust Ctfs.
(Bids 12 noon EDST) $6,420,000

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

November 19 (Tuesday)
New England Power Co.______________________Bonds
(Bids to be received) $10,000,000
New England Power Co.___________________Preferred
(Bids to be received) $10,000,000

December 3 (Tuesday)
Pacific Northwest Bell. Tel. Co.__________Debentures
(Bids to be received) $50,000,000

December 4 (Wednesday)
Massachusetts Electric Co.___________________Bonds
(Bids to be received) $10,000,000

December 10 (Tuesday)
Northern Pacific Ry.____________Equip. Trust Ctfs.
(Bids 12 noon EST) $4,800,000
Virginia Electric & Power Co.________________Bonds
(Bids to be received) $30,000,000

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ment, and other corporate purposes. **Office**—1401 Franklin Rd., S. W., Roanoke, Va. **Underwriter**—J. C. Wheat & Co., Richmond, Va.

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 Pl., Baltimore. **Underwriter**—To be named. **Note**—This firm formerly was known as Continental Real Estate Investment Trust.

Greater Miami Industrial Park, Inc.
Feb. 25, 1963, filed 136,094 common to be offered for subscription by stockholders on the basis of one share for each 4½ shares held. **Price**—$5.50. **Business**—Acquisition and development of real estate. **Proceeds** — For general corporate purposes. **Office**—811 duPont Plaza Center, Miami, Fla. **Underwriter**—None.

Greater Nebraska Corp.
Feb. 20, 1963, filed 3,000,000 common. **Price**—$2. **Business**—Company plans to operate subsidiaries in the fields of banking, insurance, finance, etc. **Proceeds**—For general corporate purposes. **Office**—1107 Federal Securities Building, Lincoln, Neb. **Underwriter**—None.

Handleman Co. (9/11)
July 29, 1963 filed 330,000 common. **Price**—By amendment (max. $13). **Business**—Wholesaling of phonograph records, pharmaceuticals, beauty aids and sundries. **Proceeds**—For selling stockholders. **Office**—670 East Woodbridge, Detroit. **Underwriters**—E. F. Hutton & Co., Inc., New York, and Baker, Simonds & Co., Inc., Detroit.

Hawaiian Telephone Co. (9/25)
Aug. 20, 1963 filed 534,000 common to be offered for subscription by stockholders on the basis of one new share for about each 10 held of record Sept. 25. **Price**—By amendment (max. $23). **Proceeds** — For expansion. **Office**—1130 Alakea St., Honolulu. **Underwriter**—None.

Hawthorn-Mellody, Inc. (9/9-13)
Aug. 7, 1963 filed 497,500 common. **Price**—By amendment (max. $25). **Business**—Processing and distribution of milk, ice cream and other dairy foods in Chicago area. **Proceeds** — For the selling stockholders, Processing & Books, Inc., parent. **Office**—4224 West Chicago Ave., Chicago. **Underwriter**—Hemphill, Noyes & Co., New York.

Heck's, Inc. (9/23)
June 12, 1963 refiled 180,000 class A common. **Price**—$2.50. **Business**—Operation of discount stores. **Proceeds**—To provide fixtures and inventory for a new store, and for working capital. **Office**—6400 MacCorkle Ave., S. W., St Albans, W. Va. **Underwriter**—Charles Plohn & Co., New York.

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.

Holiday Mobile Home Resorts, Inc.
March 27, 1963 filed $1,250,000 of 6½% conv. subord. debentures due 1978, and 75,000 common to be offered in units consisting of $50 of debentures and 3 shares. **Price**—$68 per unit. **Business**—Development and operation of mobile home resorts throughout U. S. **Proceeds**—For debt repayment, construction, and other corporate purposes. **Office** — 4344 East Indian School Rd., Phoenix. **Underwriters**—Boettcher & Co., Denver, and J. R. Williston & Beane, New York. **Note**—This statement will not be withdrawn as previously reported, but will be amended.

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).

● **International Book Distributors, Inc. (9/5)**
June 24, 1963 filed 66,500 common. **Price**—$4. **Business**—Sale of encyclopedias, dictionaries, atlases, etc. **Proceeds**—For working capital and sales promotion. **Office**—6660 Biscayne Blvd., Miami, Fla. **Underwriter**—Roman & Johnson, Fort Lauderdale, Fla. **Note**—This statement has become effective.

International Data Systems, Inc.
Aug. 2, 1963 ("Reg. A") 11,000 common to be offered for subscription by stockholders of record Oct. 23, 1963, on a pro-rata basis. **Price**—At-the-market. **Business**—Development, design and manufacture of electronic devices. **Proceeds**—For a selling stockholder. **Office**—2925 Merrell Rd., Dallas. **Underwriter** — A. G. Edwards & Sons, St. Louis.

Investors Inter-Continental Fund, Inc.
July 3, 1963 filed 3,000,000 capital shares. **Price**—Net asset value plus 7½%. **Business**—A new mutual fund which will succeed to business of Investors Group Canadian Fund Ltd., and invest in securities throughout the Free World. **Proceeds**—For investment. **Address**—1000 Roanoke Bldg., Minneapolis. **Distributor**—Investors Diversified Services, Inc. (same address).

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.

Iowa Public Service Co. (9/5)
July 19, 1963 filed $12,000,000 of first mortgage bonds due 1993. **Proceeds**—For loan repayment and other corporate purposes. **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.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Sept. 5 (11 a.m. EDST) at 20 Pine St. (10th floor), New York.

Israfund-Israel Fund, Inc.
July 29, 1963 filed 300,000 common. **Price**—$10. **Business**—Fund plans to own stock of companies which will invest in securities of Israeli enterprises. **Proceeds**—For investment. **Office**—17 East 71st St., New York. **Underwriter**—Israel Securities Corp., (same address).

Israel American Diversified Fund, Inc.
April 22, 1963 filed 550,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund specializing in Israeli and American securities. **Proceeds**—For investment. **Office**—54 Wall St., New York. **Distributor**—Israel Fund Distributors, Inc. (same address).

Israel Fund, Inc.
July 18, 1963 filed 500,000 common. **Price**—$12.50. **Business**—A closed-end investment company which plans to invest in Israeli firms. **Proceeds**—For investment. **Office**—4200 Hayward Ave., Baltimore. **Underwriter**—Investors Planning Corp. of America, New York.

"Isras" Israel-Rassco Investment Co., Ltd.
June 28, 1963 filed 60,000 ordinary shares. **Price**—$55. **Business** — A real estate development company which also owns citrus plantations. **Proceeds**—For general corporate purposes. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware Inc., New York.

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.

Janus Fund, Inc.
April 10, 1963 filed 500,000 capital shares. **Price** — Net asset value plus 8½%. **Business**—A new mutual fund seeking capital appreciation. **Proceeds**—For investment. **Office**—467 Hamilton Ave., Palo Alto, Calif. **Underwriter**—Mutual Fund Distributors, Inc. (same address).

Jersey Central Power & Light Co. (10/1)
Aug. 15, 1963 filed $18,525,000 of first mortgage bonds due Oct. 1, 1993. **Proceeds**—To refund outstanding 5⅜% first mortgage bonds due 1990, and reimburse company's treasury for construction expenditures. **Address**—Madison Ave., at Punch Bowl Rd., Morristown, N. J. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler - Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder, Peabody & Co.; Harriman Ripley & Co. **Bids**—Oct. 1 (11 a.m. EDST) at 80 Pine St., New York. **Information Meeting**—Sept. 26 (10 a.m. EDST) at same address.

Jersey Central Power & Light Co. (10/15)
Aug. 21, 1963 filed $9,000,000 of debentures due Oct. 1, 1988. **Price**—By amendment. **Proceeds**—For construction. **Address**—Madison Avenue at Punch Bowl Rd., Morristown, N. J. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Kidder, Peabody & Co.; Harriman Ripley & Co. **Bids**—Oct. 15 (11 a.m. EDST) at 80 Pine St., New York. **Information Meeting**—Oct. 10 (10 a.m. EDST) at same address.

Juniper Spur Ranch, Inc. (9/16-20)
May 27, 1963 ("Reg. A") 300,000 common. **Price** — $1. **Business**—Construction of a gasoline and diesel oil filling station, a restaurant and allied facilities. **Proceeds**—For general corporate purposes. **Underwriter** — V. E. Anderson & Co., Newhouse Bldg., Salt Lake City.

Key Finance Corp.
June 7, 1963 filed 80,000 common. **Price**—By amendment (max. $5). **Business**—Operation of a small loan business in Puerto Rico. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Address**—Rio Piedras, Puerto Rico. **Underwriters** — Morris Cohon & Co., and Street & Co., Inc., New York. **Offering**—Indefinite.

Keystone International Fund, Inc.
Aug. 13, 1963 filed 200,000 common. **Price** — Net asset value plus 7½%. **Business**—A new mutual fund which will acquire assets of Keystone International Fund. Ltd., a Canadian corporation, and invest in securities throughout the Free World. **Proceeds**—For investment. **Office**—50 Congress St., Boston. **Underwriter**—Keystone Co. of Boston.

Krasnow Industries, Inc.
June 28, 1963 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Volume manufacture of inexpensively priced men's and children's belts. **Proceeds**—For debt repayment, sales promotion, and other corporate purposes. **Office**—33-00 Northern Blvd., Long Island City, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., New York. **Offering**—Expected in late September.

Lewis Business Forms, Inc. (9/16)
July 22, 1963 filed $1,250,000 of convertible subordinated debentures due Sept. 1, 1975. **Price** — By amendment. **Business**—Manufacture of a diversified line of business forms. **Proceeds**—For plant expansion, loan repayment and working capital. **Office**—243 Lane Ave., North, Jacksonville, Fla. **Underwriters**—Reynolds & Co., Inc., New York, and Saunders, Stiver & Co., Cleveland.

● **Life Insurance Co. of Florida (9/23-27)**
Aug. 16, 1963 filed 400,000 common. **Price**—By amendment (max. $6). **Business** — Writing of industrial life, accident and health insurance as well as ordinary life insurance. **Proceeds**—For investment and eventual expansion. **Office**—2960 Coral Way, Miami. **Underwriter**—Pierce, Wulbern, Murphey, Inc., Jacksonville.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd. **Offering**—Indefinite.

Lord Jim's Service Systems, Inc.
Jan. 14, 1963 ("Reg. A") 100,000 common. **Price** — $1. **Business**—Operation of drive-in restaurants. **Proceeds**—For leases, equipment and working capital. **Office**—1601 Mandeville Canyon Rd., Los Angeles. **Underwriter**—Keon & Co., Los Angeles.

Lunar Films, Inc.
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York. **Offering**—Indefinite.

Mahoning Corp.
July 26, 1963 filed 200,000 common. **Price**—$3. **Business**—Company plans to engage in the exploration and development of Canadian mineral properties. **Proceeds**—For general corporate purposes. **Address**—402 Central Tower Bldg., Youngstown, Ohio. **Underwriter**—None.

Management Investment Corp.
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None.

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.

Medic Corp.
Feb. 28, 1963, filed 1,000,000 class B common. **Price**—$1.25. **Business**—A holding company for three life insurance firms. **Proceeds**—For loan repayment, operating expenses, and investment in other insurance concerns. **Address**—714 Medical Arts Bldg., Oklahoma City. **Underwriter**—Lincoln Securities Corp. (same address).

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.

Meridian Fund, Inc.
March 4, 1963 filed 500,000 capital shares. **Price**—Net asset value plus 5%. **Business**—A new mutual fund to be offered initially to members of the medical profession. **Proceeds**—For investment. **Office** — 714 Boston Bldg., Denver. **Underwriter**—Centennial Management & Research Corp., (same address).

Middlesex Water Co.
June 5, 1963 filed 35,000 common. **Price**—By amendment (max. $36). **Business**—Collecting and distributing water in certain areas of New Jersey. **Proceeds** — For debt repayment. **Office**—52 Main St., Woodbridge, N. J. **Underwriter**—Kidder, Peabody & Co., Inc., New York. **Offering**—Expected in October.

Midwestern Industries Corp.
Aug. 13, 1963 ("Reg. A") $300,000 of 7% convertible sinking fund debentures due 1975. **Price**—At par. **Business**—Manufacture of small pleasure craft. **Proceeds**—For debt repayment, equipment, research and working capital. **Address** — Harlan, Ind. **Underwriter** — Smith, Houston & Co., Inc., Fort Wayne, Ind.

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.

Mitsui & Co., Ltd.
July 9, 1963 filed 10,000,000 common (represented by 500,000 A. D. S.) being offered for subscription by stockholders on the basis of one new share for each two held of record July 20. Rights will expire Sept. 12. **Price**—$2.78 per A. D. S. **Business**—Domestic and foreign trading in a broad range of goods and commodities. **Proceeds**—For expansion of trading activities, and new investments. **Address**—Tokyo, Japan. **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.

● Monarch Marking System Co. (9/23-27)
Aug. 14, 1963 filed $2,500,000 of convertible subordinated debentures due Sept. 1, 1983. **Price** — By amendment. **Business**—Manufacture and distribution of price-marking tickets, tags and labels, and machines for imprinting and affixing such tickets. **Proceeds**—For a new plant and moving expenses. **Office** — 216 South Torrence St., Dayton, O. **Underwriter**—McDonald & Co., Cleveland.

● Morton (B. C.) Realty Trust (9/23-27)
June 21, 1963 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—B. C. Morton Funds Underwriters Co., Inc. (same address)

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.

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. (9/16-20)
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.

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 Union Insurance Co. of Washington
Aug. 12, 1963 filed 64,000 common to be offered for subscription by stockholders on the basis of 1.78 shares for each share held. **Price**—$12. **Business**—Writing of fire, marine, casualty and property insurance. **Proceeds**—For general corporate purposes. **Office**—1511 K St., N. W., Washington, D. C. **Underwriters**—Ferris & Co., Washington, D. C., and Reynolds & Co., Inc., New York.

Natural Gas & Oil Producing Co. (10/1-4)
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**—50 cents. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. McPherson & Co., Toronto.

New England Telephone & Telegraph Co.
Aug. 1, 1963 filed 2,099,857 capital shares being offered for subscription by common stockholders on the basis of one new share for each 12 held of record Aug. 27. Rights will expire Sept. 23. **Price** — $45. **Proceeds** — To repay advances from parent, A. T. & T., and for other corporate purposes. **Office** — 185 Franklin St., Boston. **Underwriter**—None.

New World Fund, Inc.
Feb. 21, 1963, filed 250,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—4680 Wilshire Blvd., Los Angeles. **Underwriter** — New World Distributing Co. (same address).

Nordon Corp. Ltd.
July 29, 1963 filed 60,085 capital shares. **Price** — By amendment (max. $3.25). **Business**—Acquisition of oil and gas properties, and the production of crude oil and natural gas. **Proceeds**—For selling stockholders. **Office**—5455 Wilshire Blvd., Los Angeles. **Underwriter**—Gregory-Massari, Inc., Los Angeles.

Northern States Life Insurance Corp.
March 26, 1963 filed 312,465 common being offered for subscription by stockholders on the basis of one new share for each 1½ held of record July 31. Rights will expire Sept. 7. **Price**—$2. **Business**—Writing of general life insurance. **Proceeds**—For expansion. **Office**—1840 North Farwell Ave., Milwaukee. **Underwriter**—None.

Northern States Power Co. (Minn.) (9/18)
July 26, 1963 filed $15,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction and loan repayment. **Office**—15 S. 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). **Bids**—Sept. 18 (10 a.m. CDST) at 111 W. Monroe St., Chicago. **Information Meeting**—Sept. 12 (2:30 p.m. EDST) at 57 Broadway, New York.

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 5 (9/9)
Aug. 2, 1963 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., believed to be exempted from Federal income taxes. **Proceeds**—For investment. **Office**—Chicago, Ill. **Sponsor**—John Nuveen & Co., 135 So. La Salle St., Chicago. **Note**—This statement has become effective.

● Old Florida Rum Co. (10/14-18)
July 29, 1963 filed 338,755 common, and warrants to purchase an additional 338,755 common, to be offered for subscription by common stockholders in units of one share and one warrant, on the basis of one unit for each two shares held. **Price**—By amendment (max. $4). **Business**—Company is engaged in the production of rum and other alcoholic beverages. **Proceeds**—For working capital, loan repayment, sales promotion and equipment. **Office**—1035 N. W. 21st Terrace, Miami. **Underwriters**—Pierce, Wulbern, Murphey Inc., Jacksonville, and Consolidated Securities Corp., Pompano Beach, Fla.

O'Malley Investing Corp.
Aug. 9, 1963 filed 300,000 common. **Price**—$10. **Business**—A real estate investment and development company. **Proceeds**—For investment. **Office**—1802 N. Central Ave., Phoenix. **Underwriter** — O'Malley Securities Co. (same address).

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.

PMA Insurance Fund Inc.
April 8, 1963 filed 200,000 common. **Price** — Net asset value plus 4%. **Business**—A new mutual fund specializing in insurance stocks. **Proceeds**—For investment. **Address** — Plankington Bldg., Milwaukee. **Underwriter**—

Pacific Mines, Inc.
July 24, 1963 filed 100,000 common. **Price**—$1.50. **Business** — Company plans to explore iron deposits on its property. **Proceeds**—For mining operations, debt repayment and operating expenses. **Office**—1218 N. Central Ave., Phoenix. **Underwriter**—None.

Philippine Oil Development Co., Inc.
June 11, 1963 filed 325,000,000 capital shares to be offered for subscription by U. S. resident stockholders on the basis of one new share for each two held. **Price**—By amendment (max. 1 cent). **Business**—Exploration for oil and gas in the Philippines. **Proceeds**—For debt repayment, and operating expenses. **Address** — Manila, The Philippines. **Underwriter**—None.

Piedmont Natural Gas Co., Inc. (9/9)
Aug. 19, 1963 filed 139,940 common to be offered for subscription by stockholders on the basis of one new share for each 10 held. **Price** — By amendment (max. $18). **Business**—Distribution of natural gas in North and South Carolina. **Proceeds**—For construction. **Office**—4301 Yancey Rd., Charlotte, N. C. **Underwriter**—White, Weld & Co., Inc., New York.

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.

Princeton Research Lands, Inc.
March 28, 1963 filed 40,000 common. **Price**—$25. **Business**—Purchase and sale of real property, chiefly unimproved land. **Proceeds**—For debt repayment, and acquisition of additional properties. **Office**—195 Nassau St., Princeton, N. J. **Underwriter**—None.

Provident Stock Fund, Inc.
April 11, 1963 filed 1,000,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—316 North Fifth St., Bismarck, N. D. **Underwriter** — Provident Management Co. (same address).

● Recording Industries Corp. (9/24)
July 19, 1963 filed 297,000 common. **Price**—$5. **Business**—Company plans to engage in the recording and manufacture of phonograph records, and the publishing of sheet music. **Proceeds**—For construction of offices, working capital, and other corporate purposes. **Office**—801 Sixteenth Ave., South Nashville, Tenn. **Underwriter**—Tennessee Securities Inc., Nashville.

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 West 7th St., Los Angeles. **Underwriter**—Costello, Russotto & Co., Beverly Hills, Calif. **Offering**—Indefinite.

Resort Corp. of Missouri (9/16)
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.

Retirement Foundation, Inc.
April 8, 1963 filed 100,000 memberships in the Foundation. **Price**—$10 per membership. **Business** — Company will operate retirement centers for the use of rent-free private homes and apartments by members upon their retirement. **Proceeds**—For working capital, construction and other corporate purposes. **Office**—235 Lockerman St., Dover, Del. **Underwriter**—John D. Ferguson, Dover, Del. **Offering**—Indefinite.

Rogers Brothers Co. (9/25)
Aug. 7, 1963 filed 105,458 common, of which 70,000 will be sold by company and 35,458 by a stockholder. **Price**—By amendment (max. $18). **Business** — Processing of potatoes, and the raising of high grade pea, bean and sweet corn seeds. **Proceeds**—For working capital. **Address**—P. O. Box 2188, Idaho Falls, Idaho. **Underwriter**—Dean Witter & Co., Los Angeles.

Satawa Gold Mines Ltd.
Aug. 9, 1963 filed 1,000,000 common. **Price**—By amendment (max. 30 cents). **Business**—Gold prospecting. **Proceeds**—For debt repayment, construction of a mill and mining expenses. **Address**—Port Arthur, Ontario, Canada. **Underwriter**—None.

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.

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.

Squire For Men, Inc.
July 9, 1963 ("Reg. A") $135,000 of 8% convertible debentures due 1969. **Price** — At par ($100). **Business** — Manufacture and sale of custom hair pieces. **Proceeds**—For new products and working capital. **Office**—328 S. Beverly Dr., Beverly Hills, Calif. **Underwriter**—Samuel B. Franklin & Co., Los Angeles.

Stein Roe & Farnham Foreign Fund, Inc.
July 1, 1963 filed 1,000,000 capital shares. **Price**—Net asset value. **Business**—Company was recently formed and will succeed to New York Capital Fund, Ltd., a Canadian corporation. It will provide investors a means of investing in Canada, Western Europe and other foreign areas. **Proceeds**—For investment. **Office**—135 S. LaSalle St., Chicago. **Underwriter**—None.

Subscription Television, Inc.
Aug. 22, 1963 filed 1,900,000 common. **Price**—$12. **Business**—Company plans to establish and operate a subscription television system in the Los Angeles and San Francisco metropolitan areas. **Proceeds**—To complete developmental work, and establish the initial system. **Address**—Room 2600, One Wall St., New York. **Underwriter**—William R. Staats & Co., Los Angeles. **Offering**—Expected in early October.

● Summit National Holding Co. (9/16-20)
Aug. 9, 1963 filed 150,000 common. **Price**—$12. **Business**—Company plans to buy all the outstanding stock of Summit National Life Insurance Co., organized in February 1963 in Ohio as a legal reserve life insurance company. **Proceeds** — For investment in above stock, and working capital. **Office**—2003 West Market St., Akron, O. **Underwriter**—Fulton, Reid & Co., Inc., Cleveland.

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 Machines, Inc. (9/23-27)
April 1, 1963 filed 150,000 common. **Price**—$5 **Business**—Company develops and sells teaching machines exclusively for Grolier Inc. **Proceeds**—For loan repayment and other corporate purposes. **Office**—221 San Pedro, N. E. Albuquerque. **Underwriter**—S. D. Fuller & Co., New York.

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).

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● Tektronix, Inc. (9/11)
Aug. 9, 1963 filed 540,000 common, of which 100,000 are to be offered by company and 440,000 by stockholders. **Price**—By amendment (max. $25). **Business**—Manufacture of precision cathode ray oscilloscopes. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—Lehman Brothers, New York.

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**—To be named. **Offering**—Indefinite.

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**—$6. **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**—Van Alstyne, Noel & Co., New York. **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.

Transpacific Group, Inc.
July 26, 1963 filed 155,000 common. **Price**—By amendment (max. $15). **Business**—An insurance holding company. **Proceeds**—For expansion. **Office**—520 S. W. 6th Ave., Portland, Ore. **Underwriter**—None.

Trans World Life Insurance Co.
July 31, 1963 filed 465,000 common. **Price**—By amendment (max. $5). **Business**—Company plans to sell general life and disability insurance policies. **Proceeds**—To increase capital and surplus. **Office**—609 Sutter St., San Francisco. **Underwriter**—Alex. Brown & Sons, Baltimore.

United Investors Corp. (Minn.)
July 29, 1963 filed $500,000 of 6% convertible debentures due 1973 to be offered for subscription by stockholders on an unlimited basis. **Price** — At par. **Business**—A holding company for United Investors Fund Corp. (a broker-dealer which sells mutual funds) and United Capital Life Insurance Co. of Minnesota. **Proceeds**—To increase capital and surplus of United Capital Life Insurance Co. of Minnesota. **Address**—1300 First National Bank Bldg., Minneapolis. **Underwriter**—None.

U. S. Controls, Inc.
Aug. 8, 1963 filed $210,000 of 6¾% debentures due 1973 and warrants to purchase 31,500 shares to be offered for public sale in units of one $100 debentures and 15 warrants. **Price**—$100 per unit. **Business**—Development and manufacture of heating equipment and automatic control systems. **Proceeds**—For inventory, sales promotion, note prepayment and working capital. **Office** — 410 Fourth Ave., Brooklyn, N. Y. **Underwriter**—M. H. Meyerson & Co., Inc., New York. **Offering**—Expected in November.

Unified Mutual Shares, Inc.
Aug. 22, 1963 filed 750,000 capital shares. **Price** — Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Address**—207 Guaranty Bldg., Indianapolis. **Distributor** — Unified Underwriters, Inc., (same address).

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo **Underwriter**—Waddell & Reed Inc., Kansas City, Mo

Universal Moulded Fiber Glass Corp.
Aug. 23, 1963 filed 738,408 common to be offered for subscription by stockholders on the basis of three new shares for each four held of record Sept. 19. **Price**—By amendment (max. $2.50). **Business** — Production and molding of plastics or related materials reinforced by fiber glass. **Proceeds**—For loan repayment, and working capital. **Address** — Commonwealth Ave., Bristol, Va. **Underwriter**—None.

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. **Price**—$5.05 per unit. **Business**—Manufacture of urethane foams. **Proceeds**—For equipment, working capital leasehold expenses and other corporate purposes. **Office**—2300 Republic National Bank Bldg., Dallas. **Underwriter** — First Nebraska Securities Corp., Lincoln, Neb **Offering**—Temporarily postponed.

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.

Warwick Fund
June 17, 1963 filed 300,000 units of participation in the Fund to be offered in exchange for certain acceptable securities on the basis of one unit for each $100 of deposited securities. **Business** — A new exchange type mutual fund which plans to continue indefinitely to exchange its units for additional contributions of securities, and to seek long term growth of capital and income. **Office** — 3001 Philadelphia Pike, Claymont, Del. **Distributor**—Wellington Co., Inc., Philadelphia.

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

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. **Note**—The SEC has issued an order temporarily suspending this issue.

Western Union International, Inc.
March 29, 1963 filed $4,000,000 of 6¼% subordinated debentures due 1983, and 400,000 common. **Price**—For debentures, at par; for stock $3.50. **Business**—Company will take over and operate Western Union Telegraph's international telegraph operations. **Proceeds**—For selling stockholder, Western Union Telegraph Co., parent. **Office**—60 Hudson St., New York. **Underwriters**—American Securities Corp., and Glore, Forgan & Co., New York. **Offering**—Indefinite.

William Penn Racing Association
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. **Price**—$220 per unit. **Business**—Company has been licensed to conduct harness racing with pari-mutual betting. **Proceeds** — For debt repayment and working capital. **Office**—3 Penn Center Plaza, Philadelphia. **Underwriter**—Stroud & Co., Inc., Philadelphia. **Offering**—Indefinite.

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.

Wyomont Petroleum Co.
May 10, 1963 ("Reg. A") 120,000 common. **Price**—$2.50. **Business**—Production and sale of petroleum products. **Proceeds**—For debt repayment, construction and working capital. **Address**—P. O. Box 670, Thermopolis, Wyo. **Underwriter**—Northwest Investors Service, Inc. Billings, Montana. **Note**—The SEC has issued an order temporarily suspending this letter.

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."

Allied Chemical Corp.
237,512 common offered at $51 per share by Smith, Barney & Co., Inc., and Carl M. Loeb, Rhoades & Co., New York.

Enzyme Corp. of America
120,000 common offered at $2 per share by Bristol Securities Inc., New York.

Global Construction Devices, Inc.
225,000 common offered at $3.20 per share by Charles Plohn & Co., New York.

New England Telephone & Telegraph Co.
2,099,857 capital shares being offered at $45 per share on the basis of one new share for each 12 held of record Aug. 27. Rights will expire Sept. 23. No underwriting.

Issues Filed With SEC This Week

★ Albany Development Corp.
Aug. 19, 1963 ("Reg. A") 25,000 capital shares. **Price**—$10. **Business**—Civic development of Albany, Ore. **Proceeds**—For acquisition and development of real property, and building construction. **Office**—435 W. First Ave., Albany, Ore. **Underwriter**—None.

★ American-Israel World's Fair Corp. (10/7-11)
Aug. 26, 1963 filed $500,000 of 6% subordinated participating debentures due Dec. 31, 1965. **Price**—At par. **Business** — Company will operate a pavilion at the New York World's Fair for the purposes of depicting the history and culture of the Jewish people, and promote and sell arts, products and services of Israel. **Proceeds**—For landscaping, construction and later demolition of the building, and working capital. **Office**—3 East 54th St., New York. **Underwriter**—H. S. Caplin & Co., New York.

★ Dow Chemical Co. (9/19)
Sept. 4, 1963 filed $100,000,000 of debentures due Sept. 15, 1988. **Price** — By amendment. **Business** — Manufacture of a diversified line of organic and inorganic chemicals, plastics and metals. **Proceeds**—For loan repayment. **Address**—Midland, Mich. **Underwriter**—Smith, Barney & Co., Inc., New York.

★ Frazure, Hull, Inc.
Aug. 21, 1963 ("Reg. A") 133,333 common. **Price**—$2.25. **Business**—Fruit growing, publishing of a farm newspaper, citrus fruit brokerage and operation of a retail store. **Proceeds**—For expansion of the newspaper, working capital and debt repayment. **Address**—West Highway 50-Winter Garden, Fla. **Underwriter**—Prudential Investment Corp., Miami.

★ Rassco Plantations Ltd.
Aug. 27, 1963 filed 400,000 ordinary shares. **Price**—By amendment (max. $3.166). **Business** — Company cultivates, processes and markets citrus fruits in Israel. **Proceeds**—For selling stockholder. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware, Inc., New York.

★ Republic National Life Insurance Co. (10/7-11)
Aug. 30, 1963 filed 200,000 capital shares. **Price**—By amendment (max. $80). **Business**—Writing of life, accident, medical and pension insurance. **Proceeds**—For selling stockholders. **Office**—3988 N. Central Expressway, Dallas, Texas. **Underwriters**—First Boston Corp., New York, and Sanders & Co., Dallas.

★ Research Capital Corp.
Sept. 3, 1963 filed 400,000 common. **Price**—$12.50. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—2909 Bay-to-Bay, Tampa. **Underwriter**—Hensberry & Co., St. Petersburg, Fla.

★ Sutter Hill Co.
Aug. 21, 1963 ("Reg. A") 13,043 common. **Price**—$23. **Business**—Real estate and development, and operation of a small loan company. **Proceeds**—For debt repayment, realty acquisition, expansion and working capital. **Office**—2390 El Camino Real, Palo Alto, Calif. **Underwriter**—None.

★ Wisconsin Public Service Corp. (10/3)
Aug. 27, 1963 filed $15,000,000 of first mortgage bonds due Oct. 1, 1993. **Proceeds** — To repay bank loans and either for refunding of outstanding 5¼% first mortgage bonds due Nov. 1, 1989, or for construction. **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. **Bids**—Oct. 3 (10 a.m. CDST) at 231 South LaSalle St., Chicago. **Information Meeting**—Sept. 26 (10:30 a.m. CDST), same address.

Prospective Offerings

Atlantic Coast Line RR. (9/17)
Aug. 12, 1963 it was reported that this road plans to sell $20,000,000 of first mortgage bonds due 1988 in September. **Proceeds**—To refund $8,100,000 of bonds maturing June 1, 1964, and for working capital. **Office**—220 E. 42nd St., New York. **Underwriters** — (Competitive). Probable bidders: First Boston Corp.; Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co.; White, Weld & Co.; Salomon Brothers & Hutzler-Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—Expected Sept. 17 (12 noon EDST), at above address.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvements program to be completed by 1965. 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 until at least 1964. **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.

★ Brockton Edison Co. (10/29)
Sept. 3, 1963, it was reported that the company plans to sell $5,000,000 of bonds at competitive bidding. **Proceeds** — For refunding purposes. **Office** — 36 Main St., Brockton, Mass. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.-Salomon Brothers & Hutzler-Wood, Struthers & Co. (jointly); Kidder, Peabody & Co.-White,Weld & Co.-Shields & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected Oct. 29.

★ Brockton Edison Co. (10/29)
Sept. 3, 1963, it was reported that the company plans to sell 60,000 shares of preferred stock ($100 par) at competitive bidding. **Proceeds**—To refund a like amount of 5.48% and 5.6% preferred stock. **Office**—36 Main St., Brockton, Mass. **Underwriters**—(Competitive). Probable bidders: Kuhn, Loeb & Co.-Salomon Brothers & Hutzler-Wood, Struthers & Co. (jointly); Stone & Webster Securities Corp.; Kidder, Peabody & Co. **Bids**—Expected Oct. 29.

Canon Camera Co.
June 26, 1963 it was reported that the company plans to sell $5,000,000 of convertible bonds in the U. S. **Business** — Manufacture of cameras and other photographic equipment. **Proceeds**—For expansion. **Address**—Tokyo, Japan. **Underwriter** — Yamaichi Securities Co. of New York, Inc.

Capitol Food Industries, Inc.
Aug. 28, 1963 it was reported that the company plans to file a registration statement shortly covering $1,700,000 of sinking fund convertible debentures due 1978. **Proceeds** — For loan repayment, and working capital. **Address** — Chicago, Ill. **Underwriter** — Walston & Co., Chicago.

Central State Bank (Brooklyn, N. Y.)
Aug. 23, 1963 stockholders approved a 2-for-1 stock split and the offering of 71,313 additional shares (par $2.50) to stockholders on the basis of one new share for each 2½ shares held of record Aug. 23. Rights will expire Sept. 12. **Price**—$18. **Proceeds**—To increase capital funds. **Office**—32 Court St., Brooklyn, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

Chesapeake & Ohio Ry.
July 16, 1963 it was reported that the company plans to sell about $3,780,000 of equipment trust certificates in late September. This will be the second instalment of a total $10,305,000 issue. **Address** — Terminal Tower, Cleveland, O. **Underwriters** — (Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc.

Chicago Burlington & Quincy RR. (10/1)
May 20, 1963 the company announced tentative plans to sell $5,000,000 of equipment trust certificates in October. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected October 1 (12 noon CDST) at above address.

Columbia Gas System, Inc.
Aug. 27, 1963 the company stated that it plans to sell $25,000,000 of debentures in early December to raise money for construction. **Office**—120 E. 41st Street, 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. Inc.; Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler.

Communications Satellite Corp.
Feb. 20, 1963 it was reported that papers of incorporation have been filed for this company, in Washington, D. C. Company's common voting shares, without par value, will be divided into two series. Series I will be issued to the public, firms that produce space exploration equipment and other non-communications concerns. Series II will be issued to FCC-approved communications common carriers, with the provision that no more than half the company's total shares can be held by these carriers, and no individual or group may hold over 10% of the remaining 50%. **Price**—Maximum of $100 per share. **Business**—Congress has authorized the company to provide satellites and ground facilities for the international transmission of telephone, telegraph, television and other communications. **Office**—3029 Klingle Rd., N. W., Washington, D. C. **Underwriters**—To be named. **Note** — Leo D. Welch, Chairman, has announced that the company hopes to make a public offering of its stock "not later than the early part of 1964."

Connecticut Yankee Atomic Power Co.
April 23, 1963 it was reported that the 12 utilities which jointly own this new firm, have petitioned the SEC for exemption from the Public Utility Holding Company Act to permit the negotiated sale of $55,000,000 of the firm's bonds. The request has been opposed by a major underwriter who wants the bonds to be sold at competitive bidding. **Business**—Company was formed in December, 1962, to own and operate a 500,000 kw. atomic power plant at Haddam Neck, Conn. **Proceeds**—For construction of the $70-$80,000,000 plant. **Office**—441 Stuart St., Boston. **Underwriters**—To be named.

Consolidated Edison Co. of New York, Inc.
May 22, 1963 the company stated that it will have to raise approximately $800,000,000 through the sale of securities, to finance its five-year construction program. In addition, it will have to refinance $52,000,000 of maturing bonds in the period ending 1967. **Office**—4 Irving Place, New York. **Underwriters**—To be named. The last public bond issue, in December, 1962, was won at competitive bidding by Halsey, Stuart & Co. Inc. Other bidders were Morgan Stanley & Co., and First Boston Corp.

Consumers Power Co.
Aug. 16, 1963, it was reported that the company plans to sell $20,000,000 of straight debentures in the 4th quarter of 1963. **Office**—212 W. 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., Salomon Brothers & Hutzler-Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Duke Power Co.
April 22, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp.

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.

Florida Power Corp.
March 12, 1963 the company announced plans to offer stockholders, sometime in 1963, the right to subscribe for about 457,265 additional common shares on a 1-for-20 basis. **Proceeds**—For loan repayment. **Office**—101 Fifth St., South, St. Petersburg, Fla. **Underwriters**—To be named. The last rights offering in May 1959 was underwritten by Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith, Inc., New York

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

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.

Gulf States Utilities Co. (10/21)
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. **Bids**—Expected Oct. 21. **Information Meeting**—Oct. 15 (11 a.m. EDST) at One Wall St. (47th floor), New York.

Hartford Electric Light Co.
April 30, 1963 the company announced plans to sell $15,-$20,000,000 of securities in 1964 to help finance its $26,000,000 construction program. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters** — First Boston Corp., New York; Putnam & Co., Hartford; Chas. W. Scranton & Co., New Haven.

International Milling Co.
July 8, 1963 the company announced that it expects to file a registration statement covering its first public offering of common stock. The sale will include both a primary and a secondary distribution. **Business**—Company is one of the world's largest flour millers with operations in five countries. **Proceeds**—For expansion, research and debt repayment. **Address** — 1200 Investors Bldg., Minneapolis. **Underwriter** — Kidder, Peabody & Co., Inc., New York.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sell $10,000,000 of bonds in the first half of 1964. **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

Japan (Government of)
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964. It is expected that the majority would be sold by Dec. 31, 1963. **Underwriter**—First Boston Corp., New York.

★ **Long Island Lighting Co.**
Aug. 29, 1963 the company announced plans to issue $25-to-$30,000,000 of first mortgage bonds in each of the years 1964 to 1968 inclusive, to help finance its $285,000,000 5-year construction program. **Office** — 250 Old Country Rd., Mineola, N. Y. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-First Boston Corp. (jointly); W. C. Langley & Co.

Louisiana Power & Light Co.
Feb. 20, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., may issue $25-$30,000,000 of bonds early in 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive.) Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.- Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.- Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co. (jointly); Salomon Brothers & Hutzler-Eastman Dillon Union Securities & Co.-Equitable Securities Corp (jointly).

Massachusetts Electric Co. (12/4)
Aug. 27, 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.-Whtie, Weld & Co. (jointly). **Bids**—Expected Dec. 4.

Merrill Lynch, Pierce, Fenner & Smith Inc.
Aug. 19, 1963, Michael W. McCarthy, Chairman, stated that the company has held informal discussions with the staff of the New York Stock Exchange as to the feasibility of "going public." He added that, "when the time is appropriate," Merrill Lynch will request the governors to recommend that member firms approve the required changes in the Exchange's constitution to permit this. Industry sources believe that the move is several years away. **Business**—Company is the largest brokerage house in the U. S. with 139 domestic offices and over 2,300 account executives. **Office**—70 Pine St., New York.

Mexico (Government of)
July 16, 1963 following the public offering of $40,000,000 of external bonds, it was reported that the Government is authorized to sell an additional $65,000,000 of bonds in the U. S. and abroad. **Underwriters**—Kuhn, Loeb & Co., Inc., and First Boston Corp., N. Y.

Nevada Power Co. (10/16)
July 29, 1963 it was reported that the company plans to sell about $11,000,000 of first mortgage bonds in October. **Address**—Fourth and Stewart Ave., Las Vegas. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.; Eastman Dillon, Union Securities & Co.-Kidder Peabody & Co. (jointly); Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith—Lehman Bros.—Salomon Bros. & Hutzler **Bids**—Expected Oct. 16. **Information Meeting**—Oct. 4 (11 a.m. EDST) at 20 Broad St., New York.

Nevada Power Co.
July 29, 1963 it was reported that the company plans to sell about 120,000 common shares in October. Transaction is subject to approval by Federal and State regulatory authorities. **Address**—Fourth and Stewart Ave., Las Vegas. **Underwriter**—White, Weld & Co., New York.

New England Power Co. (11/19)
July 10, 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.-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Paribas Corp. (jointly); 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.-Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected Nov. 19.

New York, Chicago & St. Louis RR (9/11)
July 30, 1963 the company announced plans to sell $6,540,000 of 1-15 year equipment trust certificates in September. **Address** — Terminal Tower Bldg., Cleveland. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Sept. 11 (12 noon EDST) at the above address.

New York State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co. - Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore, Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

Norfolk & Western RR (9/9)
July 2, 1963 it was reported that this road has scheduled the sale of about $6,900,000 of 1-15 year equipment trust certificates for September. **Office**—8 North Jefferson St., Roanoke, Va. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Sept. 9 or 10 (12 noon EDST) at the company's Philadelphia office.

Northern Pacific Ry. (12/10)
July 2, 1963 it was reported that this road plans to sell about $4,800,000 of equipment trust certificates in December. **Office**—120 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Dec. 10 (12 noon EST).

Northern States Power Co. (Minn.)
May 14, 1963 it was reported that the company plans to offer about 771,110 additional shares to stockholders on a 1-for-20 basis in 1964, to raise an estimated $25,000,000. **Office**—15 South Fifth St., Minneapolis. **Underwriter**—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Otter Tail Power Co. (10/23)
Aug. 21, 1963 it was reported that this company plans to sell $7,000,000 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.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly). **Bids**—Expected Oct. 23.

Pacific Gas & Electric Co.
Aug. 19, 1963 the company announced plans to sell $70,000,000 of first and refunding mortgage bonds in the fourth quarter. **Office** — 245 Market St., San Francisco. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp.

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Pacific Northwest Bell Telephone Co.
Aug. 27, 1963 the company announced plans to offer stockholders the right to subscribe for additional common in mid-November. The number of shares, price and the ratio to shares held will be announced later. **Business**—Furnishing of telephone service in Washington, Oregon and Idaho. **Proceeds**—To reimburse the company's treasury for construction expenditures. **Office** — 1200 Third Ave., Seattle. **Underwriter**—None.

Pacific Northwest Bell Telephone Co. (12/3)
Aug. 27, 1963 the company announced plans to sell $50,000,000 of debentures due Dec. 1, 2000. **Proceeds**—To repay $48,700,000 debt due Pacific Telephone & Telegraph Co., former parent. **Office** — 1200 Third Ave., Seattle. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc. **Bids**—Expected Dec. 3.

Pacific Telephone & Telegraph Co.
June 19, 1963 the company stated that it will need $650 million of new money in the years 1964 through 1966 to help finance its $1.3 billion construction program. This means that the company must sell about $217 million of securities a year, it was stated. **Office**—140 New Montgomery St., San Francisco. **Underwriters**—To be named. The last issue of debentures on Feb. 16, 1960 was underwritten by Halsey, Stuart & Co. Inc. One other bid on the issue was tendered by Morgan Stanley & Co.

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 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).

Philadelphia Electric Co.
March 5, 1963 the company reported that it plans to spend $478,000,000 for construction during the five-year period 1963-67. It added that about half the money required will be generated internally, and the balance obtained by bank loans to be converted into permanent financing, from time to time, through the sale of bonds and common stock. **Office**—1000 Chestnut St., Philadelphia. **Underwriters**—To be named. The last sale of bonds on Oct. 15, 1959 was handled by Morgan Stanley & Co., and Drexel & Co. Other bidders were: Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co. The last sale of common was a rights offering on June 2, 1959, underwritten by Drexel & Co., and Morgan Stanley & Co.

Potomac Edison Co.
Aug. 16, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to sell $12,000,000 of bonds in the first quarter of 1964. **Office**—200 East Patrick St., Frederick, Md. **Underwriters**—(Competitive). Probable bidders: W. C. Langley & Co.-First Boston Corp. (jointly); Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers, Eastman Dillon, Union Securities & Co.-Harirman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc (jointly).

Potomac Electric Power Co.
July 30, 1963 the company stated that it will need $50,000,000 of new money in 1964 for its construction program and expects to do permanent financing in the early part of the year. However, it has not determined the amount or type of security to be offered. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—To be named. On Feb. 19, 1963 the company sold $50,000,000 of bonds to Dillon, Read & Co., Inc.; Lehman Bros., Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp., and Johnston, Lemon & Co. Other bidders on the issue were Kidder, Peabody & Co.—Merrill Lynch, Pierce, Fenner & Smith, Inc.—White, Weld & Co.—Salomon Bros. & Hutzler (jointly); First Boston Corp.; Halsey, Stuart & Co.

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

Public Service Electric & Gas Co. (10/22)
July 23, 1963 the company announced plans to issue $40,000,000 of debentures due 1983. **Proceeds**—To redeem $36,000,000 of outstanding 3% debentures maturing Nov. 1, 1963 and for construction. **Office** — 80 Park Place, Newark, N. J. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers-Salomon Brothers & Hutzler (jointly); Blyth & Co.; Goldman, Sachs & Co.-Harriman Ripley & Co. (jointly); First Boston Corp. **Bids**—Expected Oct. 22 (11 a.m. EDST) at above address. **Information Meeting**—Oct. 17 (2 p.m. EDST) at One Chase Manhattan Plaza (28th floor), New York.

Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds** — For construction. **Office** — 10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

Southern California Edison Co.
Aug. 21, 1963 it was reported that the company plans to sell $50,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—601 West Fifth St., Los Angeles. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Dean Witter & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly).

Southern Co.
Aug. 12, 1963 the company stated that it is considering the sale of $35 to $40,000,000 of common stock early in 1964 to help finance its $570,000,000 construction program. **Office**—1330 West Peachtree St., N. W., Atlanta, Ga. **Underwriters**—To be named. The last sale of common on Feb. 15, 1961 was made to a group headed by Eastman Dillon, Union Securities & Co., Blyth & Co., and Equitable Securities Corp. Other bidders were: First Boston Corp.-Lehman Brothers (jointly); Morgan Stanley & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (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. (9/5)
Aug. 5, 1963, the company announced plans to sell $6,420,000 of equipment trust certificates in September. This is the first instalment of a proposed $12,840,000 offering. **Office**—70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Sept. 5 (12 noon EDST) at 70 Pine St., New York.

Southern Railway Co. (10/29)
Aug. 5, 1963, the company announced plans to sell $6,420,000 of equipment trust certificates in October. This is the second instalment of a proposed $12,840,000 offering. **Office** — 70 Pine St., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Oct. 29 (12 noon EDST) at 70 Pine St., New York.

Tokyo (City of)
May 1, 1963 it was reported that the Diet had authorized the sale of $20,000,000 City of Tokyo bonds in the U. S during the fiscal year ending March 31, 1964. **Underwriter**—To be named. The last issue of Tokyo bonds in March, 1927, was handled by Kuhn, Loeb & Co. **Offering**—Indefinite.

Transcontinental Gas Pipe Line Co.
May 6, 1963 it was reported that the company plans to issue $30,000,000 of debt securities in September. **Proceeds**—For expansion. **Office**—3100 Travis St., Houston. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., New York.

Ultronic Systems Corp.
May 28, 1963 it was reported that a registration will be filed shortly covering the first public sale of this firm's common stock. While the size of the offering has not been determined, it is said to be a relatively small deal, involving over 50,000 shares. **Business** — Manufacture, rental and service of the "Ultronic Stockmaster," a desk unit used to provide stock brokers with instantaneous information on stock and commodity market action of selected issues. **Proceeds**—For working capital. **Address**—Pennsauken, N. J. **Underwriter**—Bache & Co., N. Y.

Union Electric Co.
March 19, 1963 the company stated that it plans to issue $20,000,000 of preferred stock and $40,000,000 of bonds by the end of 1964. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: (Preferred): First Boston Corp.; Dillon, Read & Co., Inc.; Lehman Brothers; White, Weld & Co.; Blyth & Co., Inc. (Bonds): Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc. (jointly); White, Weld & Co.-Shields & Co. (jointly); First Boston Corp.

United California Bank (Los Angeles)
Aug. 27, 1963 the bank announced plans to offer its stockholders the right to subscribe for about $25,000,000 of common stock to be offered on the basis of one new shares for each 12 shares held of record Sept. 16. **Proceeds**—To increase capital funds. **Office**—600 South Spring St., Los Angeles. **Underwriter**—None.

Utah Power & Light Co.
July 2, 1963 it was reported that this utility plans to sell about $20,000,000 of bonds and $10,000,000 of preferred stock in the second quarter of 1964. **Office**—1407 West North Temple St., Salt Lake City. **Underwriters**—(Competitive). Probable bidders (bonds): Salomon Bros. & Hutzler; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly). (Preferred Stock) White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.-Smith, Barney & Co.-Salomon Brothers & Hutzler (jointly); Lehman Brothers.

Valley Gas Co.
Aug. 28, 1963 it was reported that the SEC had scheduled a hearing for Oct. 10 on a plan under which Blackstone Valley Gas & Electric Co., would sell its entire 400,000 shares holdings of Valley Gas to stockholders of Blackstone and Eastern Utilities Associates, the latter' parent. **Price**—At book value ($11.15 per share on Apr. 30, 1963). **Business** — Company was formed by Blackstone to take over its gas properties. **Proceeds**—To the selling stockholder, Blackstone Valley Gas. **Address**—Pawtucket, R. I. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.; Stone & Webster Securities Corp.

Virginia Electric & Power Co. (12/10)
July 30, 1963 the company announced plans to sell $30,000,000 of securities, probably first mortgage bonds, in December. **Address**—Seventh and Franklin Sts., Richmond. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler—Goldman, Sachs & Co. (jointly); Eastman Dillon, Union Securities & Co.—Merrill Lynch, Pierce, Fenner & Smith Inc.—Lehman Bros. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. **Bids** — Expected Dec. 10. **Information Meeting**—Dec. 5 (11 a.m. EST) at One Chase Manhattan Paza, New York.

Washington Gas Light Co.
July 2, 1963 it was reported that this utility plans to sell $20,000,000 of bonds in the second quarter of 1964. **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 Transmission Corp.
April 17, 1963 it was reported that this newly-formed natural gas pipeline company plans to file a registration statement covering an undetermined number of common shares to be offered initially to stockholders of U. S. Natural Gas Corp. **Address**—9601 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—None.

Research Service Provided Business By Pace College

Executive Research Conference is a new business research service organized by Pace College, New York City, to provide staffs and facilities for corporate enterprises seeking new approaches and solutions to administrative problems, and guides for long-range planning.

The key words of the research service are "cooperative business research."

To date, seven major American corporations are affiliated with the Conference. They are: Bankers Trust Company; Chicopee Mills, Inc.; General Foods Corporation; The Lummus Company; Morgan Guaranty Trust Company of New York; National Biscuit Company; The Sperry and Hutchinson Company.

A comprehensive guide on the Conference for 1963-1964 is available from Dr. J. S. Schiff, Director, Executive Research Conference, 41 Park Row, New York 38, N. Y.

With L. F. Rothschild

Edwin M. Levy has become associated with L. F. Rothschild & Co., 120 Broadway, New York City, members of the New York Stock Exchange, in the pension and welfare fund department.

R. E. Kohn Appoints

SOUTH ORANGE, N. J.—Jerome Applefield and Josef Karpinski have been appointed managers of the South Orange office of Richard E. Kohn & Co., Lackawanna Plaza.

The new managers have been with the firm for several years as customers' representatives.

Before coming to Kohn & Co. Mr. Karpinski was associated as a customers' representative with Cosgrove & Whitehead in New York City and Walston & Co., Inc., in East Orange.

Mr. Applefield before coming to the brokerage firm taught school for several years in Union, New Jersey.

White, Weld Office

SANTA BARBARA, Calif.—White, Weld & Co. has opened a branch office at 150 East Carillo Street under the direction of John E. Freeman, Jr.

TAX-EXEMPT BOND MARKET

Continued from page 6

steady; that competition will continue overly keen as between banks and dealers in buying new issues; that millions of bonds will be underwritten with little or no profit to dealers; that banks will buy only what they have to; that insurance companies will, under the circumstances, sit on their hands while waiting to make bids for bonds which are unprofitable to underwriters and that individual investors will take a wait and see attitude until a tax bill is forthcoming.

The only assurance from all this travail is that municipal dealers are going to have a hard time making much money. This is just getting to be a really tough, cutthroat business.

Recent Awards

The new issue calendar for the past week has been of very modest proportions totaling but $65,740,000 of various purpose bonds. Bidding was at a slightly more relaxed pace than in recent weeks and initial demand for these loans was mixed. Late last Wednesday the syndicate headed by *John Nuveen & Co.* was the successful and only bidder for $11,060,000 New Mexico State University, Board of Regents Refunding (1965-1993) bonds on a net interest cost bid of 3.6092%.

Other major members of this syndicate include White, Weld & Co., Merrill Lynch, Pierce, Fenner & Smith, F. S. Smithers & Co., Goldman, Sachs & Co., A. C. Allyn & Co., R. W. Pressprich & Co., Boettcher & Co., Stern Bros. & Co., Hornblower & Weeks, Paine, Webber, Jackson & Curtis, Hayden, Stone & Co., William Blair & Co., First of Michigan Corp., Rauscher, Pierce & Co., Reynolds & Co. and Rowles, Winston & Co.

Reoffered to yield from 2.40% in 1965 to 3.60% in 1988, demand for this revenue issue was widespread among casualty insurance companies and banks and during the initial order period, all of the bonds were sold and the syndicate marked closed. The bonds maturing 1989 to 1993 inclusive were sold pre-sale.

Thursday a week ago Edison Township, New Jersey awarded $3,243,000 School (1964-1985) bonds to the account headed by *John J. Ryan & Co.* on a dollar bid of 100.235 designating a 3.45% coupon. The second bid, 100.08 also for a 3.45% coupon, came from the Halsey, Stuart & Co., Inc. group and there were five additional syndicates which bid for this issue.

Other major members of the winning account include Goodbody & Co., Commerce Trust Co., Kansas City, Northrop & White, Henry Harris & Sons, Fahnestock & Co., Hanauer, Stern & Co. and W. H. Newbold's Son & Co.

Scaled to yield from 2.10% to 3.50%, the present balance in account totals $2,048,000.

The syndicate headed by *Smith, Barney & Co.* was the successful bidder for $2,730,000 Oneonta, New York School District (1963-1991) bonds on a dollar price bid of 101.0028 naming a 3.20% coupon. The runner-up bid, 100.879 also for a 3.20% coupon, came from the Marine Trust Co. of Western New York and associates.

Other members of the winning syndicate are White, Weld & Co., Kuhn, Loeb & Co., Reynolds & Co., American Securities Corp., Winslow, Cohu & Stetson, Wood, Gundy & Co., Freeman & Co. and Kugel, Stone & Co.

Scaled to yield from 2.00% in 1964 to 3.20% in 1991, the present balance in account is $2,265,000. The bonds due in 1963 were not reoffered.

On Friday there were no flotations of note and on Monday of this week due to the holiday, there were no issues scheduled.

Tuesday's only flotation of mention consisted of $4,000,000 Forest Preserve District of Cook County, Illinois serial (1965-1979) bonds. The account headed jointly by *John Nuveen & Co.* and *Harriman Ripley & Co.* was the successful bidder for this issue on a 2.8996% net interest cost bid. The runner-up bid, a 2.93% net interest cost, was submitted by The Chase Manhattan Bank and associates.

Other members of the winning account are Hayden, Stone & Co., Shearson, Hammill & Co., The Illinois Co., Rodman & Renshaw, National Boulevard Bank of Chicago and Kenower, MacArthur & Co.

Reoffered to yield from 2.00% to 2.95%, initial investor demand has been fair, with the present balance in account $2,420,000.

Week's Major Sale

On Wednesday the group led jointly by *The Chase Manhattan Bank*, the *First National City Bank* and the *Seattle First National Bank* submitted the best bid for $35,750,000 State of Washington Building and School (1964-1981) callable bonds of a 3.091% net interest cost. The runner-up bid, a 3.11% net interest cost, came from the account jointly managed by Blyth & Co., Smith, Barney & Co., Halsey, Stuart & Co., Inc., Harriman Ripley & Co. and The First Boston Corp. The third and final bid, a 3.13% net interest cost, was submitted by the Eastman Dillon, Union Securities & Co. syndicate.

Other major members of the winning group are Harris Trust and Savings Bank, Chemical Bank New York Trust Co., Mellon National Bank and Trust Co., Philadelphia National Bank, National Bank of Commerce, Seattle, First National Bank of Oregon, United California Bank, First National Bank in Dallas, Bank of California National Association and A. G. Becker & Co., Inc.

Reoffered to yield from 2.00% to 3.20% for various coupons, bank and casualty company demand appears to be good and it is expected that this issue is going to be well spoken for. Orders are still being tabulated and no balance is available as we go to press.

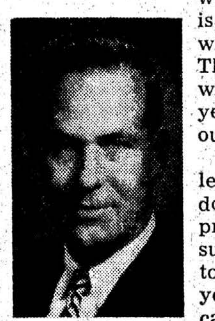
Dollar Bonds Up Slightly

Generally speaking, the long-term dollar quoted toll road, toll bridge, public utility and other revenue type issues have done a little better market-wise this past week. New York Power Authority 4.20s and Kansas Turnpike 3⅜s gained a point on the week and such items as Florida Turnpike 4¾s, Indiana Toll Road 3½s, Maine Turnpike 4s, New York Thruway Authority 3.10s and Virginia Toll 3s gained ½ point or more. Many issues were up ¼.

The Commercial and Financial Chronicle's revenue bond Index which averages the available return on 23 of the most prominent issues showed the market to be up more than ¼ of a point on the average. The Index stands at a 3.463% yield as against 3.475% a week ago.

Shearson, Hammill Admits Lowell

Shearson, Hammill & Co., 14 Wall St., New York City, national investment banking firm and a member of the New York Stock Exchange and other leading exchanges announce that James R. Lowell, Jr., was admitted to general partnership in the firm on Sept. 1, 1963. Mr. Lowell will be responsible for all of Shearson, Hammill's negotiated underwriting business.



James R. Lowell, Jr.

He is a Director of Berkey McCullough Corp., Radiation Research Corporation and Youthcraft Creations.

$35,750,000 Washington State Bonds Being Offered to Investors

An underwriting group managed by The Chase Manhattan Bank, First National City Bank of New York and Seattle-First National Bank on Sept. 4 purchased $35,750,000 State of Washington Public Building and Public School Plant Facilities Bonds, due Dec. 1, 1964 to 1981, inclusive. The group bid 100.009999 for coupons of 4½%, 2.80%, 2.90%, 3%, 3.10% and 3.20%, setting an annual net interest cost to the State of 3.091%.

On reoffering, the bonds are priced to yield from 2% out to 3.20%, according to maturity.

Other members of the underwriting group include:

Harris Trust and Savings Bank; The Philadelphia National Bank; National Bank of Commerce of Seattle; The First National Bank of Oregon; United California Bank, Los Angeles; First National Bank in Dallas; The Bank of California National Association; A. G. Becker & Co., Inc.; Federation Bank and Trust Co.;

Industrial National Bank of Rhode Island; National State Bank, Newark; Trust Company of Georgia; The National Shawmut Bank of Boston; The First National Bank of Memphis; The First National Bank of Miami; Coffin & Burr; Banco Credito and Barr Brothers & Co.

Allied Chemical Secondary Offer

A secondary offering of 237,512 common shares of Allied Chemical Corp. is being made at $51 a share by a group headed by Smith, Barney & Co., Inc. and Carl M. Loeb, Rhoades & Co., New York.

The stock was owned by certain stockholders who received the shares when Union Texas Natural Gas Corp. was merged into Allied Chemical Corp. in February 1962. Allied Chemical will not receive any part of the net proceeds from the sale of the shares.

Job and Economic Opportunities Ahead

By Roger W. Babson

My advice to young men and women entering college this Fall is not necessarily to major in whatever seems good right now. They should consider, instead, what is likely to look good several years from now — after they get out of school.

The difference between the college graduate who just holds down a job and the one who gets promoted on a job is that the successful climber knows enough to look ahead. For example, the young man or woman who is a careful career planner wants to know first where the road he hopes to take is heading. Better this than to accept what looks like a good job now and be regretful later on. My father told me long ago, and I have told my grandchildren the same thing: The first step in planning a career is to appraise your own interests, values, goals, personality, and abilities. You've got to like the job you're doing, too.

It is a sad and much too common sight to see a fellow butt his head against a wall trying to compete in a position for which he lacks both the proper personality and the basic aptitude. If you want to be a success, develop your assets and do work for which you are fitted and which makes you happy. These steps I feel are essential, but they do not go far enough. All job hunters should investigate, in their search, the probable future expansion and growth of the industries being considered.

Our population right now is close to 190,000,000, and further definite gains lie ahead. More than 70,000,000 are gainfully employed. Our gross national product has climbed to $580 billion, and still further advances are in store over the years ahead. With a shorter working week and more efficient production, our people should receive in wages, interest, and other income about $550 billion by the time this year's college entrants graduate in 1967.

Spendable income should grow greater in the coming period, and there should certainly be a continued expansion in consumer spending as a result. This will open ever broader opportunities for those going into advertising and the selling of new products. My forecast assumes, of course, that the international situation will not grow worse and that there will be a generally favorable economic climate so that business can operate without serious disruption.

Labor costs — both industrial and agricultural—should continue to rise, so give close attention to industries that make labor-saving devices such as materials-handling equipment, conveyors, farm machinery, construction machinery, office machinery, and automated processors. Remember, too, that the need for more new roads, hospitals, and schools is bound to boom construction as the population increases. Still further development of new materials will ensure gains in light metals and high-speed alloys. Look also to the chemical industry, which could surpass most other lines as a result of unending research in farm chemicals, drugs, petrochemicals, plastics, and synthetic fibers.

I see no end to the uses of electricity, and output rapidly will move ahead. Both domestic and foreign markets will expand for electrical appliances such as clothes dryers, electric blankets, heaters, dishwashers, television sets, and air conditioners. The market for electronics applications is also very far from saturated. Engineers will be turning out a never-ending array of new products, new materials, and still-undreamed-of gadgets.

Young men and women should note that there will be excellent job chances for those interested in surveying, researching, analyzing, and motivating human wants. College freshmen should now look toward 1967. They should recognize the fact that there will be a still insatiable demand for doctors, nurses, school teachers, and preachers. And, if selling intrigues you, that may be the best 1967 job of all!

NASD Issue New Training Guide

The National Association of Securities Dealers has begun distributing a new, 115 page Training Guide designed to assist registered representative candidates in preparing for the NASD qualification examination.

The new publication presents a planned, 80-hour study course including reading assignments in selected reference books, discussion of topics found to be most difficult in the Association's examination and a series of review problems and questions relating to the topics covered.

In announcing the availability of the Training Guide, the NASD pointed out that the publication would also be a valuable study tool and review aid for persons already in the business or for individuals who just wish to learn more about the financial industry.

From one to ten copies of the NASD Training Guide are available for 75 cents apiece and in quantities of more than ten, for 50 cents apiece from the National Association of Securities Dealers, Inc., 1707 H Street, N. W. Washington 6, D. C.

Chicago Municipal Bond Club Outing

CHICAGO, Ill. — Those planning to attend the Municipal Bond Club of Chicago Field Day on Sept. 12 and 13, at Fontana, Wis., are urged to get their acceptance mailed not later than Friday, Sept. 6, as the guest list goes to press on Monday, Sept. 9.

The Club has received all facilities of The Abbey for Thursday and Friday—which includes indoor and outdoor swimming pools and, for the first time golf is available on both days. Early acceptances indicate that many plan to stay over Friday night and return early Saturday from O'Hare Field and Chicago.

Frank B. Hutchinson of Hutchinson, Shockey & Co. or John X. Kennedy of White, Weld & Co. in Chicago, may be contacted for further information.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — Nearly every fair-minded person who witnessed at first hand the recent mighty "March on Washington" demonstration probably was impressed.

Unquestionably it was the greatest protest rally in American history because in the neighborhood of 200,000 negroes and whites participated. Some speakers correctly described it as the greatest outcry for rights since the historic Emancipation Proclamation.

In between the demonstration and the pro and con statements about the pending civil rights legislation on Capitol Hill is a story that is generally unknown to the American people.

The proposed Civil Rights Act of 1963 in reality is about 10% civil rights and 90% extension of raw Federal power, according to some of the foremost constitutional lawyers who have studied from the beginning to the end.

If this bill does even half of the things that the immediate past President of the American Bar Association says it will do, it is disturbing that the Kennedy Administration would have lent its name in presenting it.

"Never in the history of nations governed by elected officials has the head of any State demanded naked untrammeled power such as is embodied in this Act," says John C. Satterfield, former President of the American Bar Association, "except when such State was on the verge of becoming a dictatorship. If it is enacted the checks and balances set up by the Constitution of the United States will be destroyed. The States will be little more than local government agencies, existing as appendages of the central government and largely subject to its conrol."

Mr. Satterfield, who has the reputation of being a brilliant civil and constitutional lawyer, contends that the so-called "Civil Rights Act of 1963" would give the National Government unending authority to intervene in all private affairs among men, and to control and adjust property relationships in accordance with the judgment of Government representatives.

"Cleverly Written Bill"

The distinguished barrister, and some other attorneys who have been studying the far-reaching proposals, says the proposed act is without doubt the most cleverly written bill has has ever read. Obviously, he said, it required long hours of writing by the authors.

Scores of Federal agencies administer Federal financial programs or activities through grants, loans, contracts, insurance, guaranty, etc. Federal grants-in-aid to the various States and local governments in 1962 amounted to more than $10 billion. These grants are increasing from year-to-year, the records show.

All acts creating such agencies and appropriating the money would be amended by this sweeping measure to give the administrative personnel the right to withhold, restrict or deny participation in such programs.

Hundreds of thousands of persons—business and professional—not now engaged in interstate commerce and thus not subject to Federal control under the 14th Amendment which affects only "state action," would come under this legislation.

Bill Would Establish Federal Controls Over All Businesses

Mr. Satterfield said the proposed legislation would lay the groundwo k for Federal control over business, industry, individual citizens and the States as follows:

By legislative definition, extension of the interstate commerce clause far beyond present judicial definitions and legislative enactments.

Place under Federal control every individual, corporation or association which pays a license tax to a State or municipality, upon a Congressional finding that every act is "state action."

Extend Federal control to every act of every private corporation formed under State statutes, upon the theory that States "license and protect" all corporations.

Grant Federal authority to exercise financial and other controls over "education at every level from grade school through graduate school," and authorize the United States Commissioner of Education to supervise State and local education.

Authorize manipulation of Federal financial assistance "in connection with any program or activity by way of grant, contract, loan, insurance, guaranty or otherwise" to control all persons "participating in or benefiting from" such programs. This assertedly includes all agricultural programs, construction and sale or leasing of homes, banks served by the Federal Deposit Insurance Corporation, labor unions, industries having Government subsidies or contracts, veterans benefits, social security, etc.

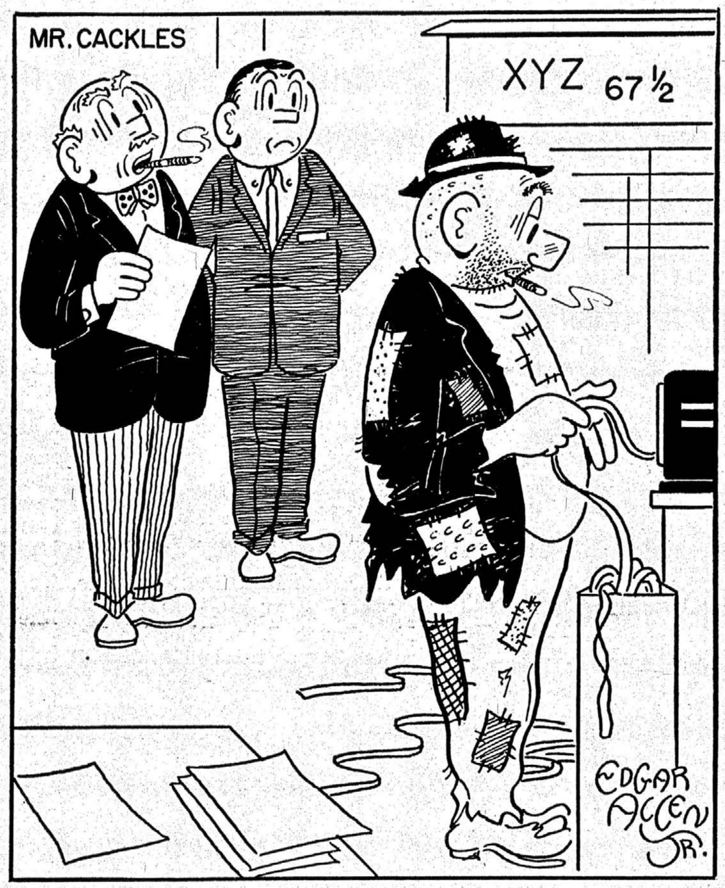
Extend Federal control over all "general, special or primary elections . . . for the purpose of electing . . . any candidate for public office.

Set up a new Federal agency and extend powers of the present Commission on Civil Rights to exert Federal pressure against individuals, municipalities and States.

Jury Trials Denied

Permit sanctions and penalties by administrative action without judicial process. Where judicial process is provided, jury trials are denied.

Title VI would amend every act of Congress providing or authorizing direct or indirect financial assistance for or in connection with any program of activity by way of grant, contract, loan, insurance guaranty, or otherwise. This would include the Federal Reserve System, Federal Home Loan System, FDIC banks, Small Business Administration loans, and all loans such as the Veterans Administration, Federal Housing Administration, Public Housing Administration, Federal National Mortgage Association, to name a few.



"I don't know who he is—he's too well-dressed to be one of our customers."

This sweeping measure is not only frightening to all constitutional lawyers, but every man from Wall St. to Main St. ought to become familiar with the far-reaching provisions. It appears certain all of the proposals in this bill will not be enacted this year or next but it is disturbing that such a bill would even be introduced.

Government Would Wield "Life or Death" Authority

One does not have to be a member of the bar or bench to realize that this measure would give the Government in Washington more and more controls and powers over the lives of every man, woman and child.

"Financial life or death of almost every financial institution in the United States would be in the hands of one man i.e. the President of the United States, and his appointees," said the Ex-American Bar President.

"Every major financial establishment in the country would be transformed from a business institution to an institution for social and political reform. . . The judgment of Federal inspectors appointed to bring about social reforms would supersede the judgment of the loan committees and would require that loans be made, contracts or businesses financed and policies followed to prevent 'discrimination' as found by the Federal agency. No judicial proceeding would be required. Administrative procedures would be used."

Numerous members of Congress have already said the act would violate the constitution by extending powers of the Federal Government beyond the constitution, and that it would destroy the fundamental system of checks and balances.

The controversial measure is Senate Bill 1731.

It could be that America is at the cross-roads.

[*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

Sept. 11-13, 1963 (Pebble Beach Calif.)
Investment Bankers Association Board of Governors Meeting at the Del Monte Lodge.

Sept. 12-13, 1963 (Chicago, Ill.)
Municipal Bond Club of Chicago 27th annual field day; registration, cocktail party and dinner at the Abbey, Fontana, Wis. Sept. 12; field day at Big Foot Country Club, Fontana, Wis. Sept. 13.

Sept. 18-20, 1963 (New Orleans, La.)
Thirteenth Annual Tulane Tax Institute.

Sept. 20, 1963 (Pittsburgh, Pa.)
Bond Club of Pittsburgh annual fall outing at the Allegheny Country Club.

Sept. 22-26, 1963 (Colorado Springs, Colo.)
National Security Traders Association Annual Convention at the Broadmoor Hotel.

CHRONICLE's Special Pictorial Supplement Oct. 17.

Sept. 23-24, 1963 (Salt Lake City, Utah)
Association of Stock Exchange Firms fall meeting of the Board of Governors at the Hotel Utah.

Sept. 27, 1963 (Philadelphia, Pa.)
Bond Club of Philadelphia 38th annual outing and field day at the Huntingdon Valley Country Club, Huntingdon Valley, Pa.

Sept. 27, 1963 (New York City)
Municipal Bond Club of New York 2nd Annual Fall Sports Outing at the Sleepy Hollow Country Club, Scarborough-on-Hudson, New York.

Oct. 2, 1963 (New York City)
New York Group Investment Bankers Association Annual Dinner at the Waldorf-Astoria Hotel.

Oct. 6-9, 1963 (Washington, D. C.)
American Bankers Association Annual Convention.

Oct. 17-18-19, 1963 (New York City)
National Association of Investment Clubs annual Convention at the Statler Hilton Hotel.

Oct. 20-24, 1963 (Bal Harbour, Miami Beach, Fla.)
National Association of Bank Women 41st annual convention at the Americana Hotel.